



# Consolidated Financial Statements

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International Development Enterprises and Subsidiaries

Years Ended December 31, 2020 and 2019



Input Trade and Technology Fair, Macate, Mozambique, photo by Lina Henao / iDE / 2020

**INTERNATIONAL DEVELOPMENT ENTERPRISES AND SUBSIDIARIES**  
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## 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, 2020 and 2019, 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 nine country programs, iDE UK and one social enterprise in 2020 and 2019, which statements reflect total assets of \$3,156,149 and \$3,011,683 as of December 31, 2020 and 2019, respectively, and total support and revenues of \$22,474,421 and \$22,307,703, 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 nine 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 Bangladesh, iDE Ethiopia, iDE Cambodia, iDE Ghana, iDE Mozambique, iDE Nepal, iDE Zambia, iDE Vietnam, iDE UK, iDE Honduras, and Hydrologic Social Enterprise Company Limited were not audited in accordance with *Government Auditing Standards*.

***Auditors' Responsibility (Continued)***

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, 2020 and 2019, 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.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2021, 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 nine country programs, iDE UK and one social enterprise audited by other auditors in 2020 were not audited in accordance with *Government Auditing Standards*.



**CliftonLarsonAllen LLP**

Denver, Colorado  
May 19, 2021

**INTERNATIONAL DEVELOPMENT ENTERPRISES AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 10,126,043	\$ 10,908,521
Investments	120,691	88,661
Accounts Receivable, Less Allowance for Doubtful Accounts, \$217,728 for 2020 and \$127,207 for 2019	1,066,676	1,625,113
Grants Receivable	1,801,122	1,403,735
Inventories for Sale	266,363	288,553
Prepaid Expenses and Other Current Assets	295,041	277,354
Total Current Assets	<u>13,675,936</u>	<u>14,591,937</u>
<b>CAPITAL ASSETS, NET</b>	547,346	493,373
<b>OTHER ASSETS</b>		
Deposits	<u>60,592</u>	<u>46,078</u>
Total Assets	<u><u>\$ 14,283,874</u></u>	<u><u>\$ 15,131,388</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	\$ 2,509,114	1,953,787
Deferred Grant Revenue	6,101,059	8,986,343
Notes Payable	113,931	103,710
Paycheck Protection Program Loan, Current	18,522	-
Total Current Liabilities	<u>8,742,626</u>	<u>11,043,840</u>
<b>PAYCHECK PROTECTION PROGRAM LOAN, LONG-TERM</b>	<u>742,478</u>	<u>-</u>
Total Liabilities	9,485,104	11,043,840
<b>NET ASSETS</b>		
Without Donor Restrictions	3,967,775	3,617,742
With Donor Restrictions	830,995	469,806
Total Net Assets	<u>4,798,770</u>	<u>4,087,548</u>
Total Liabilities and Net Assets	<u><u>\$ 14,283,874</u></u>	<u><u>\$ 15,131,388</u></u>

See accompanying Notes to Consolidated Financial Statements.

**INTERNATIONAL DEVELOPMENT ENTERPRISES AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING REVENUES, GAINS, AND OTHER SUPPORT</b>			
Grant Revenue:			
Federal Grants	\$ 4,113,044	\$ -	\$ 4,113,044
Other Grants	14,979,755	1,684,357	16,664,112
Total Grant Revenue	19,092,799	1,684,357	20,777,156
Donations	1,288,245	-	1,288,245
Field and Program Revenue	3,069,163	-	3,069,163
Sales	1,703,164	-	1,703,164
Less: Cost of Goods Sold	(545,078)	-	(545,078)
Gross Margin on Sales	1,158,086	-	1,158,086
Interest Income	33,930	-	33,930
Loss on Disposition of Capital Assets	(1,858)	-	(1,858)
Other Income	1,307,899	-	1,307,899
Net Assets Released from Restrictions	1,323,168	(1,323,168)	-
Total Operating Revenues, Gains, and Other Support	27,271,432	361,189	27,632,621
<b>EXPENSES</b>			
Program Services:			
Cambodia	4,815,641	-	4,815,641
Vietnam	180,949	-	180,949
Bangladesh	4,417,563	-	4,417,563
Nepal	309,419	-	309,419
Zambia	1,035,411	-	1,035,411
Ghana	1,454,956	-	1,454,956
Ethiopia	1,219,686	-	1,219,686
Mozambique	4,304,707	-	4,304,707
Honduras	903,914	-	903,914
United Kingdom	306,827	-	306,827
Multi-Country Projects	1,326,533	-	1,326,533
Hydrologic	24,217	-	24,217
Total Program Services	20,299,823	-	20,299,823
General and Administrative	6,347,398	-	6,347,398
Fundraising	274,178	-	274,178
Total Expenses	26,921,399	-	26,921,399
<b>CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES</b>	350,033	361,189	711,222
Net Assets - Beginning of Year	3,617,742	469,806	4,087,548
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 3,967,775</u>	<u>\$ 830,995</u>	<u>\$ 4,798,770</u>

