Financial Statements
June 30, 2019
(With Comparative Totals for 2018)

FINANCIAL STATEMENTS JUNE 30, 2019

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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 positions as of June 30, 2019, 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, 2019, 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 September 1, 2020

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

ASSETS

		2019		2018
Current Assets Cash Investments	\$	220,017 127,187	\$	544,478
Accounts receivable		700		50,704
Prepaid expenses Total current assets	-	730 347,934		359 595,541
Fixed Assets				
Office equipment		5,891		4,641
Less: accumulated depreciation		(4,849)		(4,641)
Total property and equipment		1,042		0
Other Assets				
Trademark		8,376		8,376
Investment in SELCO		110,000	_	110,000
Total other assets		118,376		118,376
<u>Total Assets</u>	\$	467,352	\$	713,917
LIABILITIES AND NET A	SSETS			
Current Liabilities				
Accounts payable	\$	23,849	\$	14,021
Payroll liabilities	Ψ	14,188	Ψ	33,876
Total current liabilities		38,037		47,897
Net Assets				
Without donor restrictions		429,315		666,020
Total net assets		429,315		666,020
Total Liabilities and Net Assets	\$	467,352	\$	713,917

See accompanying notes and Independent Auditors' Report.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019 (WITH COMPARATIVE TOTALS FOR 2018)

	2019			2018	
Support and Revenue			R		
Grants and contributions	\$	289,792	\$	293,003	
Contracts		126,400		229,551	
Interest and dividend income		7,353		3,965	
In-kind salaries and consultants		145,383		153,850	
Asset recovery		83,250		200,000	
Unrealized (loss) on investments		(25,314)			
Total Support and Revenue		626,864		880,369	
Expenses					
Program services					
Projects		318,509		367,658	
Dissemination		324,245		363,312	
Total program services		642,754		730,970	
General and administrative		166,348		127 007	
Fundraising		17 10-1540-1		137,997	
Total expenses		54,467		65,136	
Total expenses		863,569		934,103	
Change in Net Assets		(236,705)		(53,734)	
Net Assets - Beginning of Year		666,020	_	719,754	
Net Assets - End of Year	\$	429,315	\$	666,020	

See accompanying notes and Independent Auditors' Report.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2019 (WITH COMPARATIVE TOTALS FOR 2018)

			201	9			2018
			Total	General			
			Program	and			
	Projects	Dissemination	Services	Administrative	Fundraising	Total	Total
Staff							
Senior and other staff							
(pro-bono)	\$ 77,974	\$ 46,036	\$ 124,010	\$ 12,050	\$ 9,323	\$ 145,383	\$ 153,850
Salaries	57,026	189,228	246,254	99,342	32,859	378,455	399,348
Payroll Taxes	5,324	17,668	22,992	9,525	3,069	35,586	35,312
Benefits	17,703	29,675	47,378	13,923	5,335	66,636	61,468
Total staff expenses	158,027	282,607	440,634	134,840	50,586	626,060	649,978
Conferences/workshops	396	3,787	4,183	433		4,616	4,853
Consultants/sub-contractors	1,700	9,638	11,338	2,843		14,181	8,287
Depreciation	54	93	147	43	18	208	337
Insurance	2			,,,,	, 0	200	4,143
Memberships, reference materials	648	668	1,316	683	120	2,119	10,232
Miscellaneous	306	156	462	8,314	28	8,804	7,258
Office expenses	4,186	10,004	14,190	3,292	1,262	18,744	22,316
Office space	5,222	8,754	13,976	4,107	1,574	19,657	17,952
Payroll processing fees		·		1,882	.,	1,882	1,734
Professional fees				9,500		9,500	8,000
Transfers to India	131,998		131,998	,		131,998	132,423
Travel	15,972	8,538	24,510	411	879	25,800	66,590
Total	\$ 318,509	\$ 324,245	\$ 642,754	\$ 166,348	\$ 54,467	\$ 863,569	\$ 934,103

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2019 (WITH COMPARATIVE TOTALS FOR 2018)

