Financial Statements June 30, 2018 and 2017

FINANCIAL STATEMENTS JUNE 30, 2018 and 2017

#### Table of Contents

	<u>PAGE</u>
Independent Auditors' Report	1
Statements of Financial Position	2
Statements of Activities	3-4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8-11



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 positions as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years 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.

#### **Auditors' 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, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

GONZALEZ & ASSOCIATES, P.C. Certified Public Accountants

Stoughton, Massachusetts November 19, 2019

#### STATEMENT OF FINANCIAL POSITION JUNE 30, 2018 and 2017

#### **ASSETS**

Current Assets	1	2018		2017			
Cash	\$	E 4 4 470	¢	E/E 757			
Accounts receivable	φ	544,478 50,704	\$	565,757			
Advances to employees		30,704		74,107			
Prepaid expenses		359		1,087			
Total current assets		595,541		557			
, o tai comorn assers		373,341		641,508			
Fixed Assets							
Office equipment		4,641		4,641			
Less: accumulated depreciation		(4,641)		(4,304)			
Total property and equipment	-	0	-	337			
		O		337			
Other Assets							
Trademark		8,376		8,376			
Investment in SELCO		110,000		110,000			
Total other assets		118,376		118,376			
		1.0,0,0		110,070			
<u>Total Assets</u>	\$	713,917	\$	760,221			
LIABILITIES AND NET A	CCETC						
LIABILITIES AND NET A	133E13						
Current Liabilities							
Accounts payable	\$	14,021	\$	12,819			
Payroll liabilities	Ψ.	33,876	Ψ	27,648			
Total current liabilities		47,897		40,467			
		17,077		40,407			
Net Assets							
Unrestricted net assets		666,020		719,754			
Total net assets		666,020	18	719,754			
				,.			
Total Liabilities and Net Assets	\$	713,917	_\$	760,221			

See accompanying notes and Independent Auditors' Report.

#### STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2018

Support and Revenue		
Grants and contributions	\$	293,003
Contracts	Ψ.	229,551
Interest and dividend income		3,965
In-kind salaries and consultants		153,850
Asset recovery		200,000
*	-	200,000
<u>Total Support and Revenue</u>		880,369
Expenses		
Program services		
Projects		367,658
Dissemination		363,312
Total program services	-	730,970
General and administrative		137,997
Fundraising		65,136
Total expenses		934,103
Change in Net Assets		(53,734)
Net Assets - Beginning of Year		719,754
Net Assets - End of Year	\$	666,020

See accompanying notes and Independent Auditors' Report.

#### STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2017

Support and Revenue	_Un	restricted	nporarily estricted	,	Total
Grants and contributions Released from restriction	\$	212,551 86,570	\$ 86,570 (86,570)	\$	299,121
Contracts Interest income In-kind salaries and consultants		269,156 981			269,156 981
		153,063	 	-	153,063
<u>Total Support and Revenue</u>		722,321	0		722,321
Expenses Program services					
Projects Dissemination		345,520			345,520
Total program services		297,763 643,283	 	-	297,763 643,283
General and administrative Fundraising		109,279			109,279
Total expenses	_	81,319	 		81,319 833,881
Change in Net Assets		(111,560)	0		(111,560)
Net Assets - Beginning of Year		694,487	 136,827		831,314
Net Assets - End of Year	\$	719,754	\$ 0	\$	719,754

See accompanying notes and Independent Auditors' Report.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2018

Total		\$ 153.850	``	35,312	61,468	649,978	4,853	8,287	337	4,143	10,232	7,258	22,316	17,952	1,734	8.000	132,423	66,590	934,103
Fundraising			39,096	3,082	5,364	57,017	1,180		30	362	1,558	09	1,295	1,566				2,068	\$ 65,136
General and Administrative		\$ 12,910	82,437	6,022	10,483	111,852		2,468	57	705	325	6,467	2,833	3,062	1,734	8,000		494	
Total Program Services		131,465	277,815	26,208	45,621	481,109	3,673	5,819	250	3,076	8,349	731	18,188	13,324			132,423	64,028	730,970
Dissemination		\$ 46,896 \$	219,006	16,846	29,324	312,072	3,173	5,819	161	1,977	1,800	343	12,128	8,564				17,275	363,312 \$
Projects		\$ 84,569	58,809	9,362	16,297	169,037	200	×	88	1,099	6,549	388	900'9	4,760			132,423	46,753	\$ 367,658 \$
	Staff	senior and other start (pro-bono)	Salaries	Payroll Taxes	Benefits	Total staff expenses	Conferences/workshops	Consultants/sub-contractors	Depreciation	Insurance	Memberships, reference materials	Miscellaneous	Office expenses	Office space	Payroll processing fees	Professional fees	Transfers to India	Travel	Total

See accompanying notes and Independent Auditors' Report.

