

INTERNATIONAL DEVELOPMENT ENTERPRISES
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

**INTERNATIONAL DEVELOPMENT ENTERPRISES
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YEARS ENDED DECEMBER 31, 2012 AND 2011**

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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
International Development Enterprises
Lakewood, Colorado

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of International Development Enterprises, which comprise the consolidated statements of financial position as of December 31, 2012 and 2011, 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 eight country programs which statements reflect total assets of \$2,040,365 and \$1,354,233 as of December 31, 2012 and 2011, respectively, and total support and revenues of \$14,090,251 and \$12,036,011, 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 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. 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.

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, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of International Development Enterprises as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedules of support and remaining commitments under current grants are presented for purposes of additional analysis and are not a required part of the 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 audit of the 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 consolidated financial statements as a whole



CliftonLarsonAllen LLP

Minneapolis, Minnesota
September 16, 2013

INTERNATIONAL DEVELOPMENT ENTERPRISES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2012 AND 2011

ASSETS	2012	2011
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,388,686	\$ 4,664,770
Investments	25,379	19,738
Accounts Receivable, Less Allowance for Doubtful Accounts, \$34,540 for 2012 and \$6,580 for 2011	802,200	729,286
Current Contributions Receivable, Less Allowance for Doubtful Accounts, \$2,195 for 2012 and \$5,050 for 2011	25,863	130,341
Grants Receivable	1,127,466	1,440,274
Inventories for Sale	821,409	452,708
Prepaid Expenses and Other Current Assets	224,300	125,584
Total Current Assets	6,415,303	7,562,701
CAPITAL ASSETS, NET	531,383	417,371
OTHER ASSETS		
Long-Term Contributions Receivable	13,320	25,250
Deposits	44,121	14,091
Total Other Assets	57,441	39,341
Total Assets	\$ 7,004,127	\$ 8,019,413
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 2,278,584	\$ 1,467,114
Deferred Grant Revenue	1,586,427	1,739,601
Total Current Liabilities	3,865,011	3,206,715
NOTE PAYABLE	150,000	-
Total Liabilities	4,015,011	3,206,715
NET ASSETS		
Unrestricted	1,821,880	2,318,546
Temporarily Restricted	1,167,236	2,494,152
Total Net Assets	2,989,116	4,812,698
Total Liabilities and Net Assets	\$ 7,004,127	\$ 8,019,413

See accompanying Notes to Consolidated Financial Statements.

INTERNATIONAL DEVELOPMENT ENTERPRISES
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012		Total
	Unrestricted	Temporarily Restricted	
REVENUES, GAINS AND OTHER SUPPORT			
Grant Revenue:			
Federal Grants	\$ 724,939	\$ -	\$ 724,939
Other Grants	8,931,328	3,002,019	11,933,347
Total Grant Revenue	<u>9,656,267</u>	<u>3,002,019</u>	<u>12,658,286</u>
Donations	603,522	-	603,522
Field and Program Revenue	1,273,428	-	1,273,428
Investment Income	23,212	-	23,212
Loss on Disposition of Capital Assets	(66,397)	-	(66,397)
Other Income	3,016,756	-	3,016,756
Net Assets Released from Restrictions	4,328,935	(4,328,935)	-
Total Revenues, Gains and Other Support	<u>18,835,723</u>	<u>(1,326,916)</u>	<u>17,508,807</u>
EXPENSES			
Program Services:			
Cambodia	3,866,241	-	3,866,241
Vietnam	396,351	-	396,351
Bangladesh	1,788,988	-	1,788,988
Nepal	2,342,905	-	2,342,905
Zambia	1,076,807	-	1,076,807
Zimbabwe	-	-	-
Ghana	598,949	-	598,949
Ethiopia	2,783,987	-	2,783,987
Mozambique	422,292	-	422,292
Honduras	533,492	-	533,492
Nicaragua	383,397	-	383,397
Latin America	228,654	-	228,654
Multi-Country Projects	667,022	-	667,022
India	-	-	-
Dutch Platform	-	-	-
West Africa	609,197	-	609,197
Hydrologic	1,002,977	-	1,002,977
Total Program Services	<u>16,701,259</u>	<u>-</u>	<u>16,701,259</u>
General and Administrative	2,395,803	-	2,395,803
Fundraising	235,327	-	235,327
Total Expenses	<u>19,332,389</u>	<u>-</u>	<u>19,332,389</u>
CHANGE IN NET ASSETS	(496,666)	(1,326,916)	(1,823,582)
Net Assets - Beginning of Year	<u>2,318,546</u>	<u>2,494,152</u>	<u>4,812,698</u>
NET ASSETS - END OF YEAR	<u>\$ 1,821,880</u>	<u>\$ 1,167,236</u>	<u>\$ 2,989,116</u>

See accompanying Notes to Consolidated Financial Statements.