See accompanying Notes to Consolidated Financial Statements.



**INTERNATIONAL DEVELOPMENT ENTERPRISES AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING REVENUES, GAINS, AND OTHER SUPPORT</b>			
Grant Revenue:			
Federal Grants	\$ 3,292,243	\$ -	\$ 3,292,243
Other Grants	17,419,220	469,806	17,889,026
Total Grant Revenue	20,711,463	469,806	21,181,269
Donations	609,526	-	609,526
Field and Program Revenue	2,879,489	-	2,879,489
Sales	2,483,542	-	2,483,542
Less: Cost of Goods Sold	(1,302,746)	-	(1,302,746)
Gross Margin on Sales	1,180,796	-	1,180,796
Interest Income	23,758	-	23,758
Loss on Disposition of Capital Assets	3,034	-	3,034
Other Income	1,237,653	-	1,237,653
Net Assets Released from Restrictions	-	-	-
Total Operating Revenues, Gains, and Other Support	26,645,719	469,806	27,115,525
<b>EXPENSES</b>			
Program Services:			
Cambodia	4,305,436	-	4,305,436
Vietnam	195,968	-	195,968
Bangladesh	3,419,004	-	3,419,004
Nepal	1,227,458	-	1,227,458
Zambia	1,084,953	-	1,084,953
Ghana	1,976,188	-	1,976,188
Ethiopia	1,748,939	-	1,748,939
Mozambique	3,018,002	-	3,018,002
Honduras	546,752	-	546,752
United Kingdom	1,509,876	-	1,509,876
Multi-Country Projects	1,585,717	-	1,585,717
Hydrologic	48,217	-	48,217
Total Program Services	20,666,510	-	20,666,510
General and Administrative	5,629,388	-	5,629,388
Fundraising	202,566	-	202,566
Total Expenses	26,498,464	-	26,498,464
<b>CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES</b>	147,255	469,806	617,061
Net Assets - Beginning of Year	3,470,487	-	3,470,487
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 3,617,742</u>	<u>\$ 469,806</u>	<u>\$ 4,087,548</u>

See accompanying Notes to Consolidated Financial Statements.

**INTERNATIONAL DEVELOPMENT ENTERPRISES AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2020**

	Cambodia	Vietnam	Bangladesh	Nepal	Zambia	Ghana	Ethiopia	Mozambique	Honduras
Personnel and Benefits	\$ 3,157,367	\$ 77,500	\$ 2,976,575	\$ 248,319	\$ 542,489	\$ 914,181	\$ 636,267	\$ 1,272,791	\$ 424,750
Subgrants	44,980	-	-	19,554	-	-	-	137,835	-
Professional Services	20,140	1,732	9,529	1,469	47,665	11,044	7,124	48,916	22,995
Travel and Transportation	577,671	91,688	160,456	2,632	134,035	66,157	14,532	170,443	36,977
Subcontracts and Consultants	601,828	-	817,624	9,291	124,065	349,633	389,094	2,263,160	354,733
Vehicle and Equipment Expense	15,572	19	152,264	3,062	85,056	25,670	90,321	148,999	36,633
Office Expense	338,083	9,625	257,349	23,645	102,101	88,271	82,348	209,375	27,826
Depreciation Expense	-	-	-	-	-	-	-	-	-
Business Administrative Expenses	-	-	-	-	-	-	-	-	-
Capital Expenses	60,000	385	43,766	1,447	-	-	-	53,188	-
Total	<u>4,815,641</u>	<u>180,949</u>	<u>4,417,563</u>	<u>309,419</u>	<u>1,035,411</u>	<u>1,454,956</u>	<u>1,219,686</u>	<u>4,304,707</u>	<u>903,914</u>
Supporting Services*	<u>1,474,668</u>	<u>34,222</u>	<u>890,804</u>	<u>264,554</u>	<u>249,373</u>	<u>533,485</u>	<u>261,401</u>	<u>1,018,875</u>	<u>187,918</u>
Total	<u>\$ 6,290,309</u>	<u>\$ 215,171</u>	<u>\$ 5,308,367</u>	<u>\$ 573,973</u>	<u>\$ 1,284,784</u>	<u>\$ 1,988,441</u>	<u>\$ 1,481,087</u>	<u>\$ 5,323,582</u>	<u>\$ 1,091,832</u>