THE SMALL-SCALE SUSTAINABLE INFRASTRUCTURE DEVELOPMENT FUND, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2017

						Total		General				
					Δ.	Program	•	and				
	<b>Projects</b>	sts	Disse	Dissemination	S	Services	Adr	Administrative	Ē	Fundraising		Total
Staff												
Senior and other staff												
(pro-bono)	\$ 91,	91,289	₩.	39,327	₩	130,616	₩.	10,802	₩	11,645	₩	153,063
Salaries	,89	58,333		171,578		239,911		54,320		49,840		344,071
Payroll Taxes	10,	069'01		13,568		24,258		4,180		3,956		32,394
Benefits	12,	2,498		15,863		28,361		4,912		4,626		37,899
Total staff expenses	182,810	810		240,336		423,146		74,214		70,07		567,427
Conferences/workshops				2,537		2,537		124				2,661
Consultants/sub-contractors	–	1,184		8,953		10,137		4,843				14,980
Depreciation		276		236		512		94		79		673
Insurance	`-`	1,364		1,731		3,095		533		505		4,133
Memberships, reference materials	~~	1,500		9,000		7,500		1,195		3,787		12,482
Miscellaneous								12,171				12,171
Office expenses	. '6	9,159		7,818		16,977		3,127		2,234		22,338
Office space	6,3	6,249		7,932		14,181		2,444		2,313		18,938
Payroll processing fees								1,502				1,502
Professional fees								8,500				8,500
Transfers to India	137,503	503				137,503						137,503
Travel	5,4	175		22,220		27,695		532		2,346		30,573
Total	\$ 345,520	220	₩	297,763	↔	643,283	↔	109,279	\$	81,319	₩	833,881

See accompanying notes and Independent Auditors' Report.

#### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2018 and 2017

		2018		2017		
Cash Flows From Operating Activities						
Change in net assets	\$	(53,734)	\$	(111,560)		
Adjustments to reconcile change in net assets to	•		-	(,000)		
cash provided (used) by operating activities:						
Depreciation		337		673		
(Increase) decrease in:		007		0/0		
Accounts receivable		23,403		(40,475)		
Advances to employees		1,087		(219)		
Prepaid expenses		198		2,498		
Increase (decrease) in:		,,,		2,470		
Accrued expenses		1,202		2,002		
Payroll liabilities		6,228		(7,749)		
	-			1777		
Net Cash (Used) by Operating Activities		(21,279)		(154,830)		
Cash Flows From Investing Activities		0		0		
Cash Flows From Financing Activities		0		0		
(Decrease) in Cash and Cash Equivalents		(21,279)		(154,830)		
Cash and Cash Equivalents - Beginning of Year		565,757		720,587		
Cash and Cash Equivalents - End of Year	\$	544,478	\$	565,757		

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018 and 2017

#### 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

#### 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 2018 or 2017 and accordingly, these financials do not reflect any activity related to this class of net assets for 2018 or 2017.

#### 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, 2018 and 2017

#### (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. 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.

#### g. <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 of \$153,850 and \$153,063 in 2018 and 2017, respectively, which were recorded as in-kind contributions and in-kind salary expenses for donated time provided by the Executive Director and staff members.

#### h. 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.

#### i. <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.

#### j. <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, 2018 and 2017

#### (Continued)

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

#### k. 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 consist of investments in a corporation and are valued as Level 3 investments. The Organization reports the investment using the market value measurement.

#### 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

\$3IDF, 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 \$294,378 at June 30, 2018 and \$315,638 at June 30, 2017. 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, 2018 and 2017

#### (Continued)

#### Note 5. Lease Commitments

The Organization currently leases office space, owned by the President of the Board of Directors. Monthly payments of \$1,500 are required through December 31, 2018.

The Organization also periodically rents office space through Workbar. These are short term rental periods and there are no rental leases.

Rent expense totaled \$16,350 and \$17,385 for the years ended June 30, 2018 and 2017, respectively.

Future minimum lease payments are due as follows:

Fiscal year

\$ 9,000

#### Note 6. Significant Support

The Organization received donations in the amount of \$283,387 in 2018 and \$200,000 in 2017 from one funder, which represented 32% and 28% of the Organization's total support and revenue for the years ended June 30, 2018 and 2017.

#### 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 \$138,850 for the year ended June 30, 2018 and \$117,815 during the year ended June 30, 2017. 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 \$6,000 during the year ended June 30, 2018 and \$13,000 during the year ended June 30, 2017.

#### Note 8. Asset Recovery

In FY2018, the Organization received \$200,000 in asset recoveries from the Madoff Victim Fund in connection with the Bernard L. Madoff Investment Securities LLC (BLMIS) fraud scheme. The Organization reported a loss of \$500,000 in 2008 when the BLMIS fraud scheme occurred. Any additional recovery, if any, is uncertain.

#### Note 9. Subsequent Events

Subsequent events were evaluated through November 19, 2019, which is the date the financial statements were available to be issued.