

INTERNATIONAL DEVELOPMENT ENTERPRISES
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

**INTERNATIONAL DEVELOPMENT ENTERPRISES
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YEARS ENDED DECEMBER 31, 2011 AND 2010**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
International Development Enterprises
Lakewood, Colorado

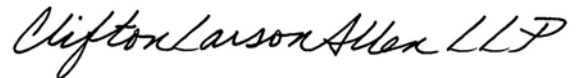
We have audited the accompanying consolidated statements of financial position of International Development Enterprises as of December 31, 2011 and 2010, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of eight country programs which statements reflect total assets of \$1,354,233 as of December 31, 2011, and total support and revenues of \$12,036,011 for the year 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 eight country programs, is based solely on the reports of the other auditors.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of International Development Enterprises as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2012, on our consideration of International Development Enterprises' 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements. The schedules of support and remaining commitments under current grants on pages 21 and 22 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic consolidated financial statements as a whole.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
June 11, 2012

INTERNATIONAL DEVELOPMENT ENTERPRISES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2011 AND 2010

ASSETS	2011	2010
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,170,618	\$ 2,004,845
Cash and Cash Equivalents Committed to Grant Purposes	2,494,152	5,004,506
Investments	19,738	21,350
Accounts Receivable, Less Allowance for Doubtful Accounts, \$6,580 for 2011 and \$95,480 for 2010	729,286	166,364
Current Contributions Receivable, Less Allowance for Doubtful Accounts, \$5,050 for 2011 and \$-0- for 2010	130,341	34,833
Grants Receivable	1,440,274	855,233
Inventories for Sale	452,708	263,495
Prepaid Expenses and Other Current Assets	125,584	747,534
Total Current Assets	7,562,701	9,098,160
CAPITAL ASSETS, NET	417,371	332,435
OTHER ASSETS		
Long-Term Contributions Receivable	25,250	-
Deposits	14,091	6,360
Total Other Assets	39,341	6,360
Total Assets	\$ 8,019,413	\$ 9,436,955
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 1,467,114	\$ 719,657
Deferred Grant Revenue	1,739,601	1,448,647
Total Current Liabilities	3,206,715	2,168,304
NET ASSETS		
Unrestricted	2,318,546	2,264,145
Temporarily Restricted	2,494,152	5,004,506
Total Net Assets	4,812,698	7,268,651
Total Liabilities and Net Assets	\$ 8,019,413	\$ 9,436,955

See accompanying Notes to Consolidated Financial Statements.

INTERNATIONAL DEVELOPMENT ENTERPRISES
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011		
	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT			
Grant Revenue:			
Federal Grants	\$ 804,589	\$ -	\$ 804,589
Other Grants	7,902,376	6,363,191	14,265,567
Total Grant Revenue	<u>8,706,965</u>	<u>6,363,191</u>	<u>15,070,156</u>
Donations	421,866	-	421,866
Field and Program Revenue	1,369,078	-	1,369,078
Investment Income	33,533	-	33,533
Other Income	1,497,587	-	1,497,587
Net Assets Released from Restrictions	<u>8,873,545</u>	<u>(8,873,545)</u>	<u>-</u>
Total Revenues, Gains and Other Support	20,902,574	(2,510,354)	18,392,220
EXPENSES			
Program Services:			
Cambodia	2,098,610	-	2,098,610
Vietnam	498,771	-	498,771
Bangladesh	1,018,517	-	1,018,517
Nepal	3,562,701	-	3,562,701
Zambia	1,115,560	-	1,115,560
Zimbabwe	123,037	-	123,037
Ghana	709,288	-	709,288
Ethiopia	2,149,554	-	2,149,554
Mozambique	364,679	-	364,679
Honduras	241,931	-	241,931
Nicaragua	219,359	-	219,359
Latin America	179,194	-	179,194
India	3,161,419	-	3,161,419
Dutch Platform	1,506,952	-	1,506,952
West Africa	308,180	-	308,180
Hydrologic	921,988	-	921,988
Total Program Services	<u>18,179,740</u>	<u>-</u>	<u>18,179,740</u>
General and Administrative	2,368,378	-	2,368,378
Fundraising	<u>300,055</u>	<u>-</u>	<u>300,055</u>
Total Expenses	<u>20,848,173</u>	<u>-</u>	<u>20,848,173</u>
CHANGE IN NET ASSETS	54,401	(2,510,354)	(2,455,953)
Net Assets - Beginning of Year	<u>2,264,145</u>	<u>5,004,506</u>	<u>7,268,651</u>
NET ASSETS - END OF YEAR	<u>\$ 2,318,546</u>	<u>\$ 2,494,152</u>	<u>\$ 4,812,698</u>

