Financial Statements June 30, 2011 and 2010

FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

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#### Independent Accountant's Review Report

We have reviewed the accompanying statements of financial position of The Small-Scale Sustainable Infrastructure Development Fund, Inc. (a nonprofit organization) as of June 30, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended.

A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

GONZALEZ & ASSOCIATES, P.C. Certified Public Accountants

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Stoughton, Massachusetts August 16, 2011

## STATEMENTS OF FINANCIAL POSITION JUNE 30, 2011 AND 2010

### **ASSETS**

	2011	2010
Current Assets		
Cash	\$ 1,006,071	\$ 1,158,543
Contracts receivable	33,765	
Total current assets	\$ 1,039,836	1,158,543
Property and Equipment		
Office equipment	2,622	2,724
Less: accumulated depreciation	(437)	(2,724)
Total property and equipment	2,185	0
Total Assets	\$ 1,042,021	\$ 1,158,543
, <del></del>		
LIABILITIES AND NET ASSET	<u>.s</u>	
Current Liabilities		
Accounts payable	\$ 6,571	\$ 16,923
Total current liabilities	6,571	16,923
Net Assets		40
Unrestricted net assets	935,450	941,620
Board designated for:		
Operations of the India-based S3IDF entity	100,000	200,000
Total net assets	1,035,450	1,141,620
Total Liabilities and Net Assets	\$ 1,042,021	\$ 1,158,543

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2011

			2011	
	1100	1.	Temporarily	
Cummand and Davision	Uni	estricted	Restricted	 Total
Support and Revenue				
Contributions	\$	10,513	\$	\$ 10,513
Released from restriction				
Contracts		152,214		152,214
Interest income		1,295		1,295
In-kind salaries and consultants	200000000000000000000000000000000000000	217,233		217,233
Total support and revenue		381,255		381,255
Expenses				
Program services:				
Projects		199,790		199,790
Dissemination		188,856		188,856
Total program services		388,646	_	 388,646
General and administrative		78,879		78,879
Fundraising		19,900		19,900
Total expenses		487,425		487,425
<u>Change in Net Assets</u>		(106,170)		(106,170)
Net Assets - Beginning of Year	1	,141,620		1,141,620
Net Assets - End of Year	\$ 1	,035,450	\$	\$ 1,035,450

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2010

	2010								
	Temporarily								
	Unre	estricted	R	estricted		Total			
Support and Revenue		-	1						
Grants	\$	5,000	\$	125,000	\$	130,000			
Contributions		13,150				13,150			
Released from restriction		125,000		(125,000)					
Contracts		45,000				45,000			
Interest income		5,923	19			5,923			
In-kind salaries and consultants		210,558				210,558			
Total support and revenue		404,631				404,631			
<u>Expenses</u>									
Program services:									
Projects		96,366				96,366			
Dissemination		84,524				84,524			
Total program services		180,890				180,890			
General and administrative		106,189				106,189			
Fundraising		58,405				58,405			
Total expenses		345,484		-	-	345,484			
					-				
Change in Net Assets		59,147				59,147			
Not Assats Reginning of Year	1	000 472				1 000 470			
Net Assets - Beginning of Year		,082,473	-			1,082,473			
Net Assets - End of Year	\$ 1	,141,620	\$		\$	1,141,620			

THE SMALL-SCALE SUSTAINABLE INFRASTRUCTURE DEVELOPMENT FUND, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2011

			ising Total			11,652 \$ 217,233	6,821 78,390	18,473 295,623		34,429	409 4,661	1,018 16,288		10,674	125,750	
			Fundraising			∽	·	18				*				
	General	and	Administrative			39,136	23,455	62,591		872	1,384	3,449		10,583		
_	O		Adm			↔										
2011	Total	Program	Services			166,445	48,114	214,559		33,557	2,868	11,821		91	125,750	
		P	Ś			↔										
			Dissemination			115,893	36,056	151,949		26,563	1,936	8,372		36		Company of the Compan
			Disse			↔										
			Projects			50,552	12,058	62,610	39.0	6,994	932	3,449		55	125,750	
						₩										
				Staff	Senior and other staff	(pro-bono)	Staff salaries and benefits			Travel	Office expenses	Offfice rent and utilities	Accounting, insurance and	other professional fees	Transfers to India Operations	THE PERSON NAMED IN CONTRACTOR OF THE PERSON NAMED IN COLUMN TWO IS NOT THE PERSON NAMED IN COLUMN TO THE PERSON NAMED IN COLU

See accompanying notes and Independent Accountants' Review Report.

