

**INTERNATIONAL DEVELOPMENT ENTERPRISES
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

**INTERNATIONAL DEVELOPMENT ENTERPRISES AND SUBSIDIARIES
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	3
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	4
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES	5
CONSOLIDATED STATEMENTS OF CASH FLOWS	9
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	10



INDEPENDENT AUDITORS' REPORT

Board of Directors
International Development Enterprises and Subsidiaries
Denver, Colorado

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of International Development Enterprises and Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of eleven country programs, iDE UK and one social enterprise in 2018 and 2017, which statements reflect total assets of \$3,171,096 and \$3,236,944 as of December 31, 2018 and 2017, respectively, and total support and revenues of \$24,274,607 and \$25,310,135, respectively, for the years then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the eleven country programs, iDE UK and one social enterprise, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. The financial statements of iDE Burkina Faso (West Africa), iDE Bangladesh, iDE Ethiopia, iDE Cambodia, iDE Ghana, iDE Mozambique, iDE Nepal, iDE Zambia, iDE Vietnam, iDE UK, iDE Honduras, iDEal Technologies, LLC, and Hydrologic Social Enterprise Company Limited were not audited in accordance with *Government Auditing Standards*.

Board of Directors
International Development Enterprises and Subsidiaries

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of International Development Enterprises and Subsidiaries as of December 31, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the consolidated financial statements, the Organization adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Accordingly, the accounting change has been retrospectively applied to prior periods presented as if the policy had always been used. Our opinion is not modified with respect to that matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 2019, on our consideration of International Development Enterprises' and the iDE International Foundation's (IDEI) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of International Development Enterprises' and IDEI's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering International Development Enterprises' and IDEI's internal control over financial reporting and compliance. The eleven country programs, iDE UK and one social enterprise audited by other auditors in 2018 were not audited in accordance with *Government Auditing Standards*.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
July 2, 2019

INTERNATIONAL DEVELOPMENT ENTERPRISES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 9,922,458	\$ 11,699,139
Investments	59,056	38,689
Accounts Receivable, Less Allowance for Doubtful Accounts, \$133,803 for 2018 and \$44,376 for 2017	1,379,689	1,556,672
Current Pledges Less Pledges Allowance for Doubtful Accounts, \$-0- for 2018 and 2017	-	50,000
Grants Receivable	1,457,157	1,187,055
Inventories for Sale	350,712	525,877
Prepaid Expenses and Other Current Assets	485,443	342,662
Total Current Assets	13,654,515	15,400,094
CAPITAL ASSETS, Net	446,933	545,953
OTHER ASSETS		
Deposits	53,681	53,940
Total Assets	\$ 14,155,129	\$ 15,999,987
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 2,319,555	\$ 2,859,980
Deferred Grant Revenue	8,136,071	9,318,851
Notes Payable, Current	229,016	388,330
Total Current Liabilities	10,684,642	12,567,161
Total Liabilities	10,684,642	12,567,161
NET ASSETS		
Without Donor Restrictions	3,470,487	3,432,826
Total Liabilities and Net Assets	\$ 14,155,129	\$ 15,999,987

See accompanying Notes to Consolidated Financial Statements.

INTERNATIONAL DEVELOPMENT ENTERPRISES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
	<u>Without Donor Restrictions</u>	<u>Without Donor Restrictions</u>
OPERATING REVENUES, GAINS, AND OTHER SUPPORT		
Grant Revenue:		
Federal Grants	\$ 2,747,628	\$ 3,301,002
Other Grants	19,225,800	19,755,092
Total Grant Revenue	<u>21,973,428</u>	<u>23,056,094</u>
Sales	2,205,197	2,626,305
Less: Cost of Goods Sold	<u>(1,298,132)</u>	<u>(1,343,607)</u>
Gross Margin on Sales	907,065	1,282,698
Donations	363,206	624,189
Field and Program Revenue	2,812,423	2,862,604
Interest Income	42,481	30,440
Loss on Disposition of Capital Assets	(6,315)	(14,121)
Other Income	1,681,535	1,759,975
Total Operating Revenues, Gains, and Other Support	<u>27,773,823</u>	<u>29,601,879</u>
EXPENSES		
Program Services:		
Cambodia	4,015,171	3,852,264
Vietnam	282,693	284,288
Bangladesh	3,709,744	3,931,413
Nepal	2,769,038	3,575,196
Zambia	1,549,475	2,077,083
Ghana	1,790,589	1,307,238
Ethiopia	1,662,140	1,517,295
Mozambique	1,987,321	1,543,057
Honduras	759,435	901,828
Nicaragua	21,392	9,595
West Africa	66,508	245,451
United Kingdom	1,485,125	1,786,793
Multi-Country Projects	1,082,777	1,374,843
Hydrologic	45,957	23,684
Total Program Services	<u>21,227,365</u>	<u>22,430,028</u>
General and Administrative	6,358,136	6,574,700
Fundraising	169,551	197,932
Total Expenses	<u>27,755,052</u>	<u>29,202,660</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	18,771	399,219
NONOPERATING REVENUE AND EXPENSES		
Impairment Gain (Loss) on Business Segment Assets	<u>18,890</u>	<u>(122,147)</u>
TOTAL CHANGE IN NET ASSETS	37,661	277,072
Net Assets - Beginning of Year	<u>3,432,826</u>	<u>3,155,754</u>
NET ASSETS - END OF YEAR	<u>\$ 3,470,487</u>	<u>\$ 3,432,826</u>

See accompanying Notes to Consolidated Financial Statements.

INTERNATIONAL DEVELOPMENT ENTERPRISES AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	<u>Cambodia</u>	<u>Vietnam</u>	<u>Bangladesh</u>	<u>Nepal</u>	<u>Zambia</u>	<u>Ghana</u>	<u>Ethiopia</u>	<u>Mozambique</u>	<u>Honduras</u>
Personnel and Benefits	\$ 2,902,897	\$ 116,277	\$ 2,277,055	\$ 798,429	\$ 784,070	\$ 1,008,476	\$ 562,776	\$ 829,071	\$ 398,481
Subgrants	-	-	-	1,624,778	133,792	-	-	46,889	-
Professional Services	6,726	2,254	7,418	5,715	47,713	13,039	7,716	21,368	3,875
Travel and Transportation	593,113	150,580	270,205	104,043	221,280	174,875	24,062	155,027	81,244
Subcontracts, Consultants	218,515	426	675,749	120,611	104,471	381,471	874,309	664,612	217,805
Vehicle and Equipment Expense	10,750	84	195,986	36,479	110,090	56,695	116,191	88,164	19,406
Office Expense	249,298	12,426	280,064	66,188	118,826	121,120	59,880	152,809	36,157
Depreciation Expense	-	-	-	-	-	-	-	-	-
Business Administrative Expenses	-	-	-	3,548	61	-	-	17	2,467
Capital Expenses	33,872	646	3,267	9,247	29,172	34,913	17,206	29,364	-
Subtotal	<u>4,015,171</u>	<u>282,693</u>	<u>3,709,744</u>	<u>2,769,038</u>	<u>1,549,475</u>	<u>1,790,589</u>	<u>1,662,140</u>	<u>1,987,321</u>	<u>759,435</u>
Supporting Services*	<u>977,438</u>	<u>49,410</u>	<u>864,546</u>	<u>552,560</u>	<u>411,978</u>	<u>660,566</u>	<u>374,108</u>	<u>384,907</u>	<u>246,088</u>
Total	<u>\$ 4,992,609</u>	<u>\$ 332,103</u>	<u>\$ 4,574,290</u>	<u>\$ 3,321,598</u>	<u>\$ 1,961,453</u>	<u>\$ 2,451,155</u>	<u>\$ 2,036,248</u>	<u>\$ 2,372,228</u>	<u>\$ 1,005,523</u>

* Supporting Services costs in this line include costs that are attributable to the various country operations. These costs are shown within General and Administrative and Fundraising on the consolidated statement of activities and changes in net assets.

See accompanying Notes to Consolidated Financial Statements.

INTERNATIONAL DEVELOPMENT ENTERPRISES AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

	Nicaragua	West Africa	United Kingdom	Multi-Country Projects	Hydrologic	Total Program Services	Fundraising	General and Administrative	Total Expenses
Personnel and Benefits	\$ -	\$ 44,429	\$ 147,087	\$ 469,587	\$ 37,569	\$ 10,376,204	\$ 56,994	\$ 4,144,079	\$ 14,577,277
Subgrants	-	-	1,229,434	370,990	-	3,405,883	-	-	3,405,883
Professional Services	-	3,939	11,222	13,771	-	144,756	-	241,065	385,821
Travel and Transportation	-	6,323	29,262	62,244	2,030	1,874,288	4,452	447,313	2,326,053
Subcontracts, Consultants	21,446	6,234	64,024	165,995	4,823	3,520,491	94,900	539,672	4,155,063
Vehicle and Equipment Expense	-	1,136	-	-	-	634,981	-	135,019	770,000
Office Expense	(54)	4,447	4,096	190	1,535	1,106,982	13,205	482,520	1,602,707
Depreciation Expense	-	-	-	-	-	-	-	136,857	136,857
Business Administrative Expenses	-	-	-	-	-	6,093	-	217,184	223,277
Capital Expenses	-	-	-	-	-	157,687	-	14,427	172,114
Subtotal	<u>21,392</u>	<u>66,508</u>	<u>1,485,125</u>	<u>1,082,777</u>	<u>45,957</u>	<u>\$ 21,227,365</u>	<u>\$ 169,551</u>	<u>\$ 6,358,136</u>	<u>\$ 27,755,052</u>
Supporting Services*	<u>39,062</u>	<u>160,006</u>	<u>562,157</u>	<u>186,588</u>	<u>1,058,273</u>				
Total	<u>\$ 60,454</u>	<u>\$ 226,514</u>	<u>\$ 2,047,282</u>	<u>\$ 1,269,365</u>	<u>\$ 1,104,230</u>				

* Supporting Services costs in this line include costs that are attributable to the various country operations. These costs are shown within General and Administrative and Fundraising on the consolidated statement of activities and changes in net assets.

See accompanying Notes to Consolidated Financial Statements.

INTERNATIONAL DEVELOPMENT ENTERPRISES AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

	Cambodia	Vietnam	Bangladesh	Nepal	Zambia	Ghana	Ethiopia	Mozambique	Honduras
Personnel and Benefits	\$ 2,512,169	\$ 127,468	\$ 2,421,202	\$ 928,564	\$ 878,601	\$ 825,153	\$ 473,260	\$ 629,218	\$ 359,248
Subgrants	-	-	-	2,171,440	403,458	-	-	36,195	-
Professional Services	3,657	3,000	3,359	5,503	32,579	75,048	7,265	16,983	7,884
Travel and Transportation	698,768	129,937	326,782	118,112	117,544	80,941	64,391	163,205	108,316
Subcontracts, Consultants	360,992	-	585,464	232,675	226,188	136,889	741,666	352,502	328,487
Vehicle and Equipment Expense	5,066	-	226,261	45,487	104,380	57,262	123,172	63,541	40,050
Office Expense	239,222	22,399	309,209	69,196	114,979	116,082	54,757	111,888	58,142
Depreciation Expense	-	-	-	-	-	-	-	-	-
Business Administrative Expenses	-	-	-	1,556	37	-	-	-	(299)
Capital Expenses	32,390	1,484	59,136	2,663	199,317	15,863	52,784	169,525	-
Subtotal	<u>3,852,264</u>	<u>284,288</u>	<u>3,931,413</u>	<u>3,575,196</u>	<u>2,077,083</u>	<u>1,307,238</u>	<u>1,517,295</u>	<u>1,543,057</u>	<u>901,828</u>
Supporting Services*	<u>1,096,685</u>	<u>42,843</u>	<u>846,917</u>	<u>574,170</u>	<u>344,474</u>	<u>460,030</u>	<u>331,669</u>	<u>238,204</u>	<u>212,477</u>
Total	<u>\$ 4,948,949</u>	<u>\$ 327,131</u>	<u>\$ 4,778,330</u>	<u>\$ 4,149,366</u>	<u>\$ 2,421,557</u>	<u>\$ 1,767,268</u>	<u>\$ 1,848,964</u>	<u>\$ 1,781,261</u>	<u>\$ 1,114,305</u>

* Supporting Services costs in this line include costs that are attributable to the various country operations. These costs are shown within General and Administrative and Fundraising on the consolidated statement of activities and changes in net assets.