See accompanying Notes to Consolidated Financial Statements.

2010		
Unrestricted	Temporarily Restricted	Total
\$ 1,224,079	\$ -	\$ 1,224,079
5,636,781	503,643	6,140,424
<u>6,860,860</u>	<u>503,643</u>	<u>7,364,503</u>
329,879	-	329,879
1,242,523	-	1,242,523
68,193	-	68,193
610,201	-	610,201
<u>11,718,561</u>	<u>(11,718,561)</u>	<u>-</u>
20,830,217	(11,214,918)	9,615,299
1,913,748	-	1,913,748
495,786	-	495,786
768,051	-	768,051
2,238,191	-	2,238,191
983,791	-	983,791
303,340	-	303,340
526,790	-	526,790
2,127,352	-	2,127,352
188,714	-	188,714
169,098	-	169,098
155,011	-	155,011
275,626	-	275,626
5,892,014	-	5,892,014
1,213,537	-	1,213,537
-	-	-
-	-	-
<u>17,251,049</u>	<u>-</u>	<u>17,251,049</u>
2,755,480	-	2,755,480
221,053	-	221,053
<u>20,227,582</u>	<u>-</u>	<u>20,227,582</u>
602,635	(11,214,918)	(10,612,283)
<u>1,661,510</u>	<u>16,219,424</u>	<u>17,880,934</u>
<u>\$ 2,264,145</u>	<u>\$ 5,004,506</u>	<u>\$ 7,268,651</u>

INTERNATIONAL DEVELOPMENT ENTERPRISES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2011

	<u>Cambodia</u>	<u>Vietnam</u>	<u>Bangladesh</u>	<u>Nepal</u>	<u>Zambia</u>	<u>Zimbabwe</u>	<u>Ghana</u>	<u>Ethiopia</u>	<u>Mozambique</u>	<u>Honduras</u>
Personnel and Benefits	\$ 815,901	\$ 204,636	\$ 516,337	\$ 768,642	\$ 508,519	\$ 83,003	\$ 377,689	\$ 607,528	\$ 200,822	\$ 81,162
Subgrants	47,434	-	5,918	1,958,848	-	-	-	514,051	-	100
Professional Services	59,127	6,439	5,963	9,802	26,093	-	2,607	9,517	9,227	1,952
Travel and Transportation	425,735	177,420	70,720	106,793	107,667	8,870	68,864	225,011	57,594	46,367
Subcontracts, Consultants	390,272	76,588	242,442	466,191	66,142	17,261	122,780	367,989	52,726	28,467
Vehicle and Equipment Expense	4,117	47	42,441	80,189	101,917	13,703	26,747	156,869	7,405	20,389
Cost of Goods Sold	191,276	-	-	-	62,931	-	-	-	-	35,924
Office Expense	121,630	31,314	93,167	79,409	142,095	13,159	51,905	101,632	36,905	26,394
Fundraising	-	-	-	-	-	-	-	-	-	-
Depreciation Expense	21,119	-	10,429	-	-	-	-	-	-	-
Business Administrative Expenses	21,023	-	7,893	10,395	(3,184)	2,940	11,747	4,768	-	346
Capital Expenses	976	2,327	23,207	82,432	103,380	(15,899)	46,949	162,189	-	830
Subtotal	<u>2,098,610</u>	<u>498,771</u>	<u>1,018,517</u>	<u>3,562,701</u>	<u>1,115,560</u>	<u>123,037</u>	<u>709,288</u>	<u>2,149,554</u>	<u>364,679</u>	<u>241,931</u>
* General and Administrative	<u>128,557</u>	<u>30,544</u>	<u>62,393</u>	<u>218,392</u>	<u>68,337</u>	<u>7,537</u>	<u>43,450</u>	<u>114,826</u>	<u>22,340</u>	<u>14,820</u>
Total	<u>\$ 2,227,167</u>	<u>\$ 529,315</u>	<u>\$ 1,080,910</u>	<u>\$ 3,781,093</u>	<u>\$ 1,183,897</u>	<u>\$ 130,574</u>	<u>\$ 752,738</u>	<u>\$ 2,264,380</u>	<u>\$ 387,019</u>	<u>\$ 256,751</u>

