

INTERNATIONAL DEVELOPMENT ENTERPRISES
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

**INTERNATIONAL DEVELOPMENT ENTERPRISES
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INDEPENDENT AUDITORS' REPORT

Board of Directors
International Development Enterprises and Subsidiaries
Denver, Colorado

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of International Development Enterprises and Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of eleven country programs and one social enterprise in 2015 and 2014, which statements reflect total assets of \$3,378,493 and \$3,278,184 as of December 31, 2015 and 2014, respectively, and total support and revenues of \$20,647,372 and \$18,976,949, respectively, for the years then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the eleven country programs and one social enterprise, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. The financial statements of iDE Burkina Faso (West Africa), iDE Bangladesh, iDE Ethiopia, iDE Cambodia, iDE Ghana, iDE Mozambique, iDE Nepal, iDE Zambia, iDE Vietnam, iDE Honduras, Hydrologic Social Enterprise Company Limited and iDEal Technologies, LLC were not audited in accordance with Government Auditing Standards.

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.

Auditors' Responsibility (Continued)

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 and Subsidiaries as of December 31, 2015 and 2014, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 September 26, 2016, on our consideration of International Development Enterprises' and the iDE International Foundation's (IDEI) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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' and IDEI's internal control over financial reporting and compliance. The eleven country programs and one social enterprise audited by other auditors in 2015 were not audited in accordance with *Government Auditing Standards*.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
September 26, 2016

INTERNATIONAL DEVELOPMENT ENTERPRISES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 8,488,548	\$ 6,657,479
Accounts Receivable, Less Allowance for Doubtful Accounts, \$14,095 for 2015 and \$51,514 for 2014	1,140,845	1,180,074
Current Pledges and Note Receivable, Less Pledges Allowance for Doubtful Accounts, \$-0- for 2015 and 2014	13,892	55,665
Grants Receivable	1,181,907	1,651,797
Inventories for Sale	677,280	720,758
Prepaid Expenses and Other Current Assets	439,976	334,024
Total Current Assets	11,942,448	10,599,797
CAPITAL ASSETS, Net	386,945	325,490
OTHER ASSETS		
Long-Term Pledges and Note Receivable	31,847	33,340
Deposits	38,029	42,338
Total Other Assets	69,876	75,678
Total Assets	\$ 12,399,269	\$ 11,000,965
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 2,778,922	\$ 2,888,398
Deferred Grant Revenue	5,515,279	4,396,116
Notes Payable, Current	50,000	75,000
Total Current Liabilities	8,344,201	7,359,514
NOTE PAYABLE, LONG-TERM	100,000	150,000
Total Liabilities	8,444,201	7,509,514
NET ASSETS		
Unrestricted	3,786,029	3,184,603
Temporarily Restricted	169,039	306,848
Total Net Assets	3,955,068	3,491,451
Total Liabilities and Net Assets	\$ 12,399,269	\$ 11,000,965

See accompanying Notes to Consolidated Financial Statements.