  

	United Kingdom	Multi-Country Projects	Hydrologic	Total Program Services	Fundraising	General and Administrative	Total Expenses
Personnel and Benefits	\$ 15,067	\$ 425,964	\$ 11,150	\$ 10,702,420	\$ 214,358	\$ 4,127,381	\$ 15,044,159
Subgrants	273,418	535,507	-	1,011,294	-	(6,500)	1,004,794
Professional Services	-	2,949	-	173,563	-	186,130	359,693
Travel and Transportation	-	18,738	256	1,273,585	8,060	141,527	1,423,172
Subcontracts and Consultants	17,920	339,669	11,692	5,278,709	32,150	758,429	6,069,288
Vehicle and Equipment Expense	-	-	-	557,596	-	18,363	575,959
Office Expense	422	3,706	241	1,142,992	19,610	547,303	1,709,905
Depreciation Expense	-	-	-	-	-	184,019	184,019
Business Administrative Expenses	-	-	878	878	-	526,106	526,984
Capital Expenses	-	-	-	158,786	-	(135,360)	23,426
Total	<u>306,827</u>	<u>1,326,533</u>	<u>24,217</u>	<u>\$ 20,299,823</u>	<u>\$ 274,178</u>	<u>\$ 6,347,398</u>	<u>\$ 26,921,399</u>
Supporting Services*	<u>178,035</u>	<u>250,872</u>	<u>1,277,369</u>				
Total	<u>\$ 484,862</u>	<u>\$ 1,577,405</u>	<u>\$ 1,301,586</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, 2019**

	Cambodia	Vietnam	Bangladesh	Nepal	Zambia	Ghana	Ethiopia	Mozambique	Honduras
Personnel and Benefits	\$ 3,149,846	\$ 76,629	\$ 2,226,041	\$ 493,921	\$ 704,339	\$ 1,097,356	\$ 575,599	\$ 970,991	\$ 371,547
Subgrants	-	-	-	507,555	-	-	-	344,033	-
Professional Services	28,676	2,376	9,064	8,085	38,996	8,312	6,163	22,226	5,121
Travel and Transportation	513,034	106,593	244,733	56,484	105,422	112,464	35,527	148,054	69,664
Subcontracts and Consultants	328,708	736	520,048	106,664	69,596	588,264	941,292	1,086,244	42,938
Vehicle and Equipment Expense	16,084	-	152,202	16,247	71,020	51,752	129,373	114,038	21,973
Office Expense	266,218	9,634	242,329	37,232	90,931	109,908	57,203	148,997	30,565
Depreciation Expense	-	-	-	-	-	-	-	-	-
Business Administrative Expenses	-	-	-	-	19	-	-	-	2,316
Capital Expenses	2,870	-	24,587	1,270	4,630	8,132	3,782	183,419	2,628
Total	<u>4,305,436</u>	<u>195,968</u>	<u>3,419,004</u>	<u>1,227,458</u>	<u>1,084,953</u>	<u>1,976,188</u>	<u>1,748,939</u>	<u>3,018,002</u>	<u>546,752</u>
Supporting Services*	<u>1,105,912</u>	<u>34,226</u>	<u>909,765</u>	<u>312,979</u>	<u>236,844</u>	<u>475,064</u>	<u>375,482</u>	<u>559,581</u>	<u>201,781</u>
Total	<u>\$ 5,411,348</u>	<u>\$ 230,194</u>	<u>\$ 4,328,769</u>	<u>\$ 1,540,437</u>	<u>\$ 1,321,797</u>	<u>\$ 2,451,252</u>	<u>\$ 2,124,421</u>	<u>\$ 3,577,583</u>	<u>\$ 748,533</u>

