

INTERNATIONAL DEVELOPMENT ENTERPRISES
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

**INTERNATIONAL DEVELOPMENT ENTERPRISES
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YEARS ENDED DECEMBER 31, 2013 AND 2012**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
International Development Enterprises
Denver, 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, 2013 and 2012, 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 ten country programs in 2013 and eight country programs in 2012 which statements reflect total assets of \$3,307,152 and \$2,040,365 as of December 31, 2013 and 2012, respectively, and total support and revenues of \$18,461,236 and \$14,090,251, 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 ten country programs, 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.

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.



An independent member of Nexia International

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, 2013 and 2012, 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.

Emphasis-of-Matter Regarding a Correction of an Error

As described in Note 13 to the consolidated financial statements, an error resulting in understatement of amounts previously reported for grants receivable and grants revenue as of December 31, 2012 and December 31, 2011, were discovered. Accordingly, amounts reported for grants receivable and grants revenue have been restated in the 2012 financial statements now presented, and an adjustment has been made to net assets as of December 31, 2011, to correct the error. Our opinion is not modified with respect to that matter.

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2014, on our consideration of International Development Enterprises's 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 result of that testing, and not to provide an opinion on 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's internal control over financial reporting and compliance. The ten country programs were not audited in accordance with *Government Auditing Standards*.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
August 25, 2014

INTERNATIONAL DEVELOPMENT ENTERPRISES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012

	2013	As Restated 2012
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 7,124,836	\$ 3,388,686
Investments	34,783	25,379
Accounts Receivable, Less Allowance for Doubtful Accounts, \$16,829 for 2013 and \$34,540 for 2012	1,265,592	969,796
Current Pledges and Note Receivable, Less Pledges Allowance for Doubtful Accounts, \$-0- for 2013 and \$2,195 for 2012	31,133	25,904
Grants Receivable	1,545,392	1,628,279
Inventories for Sale	779,577	821,409
Prepaid Expenses and Other Current Assets	147,987	168,137
Total Current Assets	10,929,300	7,027,590
CAPITAL ASSETS, NET	300,576	531,383
OTHER ASSETS		
Long-Term Pledges and Note Receivable	44,454	13,320
Deposits	32,769	22,392
Total Other Assets	77,223	35,712
Total Assets	\$ 11,307,099	\$ 7,594,685
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 2,686,409	\$ 2,243,329
Deferred Grant Revenue	3,807,576	1,586,427
Note Payable, Current	100,000	100,000
Total Current Liabilities	6,593,985	3,929,756
NOTE PAYABLE, LONG-TERM	225,000	175,000
Total Liabilities	6,818,985	4,104,756
NET ASSETS		
Unrestricted	3,064,241	2,322,693
Temporarily Restricted	1,423,873	1,167,236
Total Net Assets	4,488,114	3,489,929
Total Liabilities and Net Assets	\$ 11,307,099	\$ 7,594,685

See accompanying Notes to Consolidated Financial Statements.

INTERNATIONAL DEVELOPMENT ENTERPRISES
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013		
	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT			
Grant Revenue:			
Federal Grants	\$ 1,838,182	\$ -	\$ 1,838,182
Other Grants	11,861,002	4,384,090	16,245,092
Total Grant Revenue	<u>13,699,184</u>	<u>4,384,090</u>	<u>18,083,274</u>
Donations	590,435	-	590,435
Field and Program Revenue	1,323,161	-	1,323,161
Investment Income	78,667	-	78,667
Loss on Disposition of Capital Assets	(70,418)	-	(70,418)
Other Income	3,722,148	-	3,722,148
Net Assets Released from Restrictions	4,127,453	(4,127,453)	-
Total Revenues, Gains and Other Support	<u>23,470,630</u>	<u>256,637</u>	<u>23,727,267</u>
EXPENSES			
Program Services:			
Cambodia	4,111,143	-	4,111,143
Vietnam	243,624	-	243,624
Bangladesh	3,079,834	-	3,079,834
Nepal	1,555,164	-	1,555,164
Zambia	1,497,504	-	1,497,504
Ghana	611,713	-	611,713
Ethiopia	4,370,659	-	4,370,659
Mozambique	1,012,323	-	1,012,323
Honduras	389,365	-	389,365
Nicaragua	495,934	-	495,934
Latin America	288,133	-	288,133
Multi-Country Projects	671,373	-	671,373
West Africa	628,266	-	628,266
Global WASH	87,092	-	87,092
Hydrologic	1,523,197	-	1,523,197
Total Program Services	<u>20,565,324</u>	<u>-</u>	<u>20,565,324</u>
General and Administrative	2,063,383	-	2,063,383
Fundraising	100,375	-	100,375
Total Expenses	<u>22,729,082</u>	<u>-</u>	<u>22,729,082</u>
Gain on Discontinued Operations	-	-	-
CHANGE IN NET ASSETS	741,548	256,637	998,185
Net Assets - Beginning of Year, as Restated	<u>2,322,693</u>	<u>1,167,236</u>	<u>3,489,929</u>
NET ASSETS - END OF YEAR	<u>\$ 3,064,241</u>	<u>\$ 1,423,873</u>	<u>\$ 4,488,114</u>