INTERNATIONAL DEVELOPMENT ENTERPRISES
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015		
	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT			
Grant Revenue:			
Federal Grants	\$ 4,521,173	\$ -	\$ 4,521,173
Other Grants	16,732,900	100,000	16,832,900
Total Grant Revenue	<u>21,254,073</u>	<u>100,000</u>	<u>21,354,073</u>
Sales	1,965,915	\$ -	\$ 1,965,915
Less: Cost of Goods Sold	<u>(1,019,086)</u>		<u>(1,019,086)</u>
Gross Margin on Sales	946,829	-	946,829
Donations	291,464	-	291,464
Field and Program Revenue	2,006,909	-	2,006,909
Interest Income	52,742	-	52,742
Loss on Disposition of Capital Assets	(4,913)	-	(4,913)
Other Income	1,439,983	-	1,439,983
Net Assets Released from Restrictions	<u>237,809</u>	<u>(237,809)</u>	<u>-</u>
Total Revenues, Gains and Other Support	26,224,896	(137,809)	26,087,087
EXPENSES			
Program Services:			
Cambodia	3,150,632	-	3,150,632
Vietnam	432,808	-	432,808
Bangladesh	5,049,445	-	5,049,445
Nepal	2,615,135	-	2,615,135
Zambia	1,762,462	-	1,762,462
Ghana	463,599	-	463,599
Ethiopia	1,666,365	-	1,666,365
Mozambique	1,102,051	-	1,102,051
Honduras	326,722	-	326,722
Nicaragua	201,863	-	201,863
Latin America	108,576	-	108,576
Multi-Country Projects	2,549,546	-	2,549,546
West Africa	545,493	-	545,493
Global WASH	301,961	-	301,961
Hydrologic	72,884	-	72,884
Total Program Services	<u>20,349,543</u>	<u>-</u>	<u>20,349,543</u>
General and Administrative	4,979,453	-	4,979,453
Fundraising	<u>294,474</u>	<u>-</u>	<u>294,474</u>
Total Expenses	<u>25,623,470</u>	<u>-</u>	<u>25,623,470</u>
CHANGE IN NET ASSETS	601,426	(137,809)	463,617
Net Assets - Beginning of Year	<u>3,184,603</u>	<u>306,848</u>	<u>3,491,451</u>
NET ASSETS - END OF YEAR	<u>\$ 3,786,029</u>	<u>\$ 169,039</u>	<u>\$ 3,955,068</u>

See accompanying Notes to Consolidated Financial Statements.

2014		
Unrestricted	Temporarily Restricted	Total
\$ 3,652,106	\$ -	\$ 3,652,106
12,326,823	417,788	12,744,611
<u>15,978,929</u>	<u>417,788</u>	<u>16,396,717</u>
1,604,281	\$ -	\$ 1,604,281
(880,379)		(880,379)
<u>723,902</u>	<u>-</u>	<u>723,902</u>
301,984	-	301,984
1,650,851	-	1,650,851
31,218	-	31,218
(6,541)	-	(6,541)
1,579,479	-	1,579,479
1,534,813	(1,534,813)	-
<u>21,794,635</u>	<u>(1,117,025)</u>	<u>20,677,610</u>
3,555,977	-	3,555,977
177,341	-	177,341
4,641,669	-	4,641,669
2,278,323	-	2,278,323
1,737,430	-	1,737,430
340,502	-	340,502
1,115,935	-	1,115,935
692,719	-	692,719
228,309	-	228,309
212,890	-	212,890
128,865	-	128,865
1,935,112	-	1,935,112
497,493	-	497,493
25,648	-	25,648
83,987	-	83,987
<u>17,652,200</u>	<u>-</u>	<u>17,652,200</u>
3,913,993	-	3,913,993
108,080	-	108,080
<u>21,674,273</u>	<u>-</u>	<u>21,674,273</u>
120,362	(1,117,025)	(996,663)
<u>3,064,241</u>	<u>1,423,873</u>	<u>4,488,114</u>
<u>\$ 3,184,603</u>	<u>\$ 306,848</u>	<u>\$ 3,491,451</u>

INTERNATIONAL DEVELOPMENT ENTERPRISES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015