	United Kingdom	Multi-Country Projects	Hydrologic	Total Program Services	Fundraising	General and Administrative	Total Expenses
Personnel and Benefits	\$ 97,556	\$ 319,112	\$ 7,991	\$ 10,090,928	\$ 79,400	\$ 3,929,121	\$ 14,099,449
Subgrants	1,353,140	741,185	-	2,945,913	-	-	2,945,913
Professional Services	8,818	9,828	-	147,665	-	169,909	317,574
Travel and Transportation	15,324	42,048	-	1,449,347	21,218	348,954	1,819,519
Subcontracts and Consultants	26,911	465,346	28,507	4,205,254	86,350	431,179	4,722,783
Vehicle and Equipment Expense	-	-	10,050	582,739	18	70,010	652,767
Office Expense	8,127	8,198	25	1,009,367	15,580	474,720	1,499,667
Depreciation Expense	-	-	-	-	-	149,660	149,660
Business Administrative Expenses	-	-	1,644	3,979	-	43,562	47,541
Capital Expenses	-	-	-	231,318	-	12,273	243,591
Total	<u>1,509,876</u>	<u>1,585,717</u>	<u>48,217</u>	<u>\$ 20,666,510</u>	<u>\$ 202,566</u>	<u>\$ 5,629,388</u>	<u>\$ 26,498,464</u>
Supporting Services*	<u>368,223</u>	<u>277,847</u>	<u>974,250</u>				
Total	<u>\$ 1,878,099</u>	<u>\$ 1,863,564</u>	<u>\$ 1,022,467</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, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 711,222	\$ 617,061
Adjustments to Reconcile Change in Net Assets to Net		
Cash Provided (Used) by Operating Activities:		
Depreciation	184,019	149,660
Change in Provision for Bad Debts	90,521	(6,596)
Unrealized Loss on Investments and Other Assets	182	1,180
(Gain) Loss on Sale of Capital Assets	1,858	(3,034)
Effects of Changes in Operating Assets and Liabilities:		
Accounts Receivable	467,916	(238,828)
Grants Receivable	(397,387)	53,422
Inventories for Sale	22,190	62,159
Prepaid Expenses and Other Current Assets	(17,687)	208,089
Deposits	(14,514)	7,603
Accounts Payable and Accrued Liabilities	555,327	(365,768)
Deferred Grant Revenue	(2,885,284)	850,272
Net Cash Provided (Used) by Operating Activities	<u>(1,281,637)</u>	<u>1,335,220</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Capital Assets	(239,850)	(232,376)
Proceeds on Sale of Capital Assets	-	39,310
Purchase of Investments	<u>(32,212)</u>	<u>(30,785)</u>
Net Cash Used by Investing Activities	<u>(272,062)</u>	<u>(223,851)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on Notes Payable	10,221	(125,306)
Proceeds from Paycheck Protection Program Loan	<u>761,000</u>	<u>-</u>
Net Cash Provided (Used) by Financing Activities	<u>771,221</u>	<u>(125,306)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(782,478)</u>	<u>986,063</u>
Cash and Cash Equivalents - Beginning of Year	<u>10,908,521</u>	<u>9,922,458</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 10,126,043</u></u>	<u><u>\$ 10,908,521</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest Expense Paid	<u><u>\$ -</u></u>	<u><u>\$ 8,102</u></u>

See accompanying Notes to Consolidated Financial Statements.

**INTERNATIONAL DEVELOPMENT ENTERPRISES AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Organization and Program Services**

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 is a global development organization that advances market-based approaches in agriculture; access to finance; and water, sanitation, and hygiene (WASH) to create income and livelihood opportunities for economically and socially disadvantaged households. iDE has made a difference for more than 35 million people by developing inclusive market ecosystems that allow more people to participate in the economy, exercise choice through economic freedom, and achieve their aspirations. With offices in 12 countries around the world and employing over 1,000 people, 94% of whom are local, iDE creates real change that gives people the power to prosper on their own terms. By constantly evaluating their impact and tracking data for every program implemented globally, iDE guarantees an average social return on investment of a minimum of \$10 in annual income or livelihood savings for every dollar they receive.