2011		
Unrestricted	Temporarily Restricted	Total
\$ 804,589	\$ -	\$ 804,589
7,902,376	6,363,191	14,265,567
<u>8,706,965</u>	<u>6,363,191</u>	<u>15,070,156</u>
421,866	-	421,866
1,369,078	-	1,369,078
33,533	-	33,533
-	-	-
1,497,587	-	1,497,587
8,873,545	(8,873,545)	-
<u>20,902,574</u>	<u>(2,510,354)</u>	<u>18,392,220</u>
2,098,610	-	2,098,610
498,771	-	498,771
1,018,517	-	1,018,517
3,562,701	-	3,562,701
1,115,560	-	1,115,560
123,037	-	123,037
709,288	-	709,288
2,149,554	-	2,149,554
364,679	-	364,679
241,931	-	241,931
219,359	-	219,359
179,194	-	179,194
-	-	-
3,161,419	-	3,161,419
1,506,952	-	1,506,952
308,180	-	308,180
921,988	-	921,988
<u>18,179,740</u>	<u>-</u>	<u>18,179,740</u>
2,368,378	-	2,368,378
300,055	-	300,055
<u>20,848,173</u>	<u>-</u>	<u>20,848,173</u>
54,401	(2,510,354)	(2,455,953)
<u>2,264,145</u>	<u>5,004,506</u>	<u>7,268,651</u>
<u>\$ 2,318,546</u>	<u>\$ 2,494,152</u>	<u>\$ 4,812,698</u>

INTERNATIONAL DEVELOPMENT ENTERPRISES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2012

	<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	\$ 1,461,578	\$ 191,899	\$ 674,494	\$ 586,890	\$ 592,623	\$ 344,687	\$ 598,591	\$ 247,426	\$ 147,029
Subgrants	412,354	-	80,671	1,220,634	-	-	1,606,656	6,971	-
Professional Services	49,190	7,009	3,024	18,422	21,629	2,493	7,010	5,129	2,299
Travel and Transportation	467,560	108,834	133,537	99,037	70,075	82,721	96,119	53,266	50,259
Subcontracts, Consultants	728,566	48,621	487,109	264,144	31,677	33,997	196,245	38,091	62,408
Vehicle and Equipment Expense	164	206	73,111	53,988	72,917	30,717	94,124	17,017	28,816
Cost of Goods Sold	246,674	-	-	-	79,947	-	-	-	158,504
Office Expense	383,882	16,046	158,242	72,309	110,810	51,196	93,725	41,477	40,176
Depreciation Expense	67,418	-	8,982	3,183	17,020	-	-	-	8,917
Business Administrative Expenses	1,578	13,820	30,546	15,040	42,739	13	-	1,911	-
Capital Expenses	47,277	9,916	139,272	9,258	37,370	53,125	91,517	11,004	35,084
Subtotal	<u>3,866,241</u>	<u>396,351</u>	<u>1,788,988</u>	<u>2,342,905</u>	<u>1,076,807</u>	<u>598,949</u>	<u>2,783,987</u>	<u>422,292</u>	<u>533,492</u>
* General and Administrative	<u>609,451</u>	<u>62,478</u>	<u>282,005</u>	<u>369,321</u>	<u>169,741</u>	<u>94,415</u>	<u>438,851</u>	<u>66,568</u>	<u>84,729</u>
Total	<u>\$ 4,475,692</u>	<u>\$ 458,829</u>	<u>\$ 2,070,993</u>	<u>\$ 2,712,226</u>	<u>\$ 1,246,548</u>	<u>\$ 693,364</u>	<u>\$ 3,222,838</u>	<u>\$ 488,860</u>	<u>\$ 618,221</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, 2012

