Financial Statements June 30, 2015

FINANCIAL STATEMENTS JUNE 30, 2015

#### Table of Contents

	<u>PAGE</u>
Independent Auditors' Report	1
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6-10



To the Board of Trustees of The Small-Scale Sustainable Infrastructure Development Fund, Inc. Cambridge, Massachusetts

#### Independent Auditors' Report

We have audited the accompanying financial statements of Small-Scale Sustainable Infrastructure Development Fund, Inc. (S³IDF) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Small-Scale Sustainable Infrastructure Development Fund, Inc. (S³IDF) as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Longaly + associates P.C. GONZALEZ & ASSOCIATES, P.C.

Certified Public Accountants

Stoughton, Massachusetts April 21, 2016

#### STATEMENTS OF FINANCIAL POSITION JUNE 30, 2015

#### **ASSETS**

Current Assets	
Cash	\$ 874,640
Advances to employees	829
Prepaid expenses	5,558
Total current assets	881,027
Property and Equipment	
Office equipment	4,641
Less: accumulated depreciation	(2,958)
Total property and equipment	1,683
Other Assets	
Trademark	8,376
Investment in SELCO	110,000
Total other assets	118,376
Total Assets	\$ 1,001,086
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts payable	\$ 11,145
Payroll liabilities	3,250
Total current liabilities	14,395
Net Assets	
Unrestricted net assets	986,691
Total net assets	986,691
<u>Total Liabilities and Net Assets</u>	\$ 1,001,086

#### STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2015

Support and Revenue	Unr	estricted	mporarily estricted	V <del> </del>	Total
Contributions and grants Released from restriction	\$	77,240 262,152	\$ 262,152 (262,152)	\$	339,392
Contracts Interest income		66,125 244	,		66,125
In-kind salaries and consultants		244,358			244 244,358
Total support and revenue		650,119	0		650,119
Expenses Program services: Projects		287,922			287,922
Dissemination Total program services		188,347			188,347
			0		476,269
General and administrative Fundraising		112,867 53,515			112,867 53,515
Total expenses		642,652	0		642,652
Change in Net Assets		7,467	0		7,467
Net Assets - Beginning of Year		979,224	 0		979,224
Net Assets - End of Year	\$	986,691	\$ 0	\$	986,691

See accompanying notes and Independent Auditors' Report.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2015

	Projects	Disse	Dissemination	- ∞	Total Program Services	Adm	General and Administrative	Fun	Fundraising	Ь	Total
Staff Senior and other staff											
(pro-bono)	\$ 118,769	↔	81,519	↔	200,288	↔	29,538	↔	14,532	6	244,358
Salaries	49,467		58,513		107,980		56,257		29,923		194,160
Payroll Taxes	4,620		5,464		10,084		5,254		2,794		18,132
Benefits	12,137		6,990		22,127		5,989		3,099		31,215
	184,993		155,486		340,479		97,038		50,348		487,865
Accounting							8,000				8,000
Conferences/workshops			1,475		1,476						1,476
Consultants/Sub-contractors	52,058		7,920		59,978						59,978
Depreciation	131		108		239		64		33		336
Insurance	1,719		1,415		3,134		848		438		4,420
Memberships, reference materials	2,000		926		5,976				100		9/0/9
Miscellaneous	629		73		732		741		34		1,507
Office expenses	3,540		3,708		7,248		1,668		862		8/1/8
Office space	6,415		5,280		11,695		3,166		1,637		16,498
Payroll processing fees							1,094				1,094
Travel	33,407		11,906		45,313		248		63		45,624
Total	\$ 287,922	↔	188,347	↔	476,270	↔	112,867	↔	53,515	\$	642,652

See accompanying notes and Independent Auditors' Report.

#### STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2015

Cash Flows From Operating Activities		
Change in net assets	\$	7,467
Adjustment to reconcile change in net assets	•	,,,,,,,,
to net cash provided by operating activities:		
Depreciation		336
(Increase) decrease in:		000
Advances to employees		(829)
Prepaid expense		(1,740)
Increase (decrease) in:		(177 40)
Accounts payable		(7,833)
Payroll liabilities		(34,421)
		(01,121)
Net Cash Provided (Used) by Operating Activities		(37,020)
Cash Flows From Investing Activities		
Purchase of fixed assets		10.0101
Purchase of SELCO shares		(2,019)
FUICHASE OF SELCO snares	_	(110,000)
Net Cash (Used) by Investing Activities		(112,019)
		,
Cash Flows From Financing Activities	-	0
Net Cash Provided (Used) by Financing Activities		0
	S	
Net (Decrease) in Cash and Cash Equivalents		(149,039)
Cash and Cash Equivalents - Beginning of Year		1,023,679
	( <del>-</del>	1,020,077
Cash and Cash Equivalent - End of Year	\$	874,640

#### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

#### 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.

S<sup>3</sup>IDF also disseminates its approach, called the Social Merchant Bank Approach, to improve the effectiveness of projects and programs implemented by international and local development entities.

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

#### a. Standards of Accounting and Reporting

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 2015 and accordingly, these financials do not reflect any activity related to this class of net assets for 2015.

#### 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.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

#### (Continued)

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

#### d. <u>Cash and Cash Equivalents</u>

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. <u>Use of Estimates</u>

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. Donated Services

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 2015 of \$244,358, which were recorded as in-kind contributions and in-kind salary expenses for donated time provided by the Executive Director and staff members.

#### i. 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.

#### j. <u>Depreciation</u>

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.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

#### (Continued)

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

#### k. <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.

#### I. Fair Value

The Organization follows the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) Topic 820 "Fair Value Measurements and Disclosures", for assets and liabilities that are measured at fair value on a recurring basis, and to determine fair value disclosures. The standard defines fair value and it establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The standard applies to certain other existing pronouncements that require or permit fair value measurements. It does not establish or change any existing requirements for fair value accounting.

Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value accounting standard established a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The three tiers are defined as:

- Level 1 Observable inputs such as quoted prices in active markets.
- Level 2 Inputs other than Level 1 inputs that are observable, whether directly or
  indirectly, such as quoted prices for similar assets or liabilities; quoted prices in
  markets that are not active; or other inputs that are observable or can be
  corroborated by observable markets.
- Level 3 Unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions and are significant to the fair measurement.

The Organization's investments are valued as follows:

Level 3: Investments in corporations. The Organization reports the investment using the market value measurement.

#### m. <u>Investments</u>

The organization purchased 13.54% of the total shares of SELCO Solar Pvt. Ltd. (a social enterprise), a corporation, in fiscal year 2015. The total cost of the shares was \$110,000. The purchase cost of the SELCO shares were paid from restricted donations from the president of the Board of Directors.

#### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

#### (Continued)

#### Note 3. Tax Status

S³IDF, 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 \$628,064 at June 30, 2015.

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

#### Note 5. Lease Commitments

The Organization currently leases office space, owned by the President of the Board of Directors, under a one year sublease which expired June 30, 2013. The lease requires monthly payments of \$1,250 and includes automatic one-year extensions with option for not extending the lease with appropriate notification. Rent expense totaled \$15,000 for the year ended June 30, 2015, respectively.

#### Note 6. Contract Income and Significant Support

The Organization facilitates, 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 under a variety of third party agreements which provide for current payment on a provisional basis, subject to cost reports. During the year ended June 30, 2015, revenues earned under these grants and contracts were as follows:

Blue Moon Fund	\$ 202,000
NEXUS	66,125
Total	\$ 268,125
Percentage of total revenue	41%

#### Note 7. 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 \$189,240 during the year ended June 30, 2015. In addition, the Organization rents office space owned by this board member as detailed in Note 7.

#### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

(Continued)

#### Note 7. Related Party Transactions (Continued)

The Treasurer of the Board of Directors is also an in-kind employee as detailed in Note 2h. His donated time was valued at \$21,010 during the year ended June 30, 2015.

#### Note 8. Subsequent Events

Subsequent events were evaluated through April 21, 2016, which is the date the financial statements were available to be issued.