THE SMALL-SCALE SUSTAINABLE INFRASTRUCTURE DEVELOPMENT FUND, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2010

					-	2010 Total		General				
					P	Program	)	and				
	ц.	<b>Projects</b>	Disse	Dissemination	Š	Services	Admi	Administrative	Fun	Fundraising		Total
Senior and other staff						,		2				
	↔	60,397	↔	56,409	↔	116,806	<del>\$</del>	50,354	↔	43,398	↔	210,558
Staff salaries and benefits		15,987		14,986		30,973		37,295		10,033		78,301
				40		40		1,640		400		2,080
		76,384		71,435		147,819		89,289		53,831		290,939
		13,895		5,118		19,013		318		499		19,830
		1,667		3,840		5,507		1,634		983		8,124
Offfice rent and utilities		4,296		4,015		8,311		4,930		3,005		16,246
Accounting, insurance and												
other professional fees		124		116		240		10,018		87		10,345
	\$	96,366	<del>⇔</del>	84,524	₩	180,890	₩	106,189	₩	58,405	<del>∽</del>	345,484

See accompanying notes and Independent Accountants' Review Report.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
Cash Flows From Operating Activities  Change in net assets  Adjustment to reconcile change in net assets	\$ (106,170)	\$ 59,147
to net cash provided by operating activities:  Depreciation (Increase) decrease in:	437	
Contracts receivable Prepaid expenses Increase (decrease) in:	(33,765)	5,968 1,389
Accounts payable	(10,352)	3,423
Net Cash Provided (Used) by Operating Activities	(149,850)	69,927
Cash Flows From Investing Activities  Purchase of fixed assets	(2,622)	0
Net Cash (Used) in Investing Activities	(2,622)	0
Cash Flows From Financing Activities	0	0
Net Cash Provided by Financing Activities	0	0
Net Increase (Decrease) in Cash and Cash Equivalents	(152,472)	69,927
Cash and Cash Equivalents - Beginning of Year	1,158,543	1,088,616
Cash and Cash Equivalent - End of Year	\$ 1,006,071	\$ 1,158,543
SUPPLEMENTAL CASH FLOW INFORMATION: Interest paid	\$ 0	\$ 0
Disposal of fully depreciated fixed assets	\$ 2,724	\$ 0

#### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

#### Note 1. Organization

The Small-Scale Sustainable Infrastructure Development Fund, Inc. (S³IDF) was organized in the Commonwealth of Massachusetts as a nonprofit corporation on September 7, 2001. The stated purpose of the Organization is to facilitate, through financing and technical and business assistance, small-scale pro-poor sustainable energy, water, and sanitation infrastructure to be owned and operated by small local businesses and community organizations. Such investments are needed for poverty alleviation and overall economic advancement in the developing world. S³IDF works with non-government private, community, and nonprofit organizations in developing countries and links them with programs supporting infrastructure services such as energy, water supply, sanitation, transportation, telecommunications, and other investments related to the use of these services.

#### Note 2. Summary of Significant Accounting Policies

### a. <u>Standards of Accounting and Reporting</u>

The Organization follows the standards of accounting and financial reporting as described in the American Institute of Certified Public Accountants' Audit and Accounting Guide for "Not-for-Profit Organizations'.

#### b. <u>Financial Statement Presentation</u>

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. A description of the three net asset categories follows:

<u>Unrestricted</u> - Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

<u>Temporarily Restricted</u> - Net assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time.