See accompanying Notes to Consolidated Financial Statements.

**INTERNATIONAL DEVELOPMENT ENTERPRISES AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2017**

	Nicaragua	West Africa	United Kingdom	Multi-Country Projects	Hydrologic	Total Program Services	Fundraising	General and Administrative	Total Expenses
Personnel and Benefits	\$ 9,595	\$ 138,545	\$ 142,830	\$ 726,373	\$ -	\$ 10,172,226	\$ 45,178	\$ 3,945,444	\$ 14,162,848
Subgrants	-	-	1,587,104	398,375	-	4,596,572	-	-	4,596,572
Professional Services	-	6,226	6,861	14,245	-	182,610	-	196,511	379,121
Travel and Transportation	-	26,747	11,302	59,216	-	1,905,261	12,567	403,992	2,321,820
Subcontracts, Consultants	-	56,164	34,936	166,832	12,738	3,235,533	136,193	928,058	4,299,784
Vehicle and Equipment Expense	-	3,016	-	-	9,891	678,126	-	171,176	849,302
Office Expense	-	14,753	2,196	3,951	-	1,116,774	3,994	545,462	1,666,230
Depreciation Expense	-	-	-	-	-	-	-	192,514	192,514
Business Administrative Expenses	-	-	1,564	-	1,055	3,913	-	185,424	189,337
Capital Expenses	-	-	-	5,851	-	539,013	-	6,119	545,132
Subtotal	<u>9,595</u>	<u>245,451</u>	<u>1,786,793</u>	<u>1,374,843</u>	<u>23,684</u>	<u>\$ 22,430,028</u>	<u>\$ 197,932</u>	<u>\$ 6,574,700</u>	<u>\$ 29,202,660</u>
Supporting Services*	<u>233,709</u>	<u>222,810</u>	<u>496,267</u>	<u>207,190</u>	<u>1,465,187</u>				
Total	<u>\$ 243,304</u>	<u>\$ 468,261</u>	<u>\$ 2,283,060</u>	<u>\$ 1,582,033</u>	<u>\$ 1,488,871</u>				

* Supporting Services costs in this line include costs that are attributable to the various country operations. These costs are shown within General and Administrative and Fundraising on the consolidated statement of activities and changes in net assets.

See accompanying Notes to Consolidated Financial Statements.

INTERNATIONAL DEVELOPMENT ENTERPRISES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 37,661	\$ 277,072
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	136,857	192,514
Change in Provision for Bad Debts	89,427	23,540
Unrealized Loss on Investments and Other Assets	2,287	171
Loss on Sale of Capital Assets	6,315	14,121
(Gain) Loss on Business Segment Assets Held-For-Sale	(18,890)	122,147
Effects of Changes in Operating Assets and Liabilities:		
Accounts Receivable	87,556	182,546
Grants Receivable	(270,102)	(833,502)
Pledges and Note Receivable	50,000	(50,000)
Inventories for Sale	194,055	(96,710)
Prepaid Expenses and Other Current Assets	(142,781)	9,301
Deposits	259	(5,779)
Accounts Payable and Accrued Liabilities	(540,425)	(145,713)
Deferred Grant Revenue	(1,182,780)	(2,212,533)
Net Cash Used by Operating Activities	(1,550,561)	(2,522,825)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Capital Assets	(44,152)	(177,006)
Purchase of Investments	(22,654)	(34,564)
Net Cash Used by Investing Activities	(66,806)	(211,570)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Notes Payable	(159,314)	(95,655)
DECREASE IN CASH AND CASH EQUIVALENTS	(1,776,681)	(2,830,050)
Cash and Cash Equivalents - Beginning of Year	11,699,139	14,529,189
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 9,922,458	\$ 11,699,139
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Expense Paid	\$ 6,403	\$ 4,980

See accompanying Notes to Consolidated Financial Statements.