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

See accompanying Notes to Consolidated Financial Statements.

INTERNATIONAL DEVELOPMENT ENTERPRISES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

	Nicaragua	Latin America	India Gates II	Gates/Dutch and Other	West Africa	Hydrologic	Total Program Services	G&A	Total Expenses
Personnel and Benefits	\$ 135,202	\$ -	\$ -	\$ 707,052	\$ 135,814	\$ 208,814	\$ 5,351,121	\$ 1,484,709	\$ 6,835,830
Subgrants	-	-	3,161,419	36,003	-	-	5,723,773	5,000	5,728,773
Professional Services	2,914	-	-	39,556	2,086	6,057	181,340	81,858	263,198
Travel and Transportation	22,084	-	-	230,308	33,849	43,424	1,624,706	232,443	1,857,149
Subcontracts, Consultants	(44,072)	179,158	-	449,584	91,230	106,517	2,613,275	291,404	2,904,679
Vehicle and Equipment Expense	6,990	-	-	60	8,947	45,880	515,701	34,226	549,927
Cost of Goods Sold	49,032	-	-	-	-	414,711	753,874	-	753,874
Office Expense	22,517	36	-	37,520	16,593	30,475	804,751	161,222	965,973
Fundraising	-	-	-	-	-	-	-	300,055	300,055
Depreciation Expense	2,437	-	-	-	-	24,024	58,009	22,183	80,192
Business Administrative Expenses	4,641	-	-	-	-	40,380	100,949	10,397	111,346
Capital Expenses	17,614	-	-	6,869	19,661	1,706	452,241	44,936	497,177
Subtotal	<u>219,359</u>	<u>179,194</u>	<u>3,161,419</u>	<u>1,506,952</u>	<u>308,180</u>	<u>921,988</u>	<u>\$ 18,179,740</u>	<u>\$ 2,668,433</u>	<u>\$ 20,848,173</u>
* General and Administrative	<u>13,438</u>	<u>10,977</u>	<u>15,000</u>	<u>283,472</u>	<u>18,879</u>	<u>56,479</u>			
Total	<u>\$ 232,797</u>	<u>\$ 190,171</u>	<u>\$ 3,176,419</u>	<u>\$ 1,790,424</u>	<u>\$ 327,059</u>	<u>\$ 978,467</u>			

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

See accompanying Notes to Consolidated Financial Statements.

INTERNATIONAL DEVELOPMENT ENTERPRISES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2010