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, 2020 and 2019, iDE Burkina Faso's assets represented less than 1% of iDE's total assets. iDE Burkina Faso's revenue represented approximately 0% of iDE's total revenue for 2020 and 2019.

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, 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.

**INTERNATIONAL DEVELOPMENT ENTERPRISES AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 restricted revenue when received and released from restrictions 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.

**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. Program activities are those that are conducted in accordance with the Organization's nature of operations and certain necessary costs. Management and general activities are those that are not identifiable with a single program or fundraising activity, but that are indispensable to the conduct of those activities and to the Organization's existence. Fundraising activities involve inducing potential donors to contribute money, securities, services, materials, facilities, other assets, or time. Salaries, benefits and payroll tax expense is allocated to programs, management and general activities, and fundraising based on time recorded and classified by employees. All other expense is allocated to activities based on the allocation of staff among departments and square footage utilized by departments.

**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).

**INTERNATIONAL DEVELOPMENT ENTERPRISES AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Tax Status (Continued)**

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 \$5,000 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 support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used.

**Foreign Exchange**

At December 31, 2020 and 2019, 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 losses of \$62,934 were recognized in 2020, and foreign exchange losses of \$239,254 were recognized in 2019.

**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.

iDE maintains significant cash balances in foreign financial institutions. iDE also 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**

Revenue recognition treatment is determined on a case-by-case basis in accordance with generally accepted accounting principles in the United States of America for nonprofit entities. The major revenue streams of IDE and corresponding revenue recognition treatment is as follows:

Grants Revenue and Donations – The Organization 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 the Organization is notified of the contribution and that promise is verified, regardless of the timing of cash receipt. For contributions with donor-imposed conditions – that is, those with a measurable performance or other barrier and a right of return or release – revenues are recognized at the time the conditions are substantially met, regardless of the timing of cash receipt.

**INTERNATIONAL DEVELOPMENT ENTERPRISES AND SUBSIDIARIES**  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

Grants Revenue and Donations (Continued) – When a donor restriction expires, that is, when a stipulated time restriction ends, or the purpose of the restriction is accomplished, net assets with restrictions are reclassified to net assets without restrictions and reported in the consolidated statements of activities as Net Assets Released from Restrictions.

For conditional contributions whose restrictions are met in the same period in which the corresponding revenue is recognized, the revenue is reported as support without donor restrictions.

The Organization received conditional grants and contributions approximating \$46.3 million that have not been recognized as of December 31, 2020 because the conditions for revenue recognition have not been satisfied. Of this amount, \$6.1 million of advanced payments have been received and are shown as deferred revenue on the consolidated statement of financial position.

Field and Program Revenue – Field and program revenue consists of revenue earned based on indirect cost rate reimbursements as specified in various grant agreements. Revenue is recognized as a percentage of qualified base expenses as they are incurred.

Sales Revenue – Sales revenue represents the sale of water irrigation parts, vegetables, irrigation tools and pest control developed from iDE projects. Sales are conducted in person and delivery of goods occur simultaneously as receipts for the products are issued and consideration is collected. Contract, price and delivery of the product occur all at the same time. As a result, revenue is recognized at the point-of-sale.

Other Income – Other income includes various service fees charged to individuals and independent organizations who partner with iDE on short-term projects related to its overall mission. Such services fees might include consulting, training or management services performed by iDE. The fees are agreed upon through contracts which are based on identified performance obligations at a set price or rate. iDE recognizes the revenue as the performance obligations are met.

iDE also earns carbon credits for the displacement of water boiling practices caused by the use of ceramic water purifiers manufactured and sold by Hydrologic. This displacement reduces CO2 emissions by 41,000 tons on an annual basis; and accordingly, carbon credits were awarded and registered by the Gold Standard. In 2020 and 2019, 225,756 and 104,319 credits were sold by iDE for the amounts of \$825,331 and \$317,546, respectively. Revenue is recorded in Other Income on the consolidated statements of activities and changes in net assets. Due to the nature and uncertainty of the carbon credit market, iDE recognizes carbon credit revenue when credits are sold.