See accompanying Notes to Consolidated Financial Statements.

2012 (Restated)		
Unrestricted	Temporarily Restricted	Total
\$ 724,939	\$ -	\$ 724,939
9,075,578	3,002,019	12,077,597
<u>9,800,517</u>	<u>3,002,019</u>	<u>12,802,536</u>
603,522	-	603,522
1,273,428	-	1,273,428
23,212	-	23,212
(66,397)	-	(66,397)
3,016,756	-	3,016,756
4,328,935	(4,328,935)	-
<u>18,979,973</u>	<u>(1,326,916)</u>	<u>17,653,057</u>
3,866,241	-	3,866,241
396,351	-	396,351
1,788,988	-	1,788,988
2,342,905	-	2,342,905
1,076,807	-	1,076,807
598,949	-	598,949
2,783,987	-	2,783,987
422,292	-	422,292
533,492	-	533,492
383,397	-	383,397
228,654	-	228,654
667,022	-	667,022
609,197	-	609,197
-	-	-
1,002,977	-	1,002,977
<u>16,701,259</u>	<u>-</u>	<u>16,701,259</u>
2,376,408	-	2,376,408
235,327	-	235,327
<u>19,312,994</u>	<u>-</u>	<u>19,312,994</u>
<u>55,567</u>	<u>-</u>	<u>55,567</u>
(277,454)	(1,326,916)	(1,604,370)
<u>2,600,147</u>	<u>2,494,152</u>	<u>5,094,299</u>
<u>\$ 2,322,693</u>	<u>\$ 1,167,236</u>	<u>\$ 3,489,929</u>

INTERNATIONAL DEVELOPMENT ENTERPRISES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2013

	<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>	<u>Nicaragua</u>
Personnel and Benefits	\$ 1,872,929	\$ 135,959	\$ 1,238,388	\$ 604,007	\$ 784,438	\$ 403,572	\$ 881,293	\$ 265,151	\$ 161,646	\$ 152,142
Subgrants	447,103	-	104,181	510,235	-	-	2,591,445	37,650	-	-
Professional Services	11,763	2,950	4,414	24,707	21,521	3,337	8,970	16,490	1,963	2,399
Travel and Transportation	506,546	83,459	273,222	86,609	142,770	59,498	181,336	112,419	38,727	41,213
Subcontracts, Consultants	586,584	8,840	627,220	175,245	228,601	52,850	335,656	357,665	51,480	87,425
Vehicle and Equipment Expense	2,436	-	136,684	61,049	89,606	40,108	178,176	45,668	18,369	6,580
Cost of Goods Sold	173,782	-	-	-	10,831	-	-	536	61,559	68,606
Office Expense	379,709	12,416	269,490	73,916	141,341	55,924	113,163	52,944	34,732	40,903
Depreciation Expense	71,043	-	13,393	2,588	20,302	-	-	2,500	4,615	5,890
Business Administrative Expenses	2,054	-	5,628	3	(60,712)	(5,918)	1,840	67	13,889	11,307
Capital Expenses	57,194	-	407,214	16,805	118,806	2,342	78,780	121,233	2,385	79,469
Subtotal	<u>4,111,143</u>	<u>243,624</u>	<u>3,079,834</u>	<u>1,555,164</u>	<u>1,497,504</u>	<u>611,713</u>	<u>4,370,659</u>	<u>1,012,323</u>	<u>389,365</u>	<u>495,934</u>
* General and Administrative	<u>427,462</u>	<u>25,331</u>	<u>320,230</u>	<u>161,700</u>	<u>155,705</u>	<u>63,604</u>	<u>454,445</u>	<u>105,259</u>	<u>40,485</u>	<u>51,565</u>
Total	<u>\$ 4,538,605</u>	<u>\$ 268,955</u>	<u>\$ 3,400,064</u>	<u>\$ 1,716,864</u>	<u>\$ 1,653,209</u>	<u>\$ 675,317</u>	<u>\$ 4,825,104</u>	<u>\$ 1,117,582</u>	<u>\$ 429,850</u>	<u>\$ 547,499</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, 2013