	Nicaragua	Latin America	Multi-Country Projects	West Africa	Hydrologic	Total Program Services	Fundraising	G&A	Total Expenses
Personnel and Benefits	\$ 169,686	\$ -	\$ 172,517	\$ 288,261	\$ 132,836	\$ 5,608,517	\$ 149,102	\$ 1,594,937	\$ 7,352,556
Subgrants	1,347	-	180,347	-	-	3,508,980	-	-	3,508,980
Professional Services	2,819	-	2,203	6,562	4,870	132,659	-	70,478	203,137
Travel and Transportation	18,447	1,283	7,146	65,628	76,105	1,330,017	46,205	227,099	1,603,321
Subcontracts, Consultants	10,937	21,506	301,614	139,009	248,703	2,612,627	29,727	226,190	2,868,544
Vehicle and Equipment Expense	15,361	-	-	15,934	24,352	426,707	-	5,685	432,392
Cost of Goods Sold	55,940	204,419	-	9,140	377,052	1,131,676	-	-	1,131,676
Office Expense	31,492	1,445	-	52,587	106,567	1,159,954	10,293	214,177	1,384,424
Depreciation Expense	1,126	-	-	-	28,998	135,644	-	18,616	154,260
Business Administrative Expenses	34,321	1	-	623	-	140,592	-	38,621	179,213
Capital Expenses	41,921	-	3,195	31,453	3,494	513,886	-	-	513,886
Subtotal	<u>383,397</u>	<u>228,654</u>	<u>667,022</u>	<u>609,197</u>	<u>1,002,977</u>	<u>\$ 16,701,259</u>	<u>\$ 235,327</u>	<u>\$ 2,395,803</u>	<u>\$ 19,332,389</u>
* General and Administrative	<u>60,436</u>	<u>36,044</u>	<u>105,146</u>	<u>96,030</u>	<u>158,103</u>				
Total	<u>\$ 443,833</u>	<u>\$ 264,698</u>	<u>\$ 772,168</u>	<u>\$ 705,227</u>	<u>\$ 1,161,080</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, 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
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	Fundraising	G&A	Total Expenses
Personnel and Benefits	\$ 135,202	\$ -	\$ -	\$ 707,052	\$ 135,814	\$ 208,814	\$ 5,351,121	\$ 228,589	\$ 1,484,709	\$ 7,064,419
Subgrants	-	-	3,161,419	36,003	-	-	5,723,773	5,000	5,000	5,733,773
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	54,004	232,443	1,911,153
Subcontracts, Consultants	(44,072)	179,158	-	449,584	91,230	106,517	2,613,275	2,675	291,404	2,907,354
Vehicle and Equipment Expense	6,990	-	-	60	8,947	45,880	515,701	317	34,226	550,244
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	9,470	161,222	975,443
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>\$ 300,055</u>	<u>\$ 2,368,378</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 STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (1,823,582)	\$ (2,455,953)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	154,260	80,192
Change in Provision for Bad Debts	25,105	(83,850)
Unrealized (Gain) Loss on Investments	(1,761)	2,094
Loss on Sale of Property and Equipment	66,397	315
Effects of Changes in Operating Assets and Liabilities:		
Accounts Receivable	(100,874)	(474,022)
Grants Receivable	312,808	(585,041)
Contributions Receivable	119,263	(125,808)
Inventories for Sale	(368,701)	(189,213)
Prepaid Expenses and Other Current Assets	(98,716)	621,950
Deposits	(30,030)	(7,731)
Accounts Payable and Accrued Liabilities	811,470	747,457
Deferred Grant Revenue	(153,174)	290,954
Net Cash Used by Operating Activities	(1,087,535)	(2,178,656)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(339,279)	(165,443)
Purchase of Investments	(3,880)	(482)
Sale of Property and Equipment	4,610	-
Net Cash Used by Investing Activities	(338,549)	(165,925)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Note Payable	300,000	-
Payments on Note Payable	(150,000)	-
Net Cash Provided by Financing Activities	150,000	-
DECREASE IN CASH AND CASH EQUIVALENTS	(1,276,084)	(2,344,581)
Cash and Cash Equivalents - Beginning of Year	4,664,770	7,009,351
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,388,686	\$ 4,664,770

See accompanying Notes to Consolidated Financial Statements.

**INTERNATIONAL DEVELOPMENT ENTERPRISES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

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.

In 2012, The Greenhouse Project, LLC was formed as a Colorado organization in which IDE is the sole member. The Greenhouse Project, LLC is an entity that shall lease and operate real estate consistent with the exempt purpose which shall house IDE as well as other non-profit organizations.