	2019		2018	
Cash Flows From Operating Activities				
Change in net assets	\$	(236,705)	\$	(53,734)
Adjustments to reconcile change in net assets to				
cash provided (used) by operating activities:				
Depreciation		208		337
Unrealized loss on investments		25,314		
Donated Stock		(151,367)		
(Increase) decrease in:				
Accounts receivable		50,704		23,403
Advances to employees				1,087
Prepaid expenses		(371)		198
Increase (decrease) in:				
Accrued expenses		9,828		1,202
Payroll liabilities		(19,688)		6,228
			0	
Net Cash (Used) by Operating Activities		(322,077)	8	(21,279)
Cash Flows From Investing Activities				
Purchase of fixed assets		(1,250)		
Purchase of investments	_	(1,134)		0
Net Cash (Used) by Investing Activities		(2,384)		0
Cook Flows From Figure 2 Aut 1995		•		_
Cash Flows From Financing Activities		0		0
(Decrease) in Cash and Cash Equivalents		(324,461)		(21,279)
Cash and Cash Equivalents - Beginning of Year	-	544,478		565,757
Cash and Cash Equivalents - End of Year	\$	220,017	\$	544,478

See accompanying notes and Independent Auditors' Report.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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. <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. Basis of presentation

The financial statements of Small-Scale Sustainable Infrastructure Development Fund, Inc. (S3IDF) have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require Small-Scale Sustainable Infrastructure Development Fund, Inc. (S3IDF) to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Small-Scale Sustainable Infrastructure Development Fund, Inc. (S3IDF)'s management and the board of directors.

Net assets with donor restrictions

Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Small-Scale Sustainable Infrastructure Development Fund, Inc. (S3IDF) or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

c. <u>Functional Expenses</u>

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, payroll taxes, insurance, rent, and telephone, which are allocated on the basis of estimates of time and effort.

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. Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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 \$145,383 and \$153,850 in 2019 and 2018, 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. <u>Property and Equipment</u>

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.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

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>Fair Value</u>

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 based on Level 1 inputs within the fair value hierarchy. In addition, the Organization's Investment in SELCO consist of investments in a corporation and are valued as Level 3 investments. The Organization reports the investment using the market value measurement.

k. New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Small-Scale Sustainable Infrastructure Development Fund, Inc. (S3IDF) has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

I. <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 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 2018 from which the summarized information was derived.

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. Availability and Liquidity

The following represents Small-Scale Sustainable Infrastructure Development Fund, Inc. (S3IDF)'s financial assets at June 30, 2019 and 2018:

Financial assets at year end:		2019	2018		
Cash and cash equivalents	\$	220,017	\$	544,478	
Accounts receivable				50,704	
Investments		127,187			
Total financial assets		347,204		595,182	
Financial assets available to meet general expenditures			-		
over the next twelve months	_\$	347,204	\$	595,182	

Small-Scale Sustainable Infrastructure Development Fund, Inc. (S3IDF)'s goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$216,000). As part of its liquidity plan, excess cash is invested in short-term investments.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient support and revenue to cover general expenditures not covered by donor-restricted resources.

Note 5. Investments

Small-Scale Sustainable Infrastructure Development Fund, Inc. (S3IDF) maintains an investment account. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Organization. Equities held at the brokerage are insured up to \$500,000 by the SIPC. Investments are carried at quoted market values as summarized below:

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

(Continued)

Note 5. Investments (Continued)

	2019				
		Cost	FMV		
Equities	\$	151,387	\$	127,187	
Total	\$	151,387	\$	127,187	

The following schedule summarizes the investment return and its classification in the statement of activities for the year:

	2019	
Interest and dividends	\$	1,860
Net unrealized (losses)		(25,314)
Net investment income	\$	(23,454)

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.

Note 6. 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, 2020.

Rent expense totaled \$18,000 and \$16,350 for the years ended June 30, 2019 and 2018, respectively.

Future minimum lease payments are due as follows:

Fiscal year 2020	\$ 18,000
Fiscal year 2021	9.000

Note 7. Significant Support

The Organization received donations in the amount of \$266,367 in 2019 and \$283,387 in 2018 from one funder, which represented 43% and 32% of the Organization's total support and revenue for the years ended June 30, 2019 and 2018.

Note 8. Related Party Transactions

The President of the Board of Directors is an in-kind employee of the Organization as detailed in Note 2g. His donated time was valued at \$145,883 for the year ended June 30, 2019 and \$138,850 during the year ended June 30, 2018. In addition, the Organization rents office space owned by this board member as detailed in Note 6.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

(Continued)

Note 8. