Financial Statements
June 30, 2016
(With Comparative Totals for 2015)

FINANCIAL STATEMENTS
JUNE 30, 2016

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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, 2016, 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, 2016, 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.

CONZALEZ ASSOCIATES, P.C. Certified Public Accountants

Stoughton, Massachusetts March. 19, 2017

STATEMENT OF FINANCIAL POSITION JUNE 30, 2016 (WITH COMPARATIVE TOTALS FOR 2015)

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<u> 733113</u>		0017	2015			
		2016	-	2015		
Current Assets						
Cash	\$	720,587	\$	874,640		
Accounts receivable		33,632				
Advances to employees		868		829		
Prepaid expenses		3,055		5,558		
Total current assets		758,142		881,027		
Fixed Assets	¥					
Office equipment		4,641		4,641		
Less: accumulated depreciation		(3,631)		(2,958)		
Total property and equipment		1,010		1,683		
		8				
Other Assets			¥			
Trademark		8,376		8,376		
Investment in SELCO		110,000	2	110,000		
Total other assets		118,376		118,376		
<u>Total Assets</u>	\$	877,528	\$	1,001,086		
LIABILITIES AND NET	ASSETS					
Current Liabilities						
Accounts payable	\$	10,817	\$	3,250		
Payroll liabilities	4	35,397	Ψ	11,145		
Total current liabilities	4	46,214	-	14,395		
Total Collotti liasilinos		40,214		14,070		
Net Assets						
Unrestricted net assets		694,487		986,691		
Temporarily restricted net assets	J .	136,827	·			
Total net assets		831,314		986,691		
Total Liabilities and Net Assets	\$	877,528	\$	1,001,086		

See accompanying notes and Independent Auditors' Report.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2016 (WITH COMPARATIVE TOTALS FOR 2015)

*				2016				2015
				nporarily				
Comment and December	Unr	estricted	Re	estricted		Total		Total
Support and Revenue	•	00.177	æ	100 500	Φ.	000 /7/		000 000
Grants and contributions Released from restriction	\$	93,176	\$	189,500	\$	282,676	\$	339,392
Contracts		52,673		(52,673)		1//00/		44.105
Interest income		164,926 . 131				164,926		66,125
In-kind salaries and consultants		219,193		g.		131		244
iri-kiria salahes ana consonanis		217,173	-			219,193		244,358
Total Support and Revenue		530,099		136,827		666,926		650,119
Expenses								
Program services								
Projects		384,060				384,060		287,922
Dissemination		218,054				218,054		188,347
Total program services		602,114				602,114	9	476,269
*								
General and administrative		132,526				132,526		112,867
Fundraising		87,663				87,663		53,516
Total expenses		822,303				822,303		642,652
Change in Net Assets		(292,204)		136,827		(155,377)		7,467
Net Assets - Beginning of Year		986,691		*		986,691		979,224
Net Assets - End of Year	\$	694,487	\$	136,827	\$	831,314	\$	986,691
	====				<u> </u>			

THE SMALL-SCALE SUSTAINABLE INFRASTRUCTURE DEVELOPMENT FUND, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2016 (WITH COMPARATIVE TOTALS FOR 2015)

					2016						2015
	Projects	Disse	Dissemination	F. 8	Total Program Services	Adm A	General and Administrative	Fundr	Fundraising	Total	Total
ff Senior and other staff			183 1					-	1		
(pro-bono)	\$ 150,980	↔	24,039	↔	175,019	↔	19,519	67	24,655 49,698	\$ 219,193	\$ 244,358 194,160
Saldries	0 505		7 096		16,691		4,442		3,354	24,487	18,132
Payroll laxes	13 691		10.126		23,817		6,339		4,786	34,942	31,215
	224,605		178,532		403,137		111,122		32,493	596,752	487,865
	ř		2.231		2,231		124			2,355	1,476
	46.565		1,101		999'29		06			67,756	59,978
	264		195		459		122		92	673	336
	2.091		1.546		3,637		896		731	5,336	4,420
Momborching reference materials	1 175		6.210	,	7,385		308		496	8,189	9/0′9
Members lips, reference marchais	1 436		843		2,279		3,034		182	5,495	1,507
	5 409		3.801		9,210		2,086		1,431	12,727	6,778
	6.391		4.726		11,117		2,959		2,234	16,310	16,498
							1,262			1,262	1,094
rdyloll plocessilig rees							9,872	ı		9,872	8,000
	30.470				30,470					30,470	
5	45,654		18,869		64,523		579		4	65,106	- 1
	\$ 384,060	€7	218,054	₩.	602,114	₩	132,526	\$	87,663	\$ 822,303	\$ 642,652
	١										

See accompanying notes and Independent Auditors' Report.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2016 (WITH COMPARATIVE TOTALS FOR 2015)

		2016	2015		
Cash Flows From Operating Activities	•				
Change in net assets	\$	(155,377)	\$	7,467	
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:					
Depreciation		673		336	
(Increase) decrease in:		6/3		336	
Accounts receivable		(33,632)			
Advances to employees		(39)		(829)	
Prepaid expenses		2,503		(1,740)	
Increase (decrease) in:		_,000		(.,, .0)	
Accrued expenses		7,567		(7,833)	
Payroll liabilities		24,252		(34,421)	
Net Cash Provided (Used) by Operating Activities		(154,053)		(37,020)	
Cash Flows From Investing Activities					
Purchase of fixed assets				(2,019)	
Purchase of SELCO shares	_			(110,000)	
Net Cash (Used) by Investing Activities		0		(112,019)	
Cash Flows From Financing Activities	-	0		0	
Increase (Decrease) in Cash and Cash Equivalents		(154,053)		(149,039)	
Cash and Cash Equivalents - Beginning of Year	-	874,640		1,023,679	
Cash and Cash Equivalents - End of Year	\$	720,587	\$	874,640	
SUPPLEMENTAL INFORMATION:					
Interest paid	\$	0	\$	0	

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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.

S³IDF 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. Financial Statement Presentation

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 2016 or 2015 and accordingly, these financials do not reflect any activity related to this class of net assets for 2016 or 2015.

c. <u>Allocation of Expenses</u>

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, 2016

(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. <u>Summarized Comparative Financial Statements</u>

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

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 2016 of \$219,193, 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, 2016

(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

k. <u>Compensated Absences</u>

Employees of S³IDF, 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, 2016

(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

S³IDF, 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 \$471,972 at June 30, 2016.

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, on a tenant at will basis. Monthly payments of \$1,250 are required. Rent expense totaled \$15,000 for the years ended June 30, 2016 and 2015, respectively.

Note 6. Significant Support

The Organization received grants in the amount of \$259,500 from two funders, which represents 39% of the Organization's total support and revenue for the year.

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 \$172,413 during the year ended June 30, 2016. In addition, the Organization rents office space owned by this board member as detailed in Note 5.

The Treasurer of the Board of Directors is also an in-kind employee as detailed in Note 2h. His donated time was valued at \$10,560 during the year ended June 30, 2016.

Note 8. Subsequent Events

Subsequent events were evaluated through March 19, 2017, which is the date the financial statements were available to be issued.