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 500 staff (98% in the field), most country programs are staffed by nationals and managed by a Country Director.

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, 2012 AND 2011

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 2009, 2010 and 2011 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, 2012 and 2011.

INTERNATIONAL DEVELOPMENT ENTERPRISES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign Exchange

At December 31, 2012, 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 (losses) of \$(126,336) and \$75,545 were recognized in 2012 and 2011, 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 of 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.

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 2012, 37,600 credits were purchased by Deutsche Post DHL for the amount of \$472,147. Revenue is recorded in other income on the consolidated statement of activities and changes in net assets. Due to the nature of the carbon credit market, IDE recognizes carbon credit revenue when sold.

INTERNATIONAL DEVELOPMENT ENTERPRISES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

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 contributions receivable totaling \$33,426 and \$130,341 as of December 31, 2012 and 2011, 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 \$2,195 and \$5,050 has been established for contributions receivable as of December 31, 2012 and 2011, respectively.

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, 2012 and 2011.

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, 2012 AND 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing these consolidated financial statements, IDE has evaluated events and transactions for potential recognition or disclosure through September 16, 2013, the date the consolidated financial statements were available to be issued.

Subsequent to year-end, IDE received a grant of \$300,000 for construction related costs that will be incurred during 2013. An additional \$200,000 is potentially available from the donor based on written requests to the donor by IDE detailing how the funds are to be used and are subject to approval by the grantor.

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 \$-0- and \$16,816 for grant expenses paid on behalf of IDE-Canada by IDE at December 31, 2012 and 2011, respectively.

Included in accounts payable are amounts due to IDE-Canada of \$16,956 and \$-0- for grant expenses paid on behalf of IDE by IDE-Canada at December 31, 2012 and 2011, respectively.

IDE – India

IDE-India was originally a subsidiary of IDE and established independence from IDE in 2004. During 2011, IDE contracted with IDE-India to complete various projects in India on IDE's behalf. Amounts advanced to IDE-India for 2011 totaled \$2,679,507. Amounts expended for projects for 2011 was \$3,161,419 of which \$481,912 had been advanced in prior years. As of December 31, 2012, the projects with IDE-India were complete IDE did not owe IDE-India any additional funds for project costs.

IDE – UK

Included in accounts receivable are amounts due from IDE-UK of \$-0- and \$15,711 for grant expenses paid on behalf of IDE-UK by IDE at December 31, 2012 and 2011, respectively.

Included in accounts payable are amounts due from IDE-UK of \$69,501 and \$-0- for grant expenses paid on behalf of IDE by IDE-UK at December 31, 2012 and 2011, respectively.

INTERNATIONAL DEVELOPMENT ENTERPRISES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

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, 2012, IDE recognized revenue of \$2,469,357 from one multi-country project from the Bill and Melinda Gates Foundation, representing approximately 14% of its revenues.

For the year ended December 31, 2012, IDE recognized revenue of \$1,913,513 from one project from the European Union, representing approximately 11% of its revenues.

NOTE 4 OPERATING LEASE

IDE leases office space for its headquarters under a lease expiring in August 2013. Total rent expense under the lease amounted to \$80,340 and \$56,785 for the years ended December 31, 2012 and 2011, respectively. IDE leases office space and provides housing for country directors in multiple countries. Total rent expense under these leases amounted to \$333,635 and \$260,137 for the years ended December 31, 2012 and 2011, respectively.

During 2012, IDE agreed to guarantee a lease for space related to the Greenhouse Project, LLC. The project and the lease term commence in 2013 and the lease payments are included in the commitment schedule below.

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

<u>Year</u>	<u>Amount</u>
2013	\$ 428,361
2014	264,996
2015	218,702
2016	220,040
2017	224,735
Thereafter	1,471,609
Total	<u>\$ 2,828,443</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, 2012 and 2011 amounted to \$67,668 and \$69,139, respectively.