	<u>Cambodia</u>	<u>Vietnam</u>	<u>Bangladesh</u>	<u>Nepal</u>	<u>Zambia</u>	<u>Zimbabwe</u>	<u>Ghana</u>	<u>Ethiopia</u>	<u>Mozambique</u>
Personnel and Benefits	\$ 980,838	\$ 224,427	\$ 429,604	\$ 692,428	\$ 550,077	\$ 220,078	\$ 338,441	\$ 536,330	\$ 82,965
Subgrants	91,752	174	1,142	861,417	-	-	-	618,151	-
Professional Services	6,804	4,975	19,676	2,970	24,550	-	746	5,026	44
Travel and Transportation	279,290	143,767	27,755	113,090	143,390	23,012	39,711	207,894	42,967
Subcontracts, Consultants	195,750	85,913	135,904	299,033	52,340	13,379	88,133	327,161	52,931
Vehicle and Equipment Expense	31,071	435	45,892	80,939	102,210	9,405	8,887	152,120	1,410
Cost of Goods Sold	226,254	-	-	-	-	-	-	-	-
Office Expense	97,888	33,044	88,574	75,950	106,705	28,007	34,130	157,027	7,419
Fundraising	-	-	-	-	-	-	-	-	-
Depreciation Expense	4,101	-	-	-	-	-	-	-	-
Business Administrative Expenses	-	981	5,221	73,287	251	-	1,541	-	-
Capital Expenses	-	2,070	14,283	39,077	4,268	9,459	15,201	123,643	978
Subtotal	<u>1,913,748</u>	<u>495,786</u>	<u>768,051</u>	<u>2,238,191</u>	<u>983,791</u>	<u>303,340</u>	<u>526,790</u>	<u>2,127,352</u>	<u>188,714</u>
* General and Administrative	<u>118,276</u>	<u>23,464</u>	<u>63,925</u>	<u>165,076</u>	<u>102,109</u>	<u>5,520</u>	<u>49,407</u>	<u>193,084</u>	<u>28,160</u>
Total	<u>\$ 2,032,024</u>	<u>\$ 519,250</u>	<u>\$ 831,976</u>	<u>\$ 2,403,267</u>	<u>\$ 1,085,900</u>	<u>\$ 308,860</u>	<u>\$ 576,197</u>	<u>\$ 2,320,436</u>	<u>\$ 216,874</u>

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

See accompanying Notes to Consolidated Financial Statements.

INTERNATIONAL DEVELOPMENT ENTERPRISES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2010

	Honduras	Nicaragua	Latin America	India Gates II	Gates/Dutch and Other	Total Program Services	G&A	Total Expenses
Personnel and Benefits	\$ 52,485	\$ 67,876	\$ 11,250	\$ -	\$ 577,752	\$ 4,764,551	\$ 1,428,129	\$ 6,192,680
Subgrants	16	-	46,716	5,874,167	55,834	7,549,369	-	7,549,369
Professional Services	3,632	-	6,123	-	55,700	130,246	95,585	225,831
Travel and Transportation	20,497	23,338	28,804	-	135,909	1,229,424	364,200	1,593,624
Subcontracts, Consultants	63,284	61,653	180,955	-	364,310	1,920,746	691,983	2,612,729
Vehicle and Equipment Expense	11,312	1,005	-	-	1,983	446,669	5,794	452,463
Cost of Goods Sold	-	-	-	-	-	226,254	-	226,254
Office Expense	17,708	1,139	1,778	-	-	649,369	137,891	787,260
Fundraising	-	-	-	-	-	-	221,053	221,053
Depreciation Expense	-	-	-	-	-	4,101	28,087	32,188
Business Administrative Expenses	164	-	-	34	-	81,479	3,811	85,290
Capital Expenses	-	-	-	17,813	22,049	248,841	-	248,841
Subtotal	<u>169,098</u>	<u>155,011</u>	<u>275,626</u>	<u>5,892,014</u>	<u>1,213,537</u>	<u>\$ 17,251,049</u>	<u>\$ 2,976,533</u>	<u>\$ 20,227,582</u>
* General and Administrative	<u>12,864</u>	<u>11,408</u>	<u>46,716</u>	<u>15,000</u>	<u>182,031</u>			
Total	<u>\$ 181,962</u>	<u>\$ 166,419</u>	<u>\$ 322,342</u>	<u>\$ 5,907,014</u>	<u>\$ 1,395,568</u>			

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

See accompanying Notes to Consolidated Financial Statements.