INTERNATIONAL DEVELOPMENT ENTERPRISES AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

International Development Enterprises (iDE) was incorporated on October 1, 1982, under the Nonprofit Corporation Law of the Commonwealth of Pennsylvania as a multi-national nonprofit public charity.

iDE's mission is to create income and livelihood opportunities for poor, rural households. iDE believes that entrepreneurs are everywhere and that if iDE can put them to work, it can solve poverty with profit. In its first 32 years, iDE reached 23 million people with a product or service that helped to improve their livelihoods. In the next three years, iDE wants to catalyze another 20 million poor, rural households in developing countries to move out of poverty and into prosperity through improved income generation. iDE's areas of focus are: agriculture; WASH (water, sanitation, and hygiene); access to finance; climate change; gender; nutrition; and food security.

Program Services

iDE maintains country programs in Central America, Asia, and Africa including Bangladesh, Cambodia, Ethiopia, Nepal, Vietnam, Zambia, Ghana, Mozambique, Nicaragua, Honduras, and West Africa. Employing more than 945 staff (96% in the field), most country programs are staffed by nationals and managed by a Country Director.

iDEal Technologies, LLC (iDEal) was created as a Colorado organization in which iDE is the sole member. iDEal is a social enterprise for the promotion of low-cost, drip irrigation technologies. iDEal Technologies, LLC in Colorado is the owner of the Nicaraguan entity, iDEal Tecnologias. All functional expenses were booked under the Nicaraguan entity. Effective February 20, 2018, iDE entered into an agreement to sell iDEal to iDE Canada. iDE Canada agreed to acquire iDEal and its related assets as of December 31, 2017 for a purchase price of \$162,204. iDE recognized a gain of \$18,890 on iDEal's assets as of December 31, 2018 and an impairment loss of \$122,147 on iDEal's assets of December 31, 2017 in connection with the sale of iDEal to iDE Canada.

Hydrologic Social Enterprise Company Limited is a Cambodian company, wholly owned by iDE for the manufacture and distribution of low-cost, ceramic water purifiers and related livelihood products.

iDE International Foundation (IDEI) is an organization registered as a charitable foundation in Berne, Switzerland.

International Development Enterprises UK (iDE UK) is a private limited company charity registered in England of which iDE is a sole member.

iDE closed the iDE Burkina Faso (West Africa) country program in the summer of 2018. As of December 31, 2018 and 2017, iDE Burkina Faso's assets represented less than 1% of iDE's total assets. iDE Burkina Faso's revenue represented approximately 1% and 1% of iDE's total revenue for 2018 and 2017, respectively.

INTERNATIONAL DEVELOPMENT ENTERPRISES AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program Services (Continued)

In adopting a market driven philosophy, iDE has focused its efforts on creating sustainable networks of supply chain manufacturers, assemblers, retailers, and installers of affordable water resource technologies. The hallmark of iDE's program successes lay in five key principles to market creation for the poor: 1) local ownership, 2) client participation, 3) rapid return on investment, 4) affordable cost, and 5) market sustainability.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of iDE, iDEal, IDEI, iDE Burkina Faso (West Africa), iDE Bangladesh, iDE Ethiopia, iDE Cambodia, iDE Ghana, iDE Mozambique, iDE Nepal, iDE Zambia, iDE Vietnam, iDE Honduras, iDE UK, and Hydrologic Social Enterprise Company Limited, which are collectively referred to as iDE. All material transactions between these entities have been eliminated in the consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. iDE does not have net assets with donor restrictions.

INTERNATIONAL DEVELOPMENT ENTERPRISES AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statements of activities and changes in net assets and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Allocation of general and administrative expense represents program expenditures incurred in the support of those program activities.

Income Tax Status

iDE qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, no provision for Federal income taxes has been provided. In addition, iDE qualifies for the charitable contribution deduction under Section 170(c)(2) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

iDE follows the guidance that clarifies the accounting for uncertainty in income taxes recognized in an organization's consolidated financial statements. iDE has no current obligation for unrelated business income tax. iDE files as a tax-exempt organization.