	<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	\$ 1,655,989	\$ 151,778	\$ 2,383,461	\$ 911,876	\$ 1,140,801	\$ 257,671	\$ 643,008	\$ 382,094	\$ 164,924	\$ 158,056
Subgrants	122,557	-	40,985	1,084,778	-	-	-	-	-	-
Professional Services	3,395	6,500	2,067	19,114	22,987	4,284	3,746	1,507	597	490
Travel & Transportation	510,508	248,720	452,632	142,662	131,285	37,383	86,536	94,062	41,891	4,208
Subcontracts, Consultants	668,098	1,973	1,512,755	257,916	233,964	32,226	626,131	339,181	50,600	26,885
Vehicle & Equipment Expense	-	-	248,130	55,393	98,253	31,461	214,876	91,720	28,625	5,601
Office Expense	133,546	16,705	354,238	84,969	120,443	55,883	84,230	86,275	32,733	6,624
Depreciation Expense	-	-	-	-	-	-	-	-	-	-
Business Org Expenses	-	-	-	4,361	121	43	-	-	-	-
Capital Expenses	56,540	7,132	55,177	54,067	14,608	44,648	7,838	107,212	7,352	-
Subtotal	<u>3,150,632</u>	<u>432,808</u>	<u>5,049,445</u>	<u>2,615,135</u>	<u>1,762,462</u>	<u>463,599</u>	<u>1,666,365</u>	<u>1,102,051</u>	<u>326,722</u>	<u>201,863</u>
* General and Administrative	<u>984,496</u>	<u>79,486</u>	<u>1,080,156</u>	<u>423,219</u>	<u>272,394</u>	<u>73,322</u>	<u>271,231</u>	<u>245,209</u>	<u>153,408</u>	<u>162,919</u>
Total	<u>\$ 4,135,128</u>	<u>\$ 512,294</u>	<u>\$ 6,129,601</u>	<u>\$ 3,038,354</u>	<u>\$ 2,034,856</u>	<u>\$ 536,921</u>	<u>\$ 1,937,596</u>	<u>\$ 1,347,260</u>	<u>\$ 480,130</u>	<u>\$ 364,782</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, 2015

	Latin America	Multi-Country Projects	West Africa	Global Wash	Hydrologic	Total Program Services	Fundraising	G&A	Total Expenses
Personnel and Benefits	\$ 79,633	\$ 484,137	\$ 394,008	\$ 290,417	\$ 24,441	\$ 9,122,293	\$ 189,510	\$ 2,948,912	\$ 12,260,715
Subgrants	-	1,426,040	-	-	-	2,674,360	-	-	2,674,360
Professional Services	205	525	18,241	-	-	83,657	-	146,676	230,333
Travel and Transportation	7,165	108,994	27,242	11,544	1,962	1,906,792	34,585	326,975	2,268,352
Subcontracts, Consultants	21,501	511,790	42,458	-	40,135	4,365,614	63,954	410,830	4,840,398
Vehicle and Equipment Expense	-	-	15,493	-	650	790,201	-	105,055	895,256
Office Expense	73	16,246	37,265	-	5,696	1,034,926	6,425	557,637	1,598,988
Depreciation Expense	-	-	-	-	-	-	-	109,866	109,866
Business Administrative Expenses	-	-	-	-	-	4,526	-	310,661	315,187
Capital Expenses	-	1,813	10,786	-	-	367,174	-	62,841	430,015
Subtotal	<u>108,576</u>	<u>2,549,545</u>	<u>545,494</u>	<u>301,961</u>	<u>72,884</u>	<u>\$ 20,349,543</u>	<u>\$ 294,474</u>	<u>\$ 4,979,453</u>	<u>\$ 25,623,470</u>
* General and Administrative	<u>21,123</u>	<u>361,014</u>	<u>130,036</u>	<u>94,750</u>	<u>921,164</u>				
Total	<u>\$ 129,699</u>	<u>\$ 2,910,559</u>	<u>\$ 675,530</u>	<u>\$ 396,711</u>	<u>\$ 994,048</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, 2014

	<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	\$ 1,745,392	\$ 94,398	\$ 2,090,743	\$ 748,527	\$ 1,061,412	\$ 211,362	\$ 577,866	\$ 220,648	\$ 128,546	\$ 165,737
Subgrants	82,430	-	246,490	896,608	-	-	50,240	-	-	-
Professional Services	9,381	3,700	3,071	22,607	14,369	6,385	2,568	38,148	677	200
Travel and Transportation	481,877	72,506	506,687	110,349	79,545	30,837	90,039	57,697	30,022	7,168
Subcontracts, Consultants	723,469	212	979,622	323,532	177,580	26,670	215,947	217,891	18,619	13,796
Vehicle and Equipment Expense	-	-	241,677	68,954	105,200	20,592	99,235	49,220	19,001	3,634
Office Expense	457,768	59	378,716	76,861	128,172	44,654	72,588	38,926	29,527	22,355
Depreciation Expense	-	-	-	-	-	-	-	-	-	-
Business Administrative Expenses	-	-	16	28	7,927	2	-	-	4	-
Capital Expenses	55,660	6,466	194,647	30,857	163,225	-	7,452	70,189	1,913	-
Subtotal	<u>3,555,977</u>	<u>177,341</u>	<u>4,641,669</u>	<u>2,278,323</u>	<u>1,737,430</u>	<u>340,502</u>	<u>1,115,935</u>	<u>692,719</u>	<u>228,309</u>	<u>212,890</u>
* General and Administrative	<u>872,462</u>	<u>65,381</u>	<u>564,258</u>	<u>247,851</u>	<u>221,731</u>	<u>95,718</u>	<u>149,818</u>	<u>238,403</u>	<u>115,799</u>	<u>112,329</u>
Total	<u>\$ 4,428,439</u>	<u>\$ 242,722</u>	<u>\$ 5,205,927</u>	<u>\$ 2,526,174</u>	<u>\$ 1,959,161</u>	<u>\$ 436,220</u>	<u>\$ 1,265,753</u>	<u>\$ 931,122</u>	<u>\$ 344,108</u>	<u>\$ 325,219</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, 2014

	Latin America	Multi-Country Projects	West Africa	Global Wash	Hydrologic	Total Program Services	Fundraising	G&A	Total Expenses
Personnel and Benefits	\$ 93,631	\$ 466,402	\$ 347,188	\$ 15,000	\$ -	\$ 7,966,852	\$ 38,650	\$ 2,084,756	\$ 10,090,258
Subgrants	-	1,021,887	-	-	-	2,297,655	-	3,454	2,301,109
Professional Services	842	1,875	16,463	-	-	120,286	-	106,809	227,095
Travel and Transportation	2,618	84,944	25,338	8,212	41	1,587,880	14,035	238,606	1,840,521
Subcontracts, Consultants	31,337	318,747	50,751	2,436	60,893	3,161,502	33,819	677,312	3,872,633
Vehicle and Equipment Expense	-	(174)	17,293	-	-	624,632	-	64,601	689,233
Office Expense	437	7,546	33,580	-	53	1,291,242	4,914	420,011	1,716,167
Depreciation Expense	-	-	-	-	-	-	-	152,457	152,457
Business Administrative Expenses	-	-	-	-	-	7,977	-	114,794	122,771
Capital Expenses	-	33,885	6,880	-	23,000	594,174	16,662	51,193	662,029
Subtotal	<u>128,865</u>	<u>1,935,112</u>	<u>497,493</u>	<u>25,648</u>	<u>83,987</u>	<u>\$ 17,652,200</u>	<u>\$ 108,080</u>	<u>\$ 3,913,993</u>	<u>\$ 21,674,273</u>
* General and Administrative	<u>19,992</u>	<u>157,653</u>	<u>125,712</u>	<u>2,296</u>	<u>1,002,336</u>				
Total	<u>\$ 148,857</u>	<u>\$ 2,092,765</u>	<u>\$ 623,205</u>	<u>\$ 27,944</u>	<u>\$ 1,086,323</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, 2015 AND 2014**

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 463,617	\$ (996,663)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	109,866	152,457
Change in Provision for Bad Debts	(37,419)	(16,974)
Unrealized Loss on Investments / Other Assets	-	1,847
Loss on Sale of Capital Assets	4,913	6,541
Effects of Changes in Operating Assets and Liabilities:		
Accounts Receivable	76,648	102,492
Grants Receivable	469,890	(106,405)
Pledges and Note Receivable	43,266	(13,418)
Inventories for Sale	43,478	58,819
Prepaid Expenses and Other Current Assets	(105,952)	(186,037)
Deposits	4,309	(9,569)
Accounts Payable and Accrued Liabilities	(109,476)	201,989
Deferred Grant Revenue	1,119,163	588,540
Net Cash Provided (Used) by Operating Activities	2,082,303	(216,381)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Capital Assets	(182,234)	(183,912)
Proceeds on Sale of Capital Assets	6,000	-
Purchase of Investments	-	(187)
Sale of Investments	-	33,123
Net Cash Used by Investing Activities	(176,234)	(150,976)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Notes Payable	(75,000)	(100,000)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,831,069	(467,357)
Cash and Cash Equivalents - Beginning of Year	6,657,479	7,124,836
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 8,488,548	\$ 6,657,479
SUPPLEMENTAL DISCLOSURE		
Interest Expense Paid	\$ 10,673	\$ 13,063

See accompanying Notes to Consolidated Financial Statements.

**INTERNATIONAL DEVELOPMENT ENTERPRISES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Program Services

iDE maintains country programs in Central America, Asia and Africa including Bangladesh, Cambodia, Ethiopia, Nepal, Vietnam, Zambia, Ghana, Mozambique, Nicaragua, Honduras, and West Africa. Employing more than 944 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.

Principles of Consolidation

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

**INTERNATIONAL DEVELOPMENT ENTERPRISES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

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.

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.

**INTERNATIONAL DEVELOPMENT ENTERPRISES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

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, 2015 and 2014.

Foreign Exchange

At December 31, 2015 and 2014, all of iDE's grants receivable are payable to iDE in U.S. dollars, the Euro, Bangladesh Taka, Swiss Francs, British Pounds, and Nepalese Rupees. Foreign exchange losses of \$103,606 and \$196,763 were recognized in 2015 and 2014, 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.

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

Revenue Recognition

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

iDE reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, 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.

**INTERNATIONAL DEVELOPMENT ENTERPRISES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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 2015 and 2014, 57,529 and 50,015 credits were sold by iDE for the amounts of \$364,456 and \$483,806, 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.

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 \$36,119 and \$44,551 as of December 31, 2015 and 2014, respectively, and a note receivable totaling \$9,620 and \$44,454 as of December 31, 2015 and 2014, respectively.

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

	2015	2014
Pledges Due Within One Year	\$ 13,892	\$ 55,665
Pledges Due Within One to Five Years	31,847	33,340
Total Pledges	<u>\$ 45,739</u>	<u>\$ 89,005</u>

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.

INTERNATIONAL DEVELOPMENT ENTERPRISES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2015 and 2014.

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. The reclassification had no effect on previously reported change in net assets or net asset balances.

Subsequent Events

In preparing these consolidated financial statements, iDE has evaluated events and transactions for potential recognition or disclosure through September 26, 2016, the date the consolidated financial statements were available to be issued. As of January 1, 2016, iDE is the sole member of the UK charity, iDE UK. iDE's Board Chairman as well as iDE's CEO and COO, serve on iDE UK's five member Board of Trustees. No change has been made to iDE UK's current legal standing as an independent UK charity. Program operations and support between iDE and iDE UK are now shared across both teams, making the organization stronger and enabling iDE to deliver its European programs more effectively.

NOTE 2 AFFILIATE ORGANIZATION TRANSACTIONS

iDE works with related non-U.S. based nonprofit 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. As indicated under note 1, subsequent to year end, iDE became the sole member of iDE-UK and now works extensively with the iDE UK team.

INTERNATIONAL DEVELOPMENT ENTERPRISES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 2 AFFILIATE ORGANIZATION TRANSACTIONS (CONTINUED)

iDE – Canada

Included in accounts receivable are amounts due from iDE-Canada of \$55,648 and \$24,312 for grant expenses paid on behalf of iDE-Canada by iDE at December 31, 2015 and 2014, respectively.

Included in notes payable and accounts payable are amounts due to iDE-Canada of \$150,000 at December 31, 2015 and 2014.

Included in deferred revenue are amounts received in advance from iDE-Canada of \$42,034 and \$31,989 for the performance of services related to grants awarded to iDE by iDE-Canada at December 31, 2015 and 2014, respectively.

iDE – UK

Included in accounts receivable are amounts due from iDE-UK of \$170,608 and \$227,286 for grant expenses paid on behalf of iDE-UK by iDE at December 31, 2015 and 2014, respectively.

Included in accounts payable are amounts due to iDE-UK of \$119,350 and \$120,883 for grant expenses paid on behalf of iDE by iDE-UK at December 31, 2015 and 2014, respectively.

NOTE 3 FOREIGN OPERATIONS AND CONCENTRATIONS

Foreign Operations

For the years ended December 31, 2015 and 2014, there were no contracts that were individually greater than 10% of iDE's total revenue.

NOTE 4 OPERATING LEASE

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

Total rent expense for leased headquarters office space amounted to \$128,340 and \$136,903 for the years ended December 31, 2015 and 2014, respectively. iDE leases office space in multiple countries. Total rent expense under these leases amounted to \$688,319 and \$465,513 for the years ended December 31, 2015 and 2014, respectively.

INTERNATIONAL DEVELOPMENT ENTERPRISES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 4 OPERATING LEASE (CONTINUED)

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

<u>Year</u>	<u>Amount</u>
2016	442,684
2017	177,220
2018	114,303
2019	32,280
2020	25,547
Total	<u>\$ 792,034</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. Employer contributions were frozen for all employees with the exception of certain country directors in 2013. The employer contributions resumed in April 2014 at 3% and the full 6% was reinstated effective January 2015. iDE contributes 6% of the employee's gross salary. Contributions for the years ended December 31, 2015 and 2014 amounted to \$100,865 and \$69,045, respectively.

NOTE 6 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, 2015 and 2014 are \$5,700,333 and \$4,678,379, respectively, which were advanced for grants that have purpose restrictions.

INTERNATIONAL DEVELOPMENT ENTERPRISES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 7 PROPERTY AND EQUIPMENT

Property and equipment at December 31 consists of the following:

	<u>2015</u>	<u>2014</u>
Buildings and Improvements	\$ 61,023	\$ 57,577
Furniture and Equipment	381,000	412,617
Vehicles	547,200	498,197
Total	<u>989,723</u>	<u>968,391</u>
Less: Accumulated Depreciation	<u>(602,778)</u>	<u>(642,901)</u>
Net Property and Equipment	<u>\$ 386,945</u>	<u>\$ 325,490</u>

Depreciation expense for the years ended December 31, 2015 and 2014 totaled \$109,866 and \$152,457, respectively.

NOTE 8 NOTES PAYABLE

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, 2015 and 2014, the balance due was \$150,000.

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

<u>Year</u>	<u>Amount</u>
2016	\$ 50,000
2017	50,000
2018	50,000
Total	<u>\$ 150,000</u>

INTERNATIONAL DEVELOPMENT ENTERPRISES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 9 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2015 and 2014 are available for the following uses:

	<u>2015</u>	<u>2014</u>
Adapting the Farm Business Advisor Model Training Program Supporting the Implementation of a	\$ 169,039	\$ 251,469
Low-Cost Well-Drilling Program	-	38,327
Cambodian SMSU Project	-	16,223
Bangladesh: Smallholder Farmers Agricultural Technologies and Services	-	829
Total Temporarily Restricted Net Assets	<u>\$ 169,039</u>	<u>\$ 306,848</u>

NOTE 10 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
SCHEDULE OF SUPPORT AND REMAINING COMMITMENTS
UNDER CURRENT GRANTS
YEAR ENDED DECEMBER 31, 2015
(SEE INDEPENDENT AUDITORS' REPORT)**

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
SMSU Gates	\$ 3,987,717	\$ 2,759,717	\$ 1,228,000	\$ -	\$ 980,773
FLO COOP	1,136,630	1,037,417	99,213	-	-
ANE Multicountry	5,397,000	1,670,169	3,587,768	139,063	13,968
SMART	4,907,271	4,507,567	392,431	7,273	-
IRP Multicountry	3,365,620	1,602,532	617,165	1,145,923	628,269
AVAI	2,492,301	2,492,301		-	4,175
PROOFS	6,109,880	2,204,903	1,251,941	2,653,036	1,671,457
CSISA	5,058,978	1,745,548	1,457,283	1,856,147	1,464,255
SAII	2,775,841	1,239,069	892,590	644,182	744,444
CSWSHF/DFAT	6,632,680	2,078,416	2,774,038	1,780,226	2,209,101
SUPW2/SDC Multicountry	4,506,410	1,557,790	1,618,217	1,330,403	1,771,989
ANU	7,607,500		589,185	7,018,315	578,921
AWTSSM	1,402,579	1,205,115	193,231	4,233	239,476
CODES	4,512,000	1,084,652	1,196,792	2,230,556	1,131,283
RUSHING	6,283,330		609,138	5,674,192	142,096
SAFE	1,364,081	210,954	463,173	689,954	463,173
SHARED	3,390,000	767,603	1,466,635	1,155,762	1,306,157
SUCHANA	5,294,880		203,156	5,091,724	221,260
SYSTEMS	2,248,370		311,614	1,936,756	116,816
Total Projects with Contracts	<u>\$ 78,473,068</u>	<u>\$ 26,163,753</u>	<u>\$ 18,951,570</u>	<u>\$ 33,357,745</u>	13,687,613
Total Grant Support					<u>\$ 13,687,613</u>

INTERNATIONAL DEVELOPMENT ENTERPRISES
SCHEDULE OF SUPPORT AND REMAINING COMMITMENTS
UNDER CURRENT GRANTS
YEAR ENDED DECEMBER 31, 2014
(SEE INDEPENDENT AUDITORS' REPORT)

<u>Project Name</u>	<u>Total Support Under Current Grants</u>	<u>Grant Receipts and Adjustments in Prior Years</u>	<u>Grant Receipts and Adjustments During the Current Year</u>	<u>Remaining Commitment</u>	<u>Revenue Recognized During the Current Year</u>
SUPW Multicountry	\$ 6,283,558	\$ 5,883,558	\$ 400,000	\$ -	\$ -
SMSU Gates	3,987,717	2,759,717	-	1,228,000	782,574
POP Gates	7,315,925	7,315,925	-	-	180,407
FLO COOP	1,136,630	880,232	157,185	99,213	260,743
ANE Multicountry	5,397,000	1,066,183	603,986	3,726,831	721,254
SMART	5,107,410	4,373,280	134,287	599,843	50,240
IRP Multicountry	3,365,620	972,390	630,142	1,763,088	521,235
AVAI	2,492,301	1,874,000	618,301	-	844,046
PROOFS	6,109,880	1,406,014	798,889	3,904,977	1,147,608
CSISA	2,625,256	922,483	823,065	879,708	1,246,510
SAII	3,625,360	587,062	652,007	2,386,291	521,320
CSWSHF/DFAT	6,632,680	-	2,078,416	4,554,264	1,060,677
SUPW2/SDC	4,506,410	-	1,557,790	2,948,620	1,417,482
Total Projects with Contracts	<u>\$ 58,585,747</u>	<u>\$ 28,040,844</u>	<u>\$ 8,454,068</u>	<u>\$ 22,090,835</u>	<u>\$ 8,754,096</u>
Total Grant Support					<u>\$ 8,754,096</u>