<u>Permanently Restricted</u> - Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization. No permanently restricted assets were received or held during 2011 and 2010 and accordingly, these financials do not reflect any activity related to this class of net assets for 2011 and 2010.

#### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

#### (Continued)

### Note 2. Summary of Significant Accounting Policies (Continued)

#### c. Allocation of Expenses

Expenses by function have been allocated among program and supporting services directly or on the basis of time records and estimates made by the Organization's management. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

#### d. Cash and Cash Equivalents

For purposes of the statement of cash flows, The Small-Scale Sustainable Infrastructure Development Fund, Inc. considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

#### e. Use of Estimates

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

### f. Promises to Give

Unconditional promises to give are recognized as revenue or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

#### g. Restricted and Unrestricted Revenue

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. When a time or purpose restriction expires, restricted net assets are reclassified to unrestricted net assets and are reported in the Statement of Activities as net assets released from restriction.

#### h. <u>Donated Services</u>

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills are performed by people with those skills and would otherwise be purchased. The Organization received donated services during 2011 and 2010 of \$217,233 and \$210,558, respectively, which were recorded as in kind contributions and in kind salary expenses for donated time provided by the Executive Director and staff members.

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

### (Continued)

## Note 2. Summary of Significant Accounting Policies (Continued)

#### i. Designation of Unrestricted Net Assets

The Board of Directors voted to designate \$200,000 of unrestricted net assets for the operations of the India-based S³IDF entity. During 2011, the Organization paid out a portion of the funds, which brought the total designated amount at June 30, 2011 to \$100,000.

### j. Property and Equipment

These assets are recorded at cost, when purchased or if donated, at their estimated fair market value at date of donation. All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs and betterments that materially prolong the useful lives of assets are capitalized.

#### k. Depreciation

Provisions for depreciation are made in the accounts using the straight-line method over the estimated useful life of the asset. Equipment is being depreciated over three years.

### I. <u>Compensated Absences</u>

Employees of S<sup>3</sup>IDF, Inc. are entitled to paid vacation and paid sick days depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

#### Note 3. Tax Status

 $S^3IDF$ , Inc. is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code and accordingly, no provision for income taxes is included in the financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

#### Note 4. Uninsured Cash Balances

S<sup>3</sup>IDF, Inc. maintains its cash account at a local bank. Cash accounts at banks are insured by the Federal Deposit Insurance Corporation for up to \$250,000 at each bank. The amount in excess of insured limits was \$791,295 at June 30, 2011 and \$921,912 at June 30, 2010.

The Organization is currently in the process of opening accounts at separate banks to ensure FDIC Insurance to more of their cash.

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

#### (Continued)

#### Note 5. Significant Contributions

S<sup>3</sup>IDF, Inc. had a major contributor for the year ending June 30, 2010, which comprised 31% of total support and revenue.

#### Note 6. Related Party Transactions

The President of the Board of Directors is an in-kind employee of the Organization as detailed in Note 2h. His donated time was valued at \$150,225 during the year ended June 30, 2011 and \$153,188 during 2010. In addition, the Organization rents office space owned by this board member as detailed in Note 8.

The Treasurer of the Board of Directors is also an in-kind employee as detailed in Note 2h. His donated time was valued at \$31,100 during the year ended June 30, 2011 and \$19,658 during 2010, this board member was owed \$150 at June 30, 2010 for reimbursable expenses.

### Note 7. Equity Transfers

Equity transfers consist of funds provided by the Organization to support operations in India. As such, these funds are not expected to be returned to the Organization. During the year ended June 30, 2011, payments to subcontractors totaled \$125,750.

#### Note 8. Lease Commitments

The Organization currently leases office space, owned by the President of the Board of Directors, under a two year sublease which expired January 1, 2009. The sublease agreement has not been renewed and the Organization is renting the office space on a month to month basis at the rate as under the prior lease. The lease requires monthly payments of \$1,250. Rent expense totaled \$15,000 for the years ended June 30, 2011 and 2010, respectively.

#### Note 9. Subsequent Events

Subsequent events were evaluated through August 16, 2011, which is the date the financial statements were available to be issued.