**INTERNATIONAL DEVELOPMENT ENTERPRISES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (2,455,953)	\$ (10,612,283)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	80,192	32,188
Change in Provision for Bad Debts	(83,850)	16,807
Unrealized (Gain) Loss on Investments	2,094	(3,676)
Loss on sale of Property and Equipment	315	-
Effects of Changes in Operating Assets and Liabilities:		
Accounts Receivable	(474,022)	(54,458)
Grants Receivable	(585,041)	9,336,321
Contributions Receivable	(125,808)	-
Inventories for Sale	(189,213)	(115,504)
Prepaid Expenses and Other Current Assets	621,950	160,363
Deposits	(7,731)	2,922
Accounts Payable and Accrued Liabilities	747,457	(668,220)
Deferred Grant Revenue	290,954	332,790
Net Cash Used by Operating Activities	(2,178,656)	(1,572,750)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(165,443)	(218,402)
Purchase of Investments	(482)	(268)
Sale of Investments	-	700,000
Net Cash Provided (Used) by Investing Activities	(165,925)	481,330
DECREASE IN CASH AND CASH EQUIVALENTS	(2,344,581)	(1,091,420)
Cash and Cash Equivalents - Beginning of Year	7,009,351	8,100,771
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,664,770	\$ 7,009,351

See accompanying Notes to Consolidated Financial Statements.

**INTERNATIONAL DEVELOPMENT ENTERPRISES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

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 not-for-profit public charity.

IDE's organizational mission and 10-year vision is to help 20 million smallholder farm families in developing countries move beyond subsistence poverty through increased income generation. IDE works to accomplish this mission within three core program areas: 1) prosperity realized through a model of irrigation market involvement and facilitation, called PRISM (Prosperity Realized through Irrigation and Smallholder Markets), 2) water and sanitation for potable water supply, and 3) social marketing for improved health.

Program Services

IDE maintains country programs in Central America, Asia and Africa including Bangladesh, Cambodia, Ethiopia, Nepal, Vietnam, Zambia, Zimbabwe, Ghana, Mozambique, Nicaragua, Honduras, West Africa, and India (affiliate). In addition, the Gates and Dutch platform program services include certain domestically implemented services that related to foreign operations. Employing more than 500 staff (98% in the field), most country programs are staffed by nationals and managed by a Country Director.

Effective December 2010, Hydrologic Social Enterprise Company Limited (Hydrologic) was created within Cambodia in which IDE is the sole member. Hydrologic's operations are in addition to the current Cambodia program within IDE.

Effective December 29, 2011, iDEal Technologias, LLC (iDEal) was created as a Colorado organization in which IDE is the sole member. iDEal is the entity that will house the program operations of Nicaragua, Honduras, and any other Latin American program operations.

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.

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.

INTERNATIONAL DEVELOPMENT ENTERPRISES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recognition of Donor Restriction

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restrictions are satisfied by payments in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction is satisfied by payments, temporarily restricted net assets are reclassified to unrestricted net assets.

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. The Organization's 2008, 2009 and 2010 tax years are open for examination by the Internal Revenue Service.

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 five 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 statement of activities and changes in net assets for the free use of the equipment and for utilities during the years ended December 31, 2011 and 2010.

INTERNATIONAL DEVELOPMENT ENTERPRISES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign Exchange

At December 31, 2011, all of IDE's grants receivable are payable to IDE in U.S. dollars, except for various grants which are payable in the Euro, Bangladesh Taka, and Nepalese Rupees. Foreign exchange gains of \$77,948 and \$18,435 were recognized in 2011 and 2010, respectively.

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.

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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities and changes in net assets as released from restrictions.

Temporarily restricted contributions, which are received and expended within the same fiscal year, are recognized as unrestricted net assets.

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.

**INTERNATIONAL DEVELOPMENT ENTERPRISES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts, Grants, and Contributions Receivable

Accounts receivable are uncollateralized obligations arising from grant expenses paid on behalf of affiliate organizations (see Note 3) and generally require payment within 30 to 60 days from the date of the expenditure. IDE does 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.

Contributions receivable consist of funding commitments from individuals.

Included in accounts receivable are grants receivable totaling \$130,341 and \$34,833 as of December 31, 2011 and 2010, respectively, which are online contributions collected by a third party on IDE's behalf.

No allowance for doubtful accounts has been established for grants receivable, as they are expected to be collected in full within the next fiscal year. An allowance of \$5,050 has been established for contributions receivable as of December 31, 2011. No such allowance was established as of December 31, 2010.

Inventories

Inventories are stated at the lower of cost (FIFO, first-in, first-out method) or market 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, 2011 and 2010.

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.

**INTERNATIONAL DEVELOPMENT ENTERPRISES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain reclassifications have been made to the prior year consolidated financial statements to conform to the current year presentation. The reclassifications had no effect on the change in net assets or total net assets as previously reported.

Subsequent Events

In preparing these consolidated financial statements, IDE has evaluated events and transactions for potential recognition or disclosure through June 11, 2012, the date the consolidated financial statements were available to be issued.

NOTE 2 AFFILIATE ORGANIZATION TRANSACTIONS

IDE works with related non-U.S. based not-for-profit organizations with similar purposes, goals and policies. At present, these organizations include IDE-Canada, IDE-India, and IDE-UK. The boards and staff of these organizations work in a close relationship in designing, financing and executing projects worldwide.

IDE – Canada

Included in accounts receivable are amounts due from IDE-Canada of \$16,816 and \$-0- for grant expenses paid on behalf of IDE-Canada by IDE at December 31, 2011 and 2010, respectively.

Included in accounts payable are amounts due to IDE-Canada of \$-0- and \$5,423 for grant expenses paid on behalf of IDE by IDE-Canada at December 31, 2011 and 2010, respectively.

IDE – India

IDE-India was originally a subsidiary of IDE and established independence from IDE in 2004. During 2011 and 2010, IDE contracted with IDE India to complete various projects in India on IDE's behalf. Amounts advanced to IDE-India for 2011 and 2010 totaled \$2,679,507 and \$5,463,493, respectively, of which \$3,161,419 and \$5,867,376, respectively, was expended for projects. As of December 31, 2011, IDE owes IDE-India an additional \$35,677 for project costs. The remaining advance of \$336,239 at December 31, 2010, was recorded as a prepaid expense for future period projects to be accomplished by IDE-India.

IDE – UK

Included in accounts receivable are amounts due from IDE-UK of \$15,711 and \$78,673 for grant expenses paid on behalf of IDE-UK by IDE at December 31, 2011 and 2010, respectively.

A reserve has been recorded in allowance for doubtful account for IDE-UK at December 31, 2011 and 2010 in the amount of \$-0- and \$78,673, respectively.

INTERNATIONAL DEVELOPMENT ENTERPRISES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 3 FOREIGN OPERATIONS AND CONCENTRATIONS

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.

Foreign Operations

For the year ended December 31, 2011, IDE recognized revenue of \$4,107,827 from three multi-county projects from the Bill and Melinda Gates Foundation, representing approximately 22% of its revenues.

In addition, for the years ended December 31, 2011 and 2010, IDE recognized grant revenue of \$296,430 and \$1,047,659, respectively, from the Dutch Ministry of Foreign Affairs, representing approximately 2% and 11%, respectively, of its revenues.

NOTE 4 OPERATING LEASE

IDE leases office space for its headquarters under a lease expiring in October 2012. Total rent expense under the lease amounted to \$56,785 and \$54,750 for the years ended December 31, 2011 and 2010, respectively. IDE leases office space and provides housing for country directors in multiple countries. Total rent expense under these leases amounted to \$260,137 and \$199,424 for the years ended December 31, 2011 and 2010, respectively.

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

<u>Year</u>	<u>Amount</u>
2012	\$ 305,257
2013	55,385
2014	17,667
2015	15,292
2016	14,667
Total	<u>\$ 408,268</u>

NOTE 5 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 3 months of service. IDE contributes 6% of the employee's gross salary. Contributions for the years ended December 31, 2011 and 2010 amounted to \$69,139 and \$72,050, respectively.

INTERNATIONAL DEVELOPMENT ENTERPRISES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 6 FAIR VALUE MEASUREMENTS

IDE follows a policy that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reported date.