**INTERNATIONAL DEVELOPMENT ENTERPRISES AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounts and Grants**

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.

**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, 2020 and 2019.

**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**

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842) which is intended to improve financial reporting about leasing transactions. The ASU affects all companies and other organizations that lease assets. The new standard takes effect for calendar year 2022 for iDE.

Management is currently evaluating the potential impact of this ASU on the Organization's consolidated financial statements.



**INTERNATIONAL DEVELOPMENT ENTERPRISES AND SUBSIDIARIES**  
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**NOTE 2 LIQUIDITY AND AVAILABILITY**

iDE manages its liquidity and reserves using the following guiding principles: operating within a board approved range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. iDE has an operating reserve fund policy to maintain current financial assets less current liabilities between three and six months of the annual operating budget for iDE Headquarters. The compliance with the operating reserve policy and progress towards these targets will be monitored on an annual basis.

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:

	2020	2019
Cash and Cash Equivalents	\$ 10,126,043	\$ 10,908,521
Investments	120,691	88,661
Accounts Receivable	1,066,676	1,625,113
Grants Receivable	1,801,122	1,403,735
Total Liquid Financial Assets	<u>13,114,532</u>	<u>14,026,030</u>
Contractual or Project-Imposed Restriction	(6,101,059)	(8,986,343)
Donor Restricted Net Assets	(830,995)	(469,806)
Total Short-Term Obligations	<u>(6,932,054)</u>	<u>(9,456,149)</u>
Total	<u>\$ 6,182,478</u>	<u>\$ 4,569,881</u>

As of December 31, 2020 and 2019, iDE has \$6,182,478 and \$4,569,881, respectively, of financial assets available within one year of the statement of financial position date consisting of cash, and marketable securities of \$10,246,734 and \$10,997,182, respectively, and accounts and grants receivable of \$2,867,798 and \$3,028,848, respectively. 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 12, iDE also has committed lines of credit in the amount \$500,000, which it could draw upon in the event of an unanticipated liquidity need.

**INTERNATIONAL DEVELOPMENT ENTERPRISES AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 3 NET ASSETS WITH DONOR RESTRICTIONS**

iDE receives contributions from various corporations, organizations, governments, and individuals. At December 31, 2020 and 2019, net assets are restricted for the following purposes or periods:

	2020	2019
Subject to Expenditure for Specific Purpose:		
Building Resilience for Smallholder Farmers	\$ -	\$ 283,037
Building Resilience for Smallholder Farmers II	272,049	-
Strengthening ZAM Farmers Income & Self Reliance	-	186,769
Strengthening Farmer Income II	201,119	-
Sustainable Fecal Sludge Management	102,176	-
Agriculture and Natural Resources Training	78,612	-
Other Various Programs	177,039	-
Total Net Assets With Donor Restrictions	<u>\$ 830,995</u>	<u>\$ 469,806</u>

**NOTE 4 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 \$-0- and \$179,535 for grant expenses paid on behalf of iDE-Canada by iDE at December 31, 2020 and 2019, respectively.

Included in accounts payable and accrued liabilities are amounts due to iDE-Canada of \$130,535 and \$-0- at December 31, 2020 and 2019, respectively.

Included in deferred revenue are amounts due to iDE-Canada of \$89,669 and \$-0- at December 31, 2020 and 2019, respectively.

Included in grants receivables are amounts due from iDE-Canada for the performance of services related to grants awarded to iDE of \$-0- and \$7,458 as of December 31, 2020 and 2019, respectively.

**NOTE 5 CONCENTRATIONS**

For the year ended December 31, 2020, iDE received 38% of its funding from three organizations. For the year ended December 31, 2019, iDE received 25% of its revenue from two organizations.

**INTERNATIONAL DEVELOPMENT ENTERPRISES AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 6 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 \$133,904 and \$131,700 for the years ended December 31, 2020 and 2019, respectively. iDE leases office space in multiple countries. Total rent expense under these leases amounted to \$585,097 and \$576,176 for the years ended December 31, 2020 and 2019, respectively.