	Latin America	Multi-Country Projects	West Africa	Global Wash	Hydrologic	Total Program Services	Fundraising	G&A	Total Expenses
Personnel and Benefits	\$ 96,965	\$ 172,785	\$ 369,887	\$ 27,251	\$ 188,999	\$ 7,355,412	\$ 52,162	\$ 1,057,485	\$ 8,465,059
Subgrants	-	150,236	-	12,864	-	3,853,714	-	-	3,853,714
Professional Services	490	778	6,689	-	6,845	113,316	-	101,955	215,271
Travel and Transportation	21,621	5,590	79,656	29,738	193,037	1,855,441	3,958	151,815	2,011,214
Subcontracts, Consultants	33,087	324,298	35,040	17,239	294,561	3,215,791	12,565	354,905	3,583,261
Vehicle and Equipment Expense	-	-	16,084	-	31,970	626,730	-	20,651	647,381
Cost of Goods Sold	117,957	-	10,139	-	585,673	1,029,083	-	-	1,029,083
Office Expense	9,775	17,686	45,930	-	135,441	1,383,370	31,690	88,958	1,504,018
Depreciation Expense	-	-	-	-	32,443	152,774	-	9,236	162,010
Business Administrative Expenses	-	-	18	-	54,106	22,282	-	230,480	252,762
Capital Expenses	8,238	-	64,823	-	122	957,411	-	47,898	1,005,309
Subtotal	<u>288,133</u>	<u>671,373</u>	<u>628,266</u>	<u>87,092</u>	<u>1,523,197</u>	<u>\$ 20,565,324</u>	<u>\$ 100,375</u>	<u>\$ 2,063,383</u>	<u>\$ 22,729,082</u>
* General and Administrative	<u>29,087</u>	<u>70,023</u>	<u>65,325</u>	<u>9,056</u>	<u>158,376</u>				
Total	<u>\$ 317,220</u>	<u>\$ 741,396</u>	<u>\$ 693,591</u>	<u>\$ 96,148</u>	<u>\$ 1,681,573</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, 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	194,782	1,365,029
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>\$ 2,376,408</u>	<u>\$ 19,312,994</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 STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 998,185	\$ (1,823,582)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	185,327	154,260
Change in Provision for Bad Debts	(19,906)	25,105
Unrealized Gain on Investments	(7,481)	(1,761)
Loss on Sale of Property and Equipment	70,418	66,397
Effects of Changes in Operating Assets and Liabilities:		
Accounts Receivable	(278,085)	(346,541)
Grants Receivable	82,887	312,808
Pledges and Note Receivable	(34,168)	148,734
Inventories for Sale	41,832	(368,701)
Prepaid Expenses and Other Current Assets	20,150	(72,065)
Deposits	(10,377)	(8,301)
Accounts Payable and Accrued Liabilities	443,080	854,286
Deferred Grant Revenue	2,221,149	(153,174)
Net Cash Provided (Used) by Operating Activities	3,713,011	(1,212,535)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(122,527)	(339,279)
Purchase of Investments	(1,923)	(3,880)
Sale of Property and Equipment	97,589	4,610
Net Cash Used by Investing Activities	(26,861)	(338,549)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Notes Payable	150,000	300,000
Payments on Notes Payable	(100,000)	(25,000)
Net Cash Provided by Financing Activities	50,000	275,000
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,736,150	(1,276,084)
Cash and Cash Equivalents - Beginning of Year	3,388,686	4,664,770
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 7,124,836	\$ 3,388,686
SUPPLEMENTAL DISCLOSURES		
Interest Expense Paid	\$ 22,563	\$ 21,375

See accompanying Notes to Consolidated Financial Statements.

**INTERNATIONAL DEVELOPMENT ENTERPRISES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

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. In 2013, the Greenhouse Project, LLC was divested. See footnote 12 for discontinued operations.

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

iDEal Technologias, LLC (iDEal) was created as a Colorado organization in which IDE is the sole member. iDEal is a social enterprise for the promotion of low-cost, drip irrigation technologies.

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.

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, 2013 AND 2012

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 2010, 2011 and 2012 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, 2013 and 2012.

INTERNATIONAL DEVELOPMENT ENTERPRISES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign Exchange

At December 31, 2013, 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, Swiss Francs, British Pounds, and Nepalese Rupees. Foreign exchange losses of \$8,880 and \$126,336 were recognized in 2013 and 2012, 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.