INTERNATIONAL DEVELOPMENT ENTERPRISES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

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, 2012 and 2011:

	<u>Assets at Fair Value as of December 31, 2012</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:			
Mutual Funds:			
Domestic Stock	\$ 24,842	\$ -	\$ -
Common Stock	537	-	-
	<u>\$ 25,379</u>	<u>\$ -</u>	<u>\$ -</u>
	<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>

INTERNATIONAL DEVELOPMENT ENTERPRISES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

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, 2012 and 2011 are as follows:

	2012	2011
Unrealized Gains (Losses)	\$ 1,761	\$ (2,094)
Dividends	1,623	471
Interest	19,828	35,156
Total	<u>\$ 23,212</u>	<u>\$ 33,533</u>

NOTE 7 CASH AND CASH EQUIVALENTS

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, 2012 and 2011 are \$1,167,236 and \$2,494,152, 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:

	2012	2011
Land	\$ 14,503	\$ 29,007
Buildings and Improvements	88,863	107,554
Furniture and Equipment	352,523	313,005
Vehicles	354,893	229,290
Leasehold Improvements	116,562	-
Total	<u>927,344</u>	<u>678,856</u>
Less: Accumulated Depreciation	<u>(395,961)</u>	<u>(261,485)</u>
Net Property and Equipment	<u>\$ 531,383</u>	<u>\$ 417,371</u>

Depreciation expense for the years ended December 31, 2012 and 2011 totaled \$154,260 and \$80,192, respectively.

INTERNATIONAL DEVELOPMENT ENTERPRISES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 9 PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses consist of the following at December 31:

	2012	2011
Prepaid Field to Operation Costs	\$ 146,408	\$ 96,072
Note Receivable	41	29,512
Travel Advances	77,851	-
Total	\$ 224,300	\$ 125,584

NOTE 10 NOTE PAYABLE

In 2012, 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. As of December 31, 2012, the balance due was \$150,000.

NOTE 11 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2012 and 2011 are available for the following uses:

	2012	2011
Rural Prosperity Initiative	\$ 460,321	\$ 426,103
India Micro-Irrigation: Enabling Smallholder Prosperity	-	217,908
Bangladesh: Smallholder Farmers Agricultural Technologies and Services	9,449	115,110
Cambodia: Farm Business Advisor Program	-	55,532
Cambodian SMSU Project	284,123	1,176,900
DCE SOW	38,327	38,327
SMSU SFF	375,016	464,272
Total Temporarily Restricted Net Assets	\$ 1,167,236	\$ 2,494,152

NOTE 12 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.

As of December 21, 2012, assets which are held by International Development Enterprises are in dispute as to who retains legal ownership because they were purchased with grant funds. International Development Enterprises is vigorously defending their ownership in the issue.

INTERNATIONAL DEVELOPMENT ENTERPRISES
SCHEDULE OF SUPPORT AND REMAINING COMMITMENTS UNDER CURRENT GRANTS
YEAR ENDED DECEMBER 31, 2012

<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	\$ 23,804,794	\$ -	\$ -	\$ 205,979
Dutch II Multicountry	5,925,000	5,628,570	296,430	-	-
SUPW Multicountry	4,397,010	2,332,732	1,637,298	426,980	1,109,671
Bangladesh RED	1,217,050	482,198	169,157	565,695	192,725
NZAID-CADF	1,676,505	825,698	509,497	341,310	485,756
EIG Nepal	1,201,777	988,336	203,696	9,745	122,181
AWMLA Multicountry	469,154	442,824	26,330	-	41,508
Ethiopia SPI-Canada	546,756	515,824	30,932	-	-
MASF Nepal	3,779,705	2,663,334	1,116,371	-	1,372,854
FSI Nepal	1,015,829	898,681	117,148	-	-
RAPID Ethiopia	2,101,422	1,807,193	107,125	187,104	-
SMSU Gates	3,987,717	1,304,644	-	2,683,073	892,777
POP Gates	7,315,925	2,703,287	2,469,357	2,143,281	2,429,066
FLO COOP	1,136,630	361,995	332,507	442,128	265,979
ANE Multicountry	5,397,000	-	463,309	4,933,691	536,616
SMART	4,201,966	-	1,335,174	2,866,792	1,913,513
IRP Multicountry	3,365,620	-	429,253	2,936,367	360,367
AVAI	2,492,301	-	1,058,000	1,434,301	831,058
Total Projects with Contracts	<u>\$ 74,032,161</u>	<u>\$ 44,760,110</u>	<u>\$ 10,301,584</u>	<u>\$ 18,970,467</u>	<u>10,760,049</u>
Total Grant Support					<u>\$ 10,760,049</u>

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>