Level 2 – Observable inputs other than Level 1 prices, such as quoted process for similar assets or liabilities; quoted in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table presents the fair value measurements of assets recognized in the accompanying consolidated statements of financial position at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2011 and 2010:

	<u>Assets at Fair Value as of December 31, 2011</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:			
Mutual Funds:			
Domestic Stock	\$ 19,208	\$ -	\$ -
Common Stock	530	-	-
	<u>\$ 19,738</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>Assets at Fair Value as of December 31, 2010</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:			
Mutual Funds:			
Domestic Stock	\$ 15,507	\$ -	\$ -
Small Blend	4,591	-	-
Core Account	750	-	-
Common Stock	502	-	-
	<u>\$ 21,350</u>	<u>\$ -</u>	<u>\$ -</u>

INTERNATIONAL DEVELOPMENT ENTERPRISES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)

Investment income presented on the consolidated statements of activities and changes in net assets for the years ended December 31, 2011 and 2010 are as follows:

	2011	2010
Unrealized Gains (Losses)	\$ (2,094)	\$ 3,676
Dividends	471	967
Interest	35,156	63,550
Total	\$ 33,533	\$ 68,193

NOTE 7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	2011	2010
Cash and Cash Equivalents	\$ 2,170,618	\$ 2,004,845
Cash and Cash Equivalents Committed to Grant Purposes	2,494,152	5,004,506
Total	\$ 4,664,770	\$ 7,009,351

IDE maintains its certificates of deposit and 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 grants received. The amounts of cash held at December 31, 2011 and 2010 are \$2,494,152 and \$5,004,506, respectively, that were advanced for grants that have purpose restrictions.

NOTE 8 PROPERTY AND EQUIPMENT

Property and equipment at December 31 consists of the following:

	2011	2010
Land	\$ 29,007	\$ 29,007
Buildings and Improvements	107,554	97,129
Furniture and Equipment	313,005	285,823
Vehicles	229,290	112,881
Total	678,856	524,840
Less: Accumulated Depreciation	(261,485)	(192,405)
Net Property and Equipment	\$ 417,371	\$ 332,435

Depreciation expense for the years ended December 31, 2011 and 2010 totaled \$80,192 and \$32,188, respectively.

INTERNATIONAL DEVELOPMENT ENTERPRISES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 9 PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses consist of the following at December 31:

	2011	2010
Advances to Affiliates	\$ -	\$ 597,054
Prepaid Field to Operation Costs	96,072	138,379
Note Receivable	29,512	-
Travel Advances	-	12,101
Total	\$ 125,584	\$ 747,534

NOTE 10 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2011 and 2010 are available for the following uses:

	2011	2010
Rural Prosperity Initiative	\$ 426,103	\$ -
India Micro-Irrigation: Enabling Smallholder Prosperity	217,908	4,619,091
Bangladesh: Smallholder Farmers Agricultural Technologies and Services	115,110	200,000
Cambodia: Farm Business Advisor Program	55,532	185,415
Cambodian SMSU Project	1,176,900	-
DCE SOW	38,327	-
SMSU SFF	464,272	-
Total Temporarily Restricted Net Assets	\$ 2,494,152	\$ 5,004,506

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.

INTERNATIONAL DEVELOPMENT ENTERPRISES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 12 SUBSEQUENT EVENTS

Subsequent to year-end, IDE-Hydrologic entered into a note payable agreement with a financial institution for \$300,000. The note matures on September 15, 2015 and bears interest at 11.05%. Quarterly principal payments are due in the amount of \$25,000 starting on December 15, 2012.

Subsequent to year-end, IDE-Nepal received notification of continued federal funding from USAID in the amount of \$2,000,000. The agreement guarantees \$750,000 with the additional funding projected based on the availability of funds. The agreement is for funding through February 28, 2017.