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 2013 and 2012, 52,203 and 37,600 credits were sold by IDE for the amounts of \$688,260 and \$472,147, respectively. 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, 2013 AND 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts, Grants, and Pledges Receivable

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

IDE receives grants from philanthropically focused organizations for investment in IDE's mission related projects. Grants receivable consist of funding commitments from those organizations which have not been received.

Pledges receivable consist of funding commitments from individuals totaling \$18,381 and \$28,058 as of December 31, 2013 and 2012, respectively.

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 \$-0- and \$2,195 has been established for pledges receivable as of December 31, 2013 and 2012, 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, 2013 and 2012.

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.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

INTERNATIONAL DEVELOPMENT ENTERPRISES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

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 August 25, 2014, 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 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 \$1,629 and \$-0- for grant expenses paid on behalf of IDE-Canada by IDE at December 31, 2013 and 2012, respectively.

Included in notes payable and accounts payable are amounts due to IDE-Canada of \$150,000 and \$16,959 at December 31, 2013 and 2012, respectively.

Included in deferred revenue are amounts received in advance from IDE-Canada of \$17,363 and \$103,829 for the performance of services related to grants awarded to IDE by IDE-Canada at December 31, 2013 and December 31, 2012, respectively.

IDE – UK

Included in accounts receivable are amounts due from IDE-UK of \$39,763 and \$-0- for grant expenses paid on behalf of IDE-UK by IDE at December 31, 2013 and 2012, respectively.

Included in accounts payable are amounts due to IDE-UK of \$93,906 and \$69,501 for grant expenses paid on behalf of IDE by IDE-UK at December 31, 2013 and 2012, respectively.

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.

**INTERNATIONAL DEVELOPMENT ENTERPRISES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 3 FOREIGN OPERATIONS AND CONCENTRATIONS

Foreign Operations

For the year ended December 31, 2013, IDE recognized revenue of \$5,357,529 from two multi-country projects from the Bill and Melinda Gates Foundation and the EU and Euro Commission, representing approximately 23% of its revenues. 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.

NOTE 4 OPERATING LEASE

IDE leased office space for its headquarters under a lease that expired in August 2013. In July 2013 IDE leased new office space for its headquarters related to the Greenhouse Project, LLC that expired on December 31, 2013. Total rent expense for leased headquarters office space amounted to \$119,396 and \$80,340 for the years ended December 31, 2013 and 2012, respectively. IDE leases office space and provides housing for country directors in multiple countries. Total rent expense under these leases amounted to \$422,422 and \$333,635 for the years ended December 31, 2013 and 2012, respectively.

During 2013, IDE signed an agreement to lease space for its office headquarters that expires May 2028. The lease term commences in January 2014 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>
2014	\$ 488,960
2015	281,384
2016	225,921
2017	219,533
2018	176,015
Thereafter	801,748
Total	<u><u>\$ 2,193,561</u></u>

INTERNATIONAL DEVELOPMENT ENTERPRISES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

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. During 2013, employer contributions were frozen for all employees with the exception of certain country directors. Contributions for the years ended December 31, 2013 and 2012 amounted to \$12,299 and \$67,668, respectively.

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 prices 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, 2013 and 2012:

	<u>Assets at Fair Value as of December 31, 2013</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:			
Mutual Funds:			
Domestic Stock	<u>\$ 34,783</u>	<u>\$ -</u>	<u>\$ -</u>
	<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>

INTERNATIONAL DEVELOPMENT ENTERPRISES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

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, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Unrealized Gains	\$ 7,481	\$ 1,761
Dividends	1,132	1,623
Interest	70,054	19,828
Total	<u>\$ 78,667</u>	<u>\$ 23,212</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 balance of assets held at December 31, 2013 and 2012 are \$1,423,873 and \$1,167,236, 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:

	<u>2013</u>	<u>2012</u>
Land	\$ -	\$ 14,503
Buildings and Improvements	57,577	88,863
Furniture and Equipment	372,453	352,523
Vehicles	412,952	354,893
Leasehold Improvements	-	116,562
Total	<u>842,982</u>	<u>927,344</u>
Less: Accumulated Depreciation	(542,406)	(395,961)
Net Property and Equipment	<u>\$ 300,576</u>	<u>\$ 531,383</u>

Depreciation expense for the years ended December 31, 2013 and 2012 totaled \$185,327 and \$154,260, respectively.