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

<u>Year</u>	<u>Amount</u>
2021	\$ 587,260
2022	269,402
2023	196,291
2024	69,745
2025	29,473
Thereafter	29,473
Total	<u>\$ 1,181,644</u>

**NOTE 7 DEFINED CONTRIBUTION RETIREMENT 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, 2020 and 2019 amounted to \$152,006 and \$151,999, respectively.

**NOTE 8 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.

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, 2020 and 2019 are \$6,628,339 and \$9,456,149, respectively, which were advanced for exchange type transaction and conditional contribution grants that have purpose restrictions.

**INTERNATIONAL DEVELOPMENT ENTERPRISES AND SUBSIDIARIES**  
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**NOTE 9 PROPERTY AND EQUIPMENT**

Property and equipment at December 31 consists of the following:

	2020	2019
Buildings and Improvements	\$ 93,547	\$ 93,547
Furniture and Equipment	430,331	418,043
Vehicles	923,968	765,348
Website Development	135,000	135,000
Software	186,976	161,863
Total	1,769,822	1,573,801
Less: Accumulated Depreciation	(1,222,476)	(1,080,428)
Net Property and Equipment	<u>\$ 547,346</u>	<u>\$ 493,373</u>

Depreciation expense for the years ended December 31, 2020 and 2019 totaled \$184,019 and \$149,660, respectively.

**NOTE 10 NOTES PAYABLE**

In 2017, iDE Ghana entered into a note payable agreement with iDE-Canada for \$57,043. The loan is interest-free and was repaid in equal quarterly payments in 2019. As of December 31, 2020 and 2019, the balance due was \$-0- and \$14,263, respectively.

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.

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 2020 and 2019, there was no Kiva fee charged on funds raised through the Kiva website. As of December 31, 2020 and 2019, the maximum credit limit of funds that iDE may raise through Kiva was \$800,000. The maximum credit limit is determined based on Kiva's MFI risk rating model.

As of December 31, 2020 and 2019, the outstanding balance of funds raised through Kiva was \$61,890 and \$78,880, respectively.

**INTERNATIONAL DEVELOPMENT ENTERPRISES AND SUBSIDIARIES**  
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**NOTE 10 NOTES PAYABLE (CONTINUED)**

In 2019, iDE also began operating a revolving loan program in Mozambique funded by a grant agreement to enable small-scale farmers to make purchases with little or no collateral. As of December 31, 2020 and 2019, the outstanding balance of the revolving loan program was \$52,041 and \$10,567, respectively.

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

<u>Year</u>	<u>Amount</u>
2021	\$ 113,931

**NOTE 11 PAYCHECK PROTECTION PROGRAM LOAN**

On April 15, 2020 iDE received a loan from a financial institution in the amount of \$761,000 to fund payroll, rent, and utilities through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 24 months deferred for 6 months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Organization fails to apply for forgiveness within 16 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. The covered period from April 15, 2020 to September 30, 2020 is the time that a business has to spend their PPP loan funds. The Organization has classified the loans as current and long-term in accordance with the terms of the law.

**NOTE 12 COMMITMENTS**

**Line of Credit**

At December 31, 2020, iDE had a line of credit with a financial institution with maximum borrowings of up to \$500,000. The line of credit expires on January 1, 2021 and accrues interest at a rate 4.75%. The line of credit was renewed on January 1, 2021 under the same terms for a one year period that expires January 1, 2022. At December 31, 2020 and 2019, no amounts were outstanding on line of credit.

**INTERNATIONAL DEVELOPMENT ENTERPRISES AND SUBSIDIARIES**  
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**NOTE 13 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.

During 2020, as a result of a compliance audit, management determined that \$149,376 of previously spent grant funds for a grant completed in 2016 will need to be returned to a funder. This amount is included as accounts payable and accrued liabilities in the consolidated statements of financial position.

**NOTE 14 RISKS AND UNCERTAINTIES – GLOBAL PANDEMIC**

The COVID-19 global pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to iDE, COVID-19 may impact various parts of its fiscal year 2021 operations and financial results, including potential declines in funding and the discontinuance of specific projects that could result in a reduction of related revenues and expenses. Management believes iDE is taking appropriate actions to mitigate any potential negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

**NOTE 15 SUBSEQUENT EVENTS**

iDE has evaluated all subsequent events through May 19, 2021, which is the date the financial statements were available for issuance, and has determined there are no events requiring disclosure.