INTERNATIONAL DEVELOPMENT ENTERPRISES
SCHEDULE OF SUPPORT AND REMAINING COMMITMENTS UNDER CURRENT GRANTS
YEAR ENDED DECEMBER 31, 2011

<u>Project Name</u>	Total Support Under Current Grants	Grant Receipts and Adjustments in Prior Years	Grant Receipts and Adjustments During the Current Year	Remaining Commitment	Revenue Recognized During the Current Year
Gates India Multicountry	\$ 23,804,794	\$ 22,234,794	\$ 1,570,000	\$ -	\$ 5,600,192
Gates RPI Multicountry	14,244,609	14,244,609	-	-	348,887
Dutch II Multicountry	5,925,000	5,628,570	-	296,430	259,982
SUPW Multicountry	4,397,010	549,394	1,783,338	2,064,278	1,044,678
Bangladesh RED	1,217,050	303,048	179,150	734,852	208,990
NZAID-CADF	1,190,745	100,000	725,698	365,047	507,227
EIG Nepal	1,183,306	583,180	405,156	194,970	299,485
AWMLA Multicountry	607,066	442,824	-	164,242	64,950
Ethiopia SPI-Canada	546,756	309,214	206,610	30,932	258,280
Bangladesh IMS	399,499	255,126	109,379	34,994	116,753
DAI USAID	378,595	277,915	92,782	7,898	69,200
Ethiopia Well Drilling USAID	249,644	115,000	134,644	-	105,442
MASF Nepal	3,003,770	780,048	1,883,286	340,436	1,982,796
FSI Nepal	1,015,829	654,813	243,868	117,148	570,464
RAPID Ethiopia	2,101,422	1,141,603	665,590	294,229	1,052,674
SMSU Gates	3,987,717	-	1,304,644	2,683,073	127,744
POP Gates	7,315,925	-	2,703,287	4,612,638	2,287,870
FLO COOP	1,136,630	-	361,995	774,635	450,485
Total Projects with Contracts	<u>\$ 72,705,367</u>	<u>\$ 47,620,138</u>	<u>\$ 12,369,427</u>	<u>\$ 12,715,802</u>	<u>15,356,098</u>
Total Grant Support					<u>\$ 15,356,098</u>

INTERNATIONAL DEVELOPMENT ENTERPRISES
SCHEDULE OF SUPPORT AND REMAINING COMMITMENTS UNDER CURRENT GRANTS
YEAR ENDED DECEMBER 31, 2010

<u>Project Name</u>	Total Support Under Current Grants	Grant Receipts and Adjustments in Prior Years	Grant Receipts and Adjustments During the Current Year	Remaining Commitment	Revenue Recognized During the Current Year
Gates India Multicountry	\$ 27,116,864	\$ 15,575,909	\$ 6,658,885	\$ 4,882,070	\$ 7,683,885
Gates RPI Multicountry	14,244,609	11,228,540	3,016,069	-	3,916,448
Dutch II RPI Multicountry	5,925,000	4,627,697	1,000,873	296,430	1,047,659
Winrock SIMI Nepal	3,732,359	3,659,873	72,486	-	-
Multi SUPW	1,292,940	-	549,394	743,546	475,774
Bangladesh RED	1,217,050	145,935	157,113	914,002	123,532
NZAID -CADF	1,190,745	-	100,000	1,090,745	274,615
EIG Nepal	1,034,230	276,813	306,367	451,050	383,778
Multi AWMLA	607,066	315,038	127,786	164,242	228,492
Ethiopia SPI - Canada	546,756	153,743	155,471	237,542	149,426
Bangladesh IMS	399,499	112,003	143,123	144,373	149,715
UNC USAID	392,954	294,254	98,700	-	59,517
DAI USAID	378,595	83,759	194,156	100,680	211,164
Ethiopia Well Drilling USAID	249,644	-	115,000	134,644	135,976
MASF Nepal	3,003,770	-	780,048	2,223,722	631,043
Cambodia UNCY2	535,905	-	317,598	218,307	356,227
FSI Nepal	1,015,829	-	654,813	361,016	511,307
RAPID Ethiopia	2,101,422	-	1,141,603	959,819	940,922
Total Projects with Contracts	<u>\$ 64,985,237</u>	<u>\$ 36,473,564</u>	<u>\$ 15,589,485</u>	<u>\$ 12,922,188</u>	<u>17,279,480</u>
Total Grant Support					<u>\$ 17,279,480</u>