**INTERNATIONAL DEVELOPMENT ENTERPRISES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 9 NOTE PAYABLE

In 2012, 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, 2013 and 2012, the balance due was \$175,000 and \$275,000, respectively.

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

NOTE 10 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2013 and 2012 are available for the following uses:

	2013	2012
Rural Prosperity Initiative	\$ 178,746	\$ 460,321
Bangladesh: Smallholder Farmers Agricultural Technologies and Services	829	9,449
Cambodian SMSU Project	793,728	284,123
DCE SOW	38,327	38,327
SMSU SFF	412,243	375,016
Total Temporarily Restricted Net Assets	\$ 1,423,873	\$ 1,167,236

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, 2013 AND 2012

NOTE 12 DISCONTINUED OPERATIONS

IDE's gain on discontinued operations of the Greenhouse Project, LLC of \$-0- and \$55,567 during the years ended December 31, 2013 and 2012, respectively, consisted of the following:

	2013	2012
Revenue	\$ 511,210	\$ 74,962
Expenses	(245,979)	(19,395)
Loss on Disposal of Assets	(265,231)	-
Gain on Discontinued Operations	\$ -	\$ 55,567

All assets and liabilities of the Greenhouse Project, LLC were sold in December 2013. In connection with the sale of the Greenhouse Project, LLC there was an outstanding promissory note receivable of \$55,567 between the purchaser of the Greenhouse Project, LLC and IDE as of December 31, 2013. The note bears a 5.25% per annum interest rate that compounds on a quarterly basis. Quarterly payments on the note are scheduled to commence on March 15, 2014 and end on December 15, 2018.

NOTE 13 RESTATEMENT

International Development Enterprises restated its net assets as of December 31, 2012 to properly account for grant receivables and revenue as follows:

Net Assets as of December 31, 2011	
As previously stated	\$ 4,812,698
Restatement	281,601
Net Assets as of December 31, 2011 (Restated)	\$ 5,094,299
Grants Receivable as of December 31, 2012	
As previously stated	\$ 1,127,466
Restatement	500,813
Grants Receivable as of December 31, 2012 (Restated)	\$ 1,628,279
Other Grant Revenue for the year ended December 31, 2012	
As previously stated, inclusive of grant revenue from Discontinued Operations of (\$74,962)	\$ 11,858,385
Restatement Grant Revenue	219,212
Other Grant Revenue for the year ended December 31, 2012 (Restated)	\$ 12,077,597

INTERNATIONAL DEVELOPMENT ENTERPRISES
SCHEDULE OF SUPPORT AND REMAINING COMMITMENTS UNDER CURRENT GRANTS
YEAR ENDED DECEMBER 31, 2013

Project Name	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
SUPW Multicountry	\$ 6,283,558	\$ 3,970,030	\$ 1,913,528	\$ 400,000	\$ 2,150,488
Bangladesh RED	1,217,050	651,355	159,531	406,164	105,763
NZAID-CADF	1,335,195	1,335,195	-	-	485,756
EIG Nepal	1,201,777	1,192,032	9,745	-	-
RAPID Ethiopia	2,101,422	1,914,318	187,104	-	-
SMSU Gates	3,987,717	1,304,644	1,455,073	1,228,000	945,475
POP Gates	7,315,925	5,172,644	2,143,281	-	2,415,672
FLO COOP	1,136,630	694,502	185,430	256,698	210,601
ANE Multicountry	5,397,000	463,309	602,874	4,330,817	648,008
SMART	4,201,966	1,335,174	3,038,106	(171,314)	2,941,857
IRP Multicountry	3,365,620	429,253	543,137	2,393,230	611,692
AVAI	2,492,301	1,058,000	816,000	618,301	833,876
PROOFS	6,109,880	-	1,406,014	4,703,866	467,541
CSISA	1,242,492	-	922,483	320,009	523,327
SAII	3,625,360	-	587,062	3,038,298	666,365
Total Projects with Contracts	<u>\$ 51,013,893</u>	<u>\$ 19,520,456</u>	<u>\$ 13,969,368</u>	<u>\$ 17,524,069</u>	<u>13,006,421</u>
Total Grant Support					<u>\$ 13,006,421</u>

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

Project Name	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	6,283,558	2,332,732	1,637,298	2,313,528	1,996,586
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>\$ 75,918,709</u>	<u>\$ 44,760,110</u>	<u>\$ 10,301,584</u>	<u>\$ 20,857,015</u>	<u>11,646,964</u>
Total Grant Support					<u>\$ 11,646,964</u>