Property and Equipment

Property and equipment valued at \$1,000 or greater with estimated useful lives greater than one year are capitalized at cost and depreciated over the estimated useful life of each asset ranging from three to seven years. Annual depreciation is computed using the straight-line method.

iDE reports gifts of property, plant, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

The cost of certain equipment used by iDE in operations is not reflected in the consolidated statement of financial position because the asset title remains with the grantor. iDE has reported revenue and program expense in the accompanying consolidated statements of activities and changes in net assets for the free use of the equipment and for utilities during the years ended December 31, 2018 and 2017.

Foreign Exchange

At December 31, 2018 and 2017, all of iDE's grants receivable are payable to iDE in U.S. dollars, Canadian dollars, the Euro, Swiss Francs and British Pounds. Foreign exchange gains of \$104,812 were recognized in 2018, and foreign exchange gains of \$398,770 were recognized in 2017.

Cash and Cash Equivalents

iDE considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Cash and cash equivalents committed to grant purposes represents cash advanced from donors and foundations for grants not yet expended on allowable grant purposes.

INTERNATIONAL DEVELOPMENT ENTERPRISES AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents (Continued)

iDE maintains significant cash balances in foreign field offices that are not readily transferable to the United States. Management does not believe these balances are at risk of loss.

Revenue Recognition

iDE recognizes revenue for contributions (and grants considered to be contributions) based upon the presence or absence of donor-imposed conditions. For those contributions absent of donor-imposed conditions, revenues are recognized at the time iDE is notified of the contribution and that promise is verified, regardless of the timing of cash receipt. For contributions with donor-imposed conditions, revenues are recognized at the time the conditions are substantially met, regardless of the timing of cash receipt.

iDE reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities and changes in net assets as released from restrictions.

Revenue received in advance of the performance of services deemed to be exchange transactions are deferred until such time as related expenditures are incurred and then revenue is recognized. Deferred revenue amounts are included under the caption “deferred grant revenue” on the consolidated statements of financial position.

For exchange transactions, iDE recognizes field and program revenue as it is earned and expenses as they are incurred.

iDE earned carbon credits related to displacing water boiling practices with use of Hydrologic’s manufacturing and selling of ceramic water purifiers. By saving 41,000 tons of CO₂ emissions yearly, credits were awarded and registered by the Gold Standard. In 2018 and 2017, 133,145 and 51,654 credits were sold by iDE for the amounts of \$651,869 and \$300,658, respectively. Revenue is recorded in Other Income on the consolidated statements of activities and changes in net assets. Due to the nature of the carbon credit market, iDE recognizes carbon credit revenue when sold.

Accounts, Grants, and Pledges Receivable

Accounts receivable are uncollateralized obligations and generally require payment within 30 to 60 days from the date arising. iDE does not charge interest on delinquent accounts.

iDE receives grants from philanthropically focused organizations for investment in iDE’s mission related projects. Grants receivable consist of funding commitments from those organizations, which have not been received. Grants receivable totaled \$1,457,157 and \$1,187,055 as of December 31, 2018 and 2017, respectively.

INTERNATIONAL DEVELOPMENT ENTERPRISES AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts, Grants, and Pledges Receivable (Continued)

Pledges receivable consist of funding commitments from individuals totaling \$-0- and \$50,000 as of December 31, 2018 and 2017, respectively.

No allowance for doubtful accounts has been established for grants receivable and pledges receivable, as they are expected to be collected in full within the next fiscal year.

	<u>2018</u>		<u>2017</u>
Pledges Due Within One Year	\$	-	\$ 50,000

Inventories

Inventories are stated at the lower of cost (first-in, first-out method) or net realizable value and consist of pumps, water filters, and drip irrigation equipment held for sale in various countries.

Impairment of Long-Lived Assets

iDE reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell. There were no impairments recognized by iDE for the years ended December 31, 2018 and 2017.

Fair Value of Investments

The fair value of equity and mutual fund investments is determined at the value for which the investments are traded on public exchanges. The fair value of money market funds is determined at cost plus earned interest.

Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and adjusted the presentation in these consolidated financial statements accordingly. These changes were applied retrospectively to ensure comparability with the prior year presented herein.

INTERNATIONAL DEVELOPMENT ENTERPRISES AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and Cash Equivalents	\$ 9,922,458
Investments	59,056
Accounts Receivable	1,379,689
Grants Receivable	<u>1,457,157</u>
Total Liquid Financial Assets	12,818,360
Contractual or Donor-Imposed Restriction	<u>8,136,071</u>
Total Short-Term Obligations	<u>8,136,071</u>
Total	<u>\$ 4,682,289</u>

iDE has \$4,682,289 of financial assets available within one year of the balance sheet date consisting of cash and marketable securities of \$9,981,514 and accounts and grants receivable of \$2,793,889. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. Accounts and grants receivables will be collected within one year. As more fully described in Note 10, iDE also has committed lines of credit in the amount \$250,000, which it could draw upon in the event of an unanticipated liquidity need.

NOTE 3 AFFILIATE ORGANIZATION TRANSACTIONS

iDE works with related non-U.S. based nonprofit organizations with similar purposes, goals, and policies. The organization that iDE maintained this relationship with during the year was iDE-Canada. The board and staff of this organization work closely with iDE in designing, financing, and executing projects worldwide.

Included in accounts receivable are amounts due from iDE-Canada of \$25,360 and \$57,238 for grant expenses paid on behalf of iDE-Canada by iDE at December 31, 2018 and 2017, respectively.

Included in notes payable are amounts due to iDE-Canada of \$82,043 and \$50,000 at December 31, 2018 and 2017, respectively.

Included in deferred revenue are amounts received in advance from iDE-Canada of \$8,458 and \$8,145 for the performance of services related to grants awarded to iDE by iDE-Canada at December 31, 2018 and 2017, respectively.

INTERNATIONAL DEVELOPMENT ENTERPRISES AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 4 FOREIGN OPERATIONS AND CONCENTRATIONS

Foreign Operations

For the years ended December 31, 2018 and 2017, there were no contracts that were individually greater than 10% of iDE's total revenue.

NOTE 5 OPERATING LEASE

During 2013, iDE signed an agreement to lease space for its office headquarters. The lease term commenced in January 2014 and allows for annual automatic renewal for successive one-year terms for an additional nine years through May 31, 2023. iDE has the option to terminate the lease after any one-year term upon giving adequate notice to the lessor. As iDE is only obligated to pay rent for the next fiscal year, successive term payments have not been included in the future minimum rental payment schedule.

Total rent expense for leased headquarters office space amounted to \$126,698 and \$125,540 for the years ended December 31, 2018 and 2017, respectively. iDE leases office space in multiple countries. Total rent expense under these leases amounted to \$619,725 and \$622,368 for the years ended December 31, 2018 and 2017, respectively.

The following is a schedule of the future minimum rental payments for the years ending December 31:

<u>Year</u>	<u>Amount</u>
2019	\$ 563,209
2020	190,307
2021	118,815
2022	63,277
2023	38,655
Total	<u>\$ 974,263</u>

NOTE 6 PENSION PLAN

iDE has a 403(b) plan available to all full time domestic employees who are at least 21 years of age, are scheduled at least 1,000 hours per year, and have completed three months of service. iDE contributes 6% of the employee's gross salary. Contributions for the years ended December 31, 2018 and 2017 amounted to \$167,105 and \$143,795, respectively.

NOTE 7 CASH AND CASH EQUIVALENTS

iDE maintains its unrestricted cash balances in checking accounts and in a money market demand account in banks in the United States. At times, iDE's bank account balances may exceed federally insured limits. iDE has not experienced any losses in these accounts. Management does not believe iDE is exposed to any significant credit risk on cash and cash equivalents.

INTERNATIONAL DEVELOPMENT ENTERPRISES AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 7 CASH AND CASH EQUIVALENTS (CONTINUED)

A portion of the cash balance is committed for the purposes of exchange type transactions grants received and conditional contribution grants received for which conditions have not yet been met. The balance of assets held at December 31, 2018 and 2017 are \$8,336,071 and \$9,318,851, respectively, which were advanced for exchange type transaction and conditional contribution grants that have purpose restrictions.

NOTE 8 PROPERTY AND EQUIPMENT

Property and equipment at December 31 consists of the following:

	2018	2017
Buildings and Improvements	\$ 68,605	\$ 64,629
Furniture and Equipment	425,157	511,529
Vehicles	655,766	594,572
Leasehold Improvements	296,863	296,863
Total	<u>1,446,391</u>	<u>1,467,593</u>
Less: Accumulated Depreciation	(999,458)	(921,640)
Net Property and Equipment	<u>\$ 446,933</u>	<u>\$ 545,953</u>

Depreciation expense for the years ended December 31, 2018 and 2017 totaled \$136,857 and \$192,514, respectively.

NOTE 9 NOTES PAYABLE

In 2013, Hydrologic entered into a note payable agreement with iDE-Canada for \$150,000. The note matures on June 30, 2019 and bears interest at 5%. Semi-annual principal payments are due in the amount of \$25,000 starting on June 30, 2016. As of December 31, 2018 and 2017, the balance due was \$25,000 and \$50,000, respectively.

In 2017, iDE Ghana entered into a note payable agreement with iDE-Canada for \$57,043. The loan is interest-free and will be repaid in equal quarterly payments in 2019.

iDE loans capital to individuals or groups in Cambodia and other countries in which it operates. In December 2014, iDE executed an agreement with Kiva, a California nonprofit public benefit corporation, to become a Kiva Microfinance Institution (MFI) Field Partner. Kiva operates one or more donor advised funds (DAF) that allows advisors to the DAF to connect with local lenders, such as iDE, that provide small loans to borrowers (individuals or groups) in developing countries. The agreement allows iDE to obtain access to, and the ability to post on, Kiva website profiles of borrowers in need of debt capital in order to obtain capital in the form of loans from lenders (individuals and entities) who also access the Kiva Website.

INTERNATIONAL DEVELOPMENT ENTERPRISES AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 9 NOTES PAYABLE (CONTINUED)

Funds contributed from lenders to the Kiva website bear no interest rate. The agreement establishes maximum microloan limits for individual borrowers and group borrowers by country. The terms of the loans to borrowers of these funds are set by iDE. The agreement requires that all loans to borrowers are established on a short-term basis. iDE is responsible for collecting loan repayments from borrowers and remitting loan repayments to Kiva. Kiva periodically bills iDE for all loan repayments that have been collected from borrowers by a certain date. At any time during the term of the agreement, Kiva may elect to charge a fee on funds raised through the Kiva website. During 2018 and 2017, there was no Kiva fee charged on funds raised through the Kiva website. As of December 31, 2018 and 2017, the maximum credit limit of funds that iDE may raise through Kiva was \$1,600,000. The maximum credit limit is determined based on Kiva's MFI risk rating model.

As of December 31, 2018 and 2017, the outstanding balance of funds raised through Kiva was \$146,973 and \$338,330, respectively.

The following is a schedule of the future minimum principal payments due on the notes for the year ending December 31:

<u>Year</u>	<u>Amount</u>
2019	\$ 229,016

NOTE 10 COMMITMENTS

Line of Credit

At December 31, 2018, iDE had line of credit with a financial institution with maximum borrowings of up to \$250,000. The line of credit expires on December 1, 2019 and accrues interest at a rate 6.25%. Management anticipates renewal of the line of credit on December 1, 2019. At December 31, 2018 and 2017, no amounts were outstanding on lines of credit.

NOTE 11 CONTINGENCIES

iDE participates in a number of federal programs, which are subject to financial and compliance audits. The amount of expenses which may be disallowed by the granting agencies cannot be determined at this time, although iDE does not expect these amounts, if any, to be material to the consolidated financial statements.

NOTE 12 SUBSEQUENT EVENTS

In preparing these consolidated financial statements, iDE has evaluated events and transactions for potential recognition or disclosure through July 2, 2019, the date the consolidated financial statements were available to be issued.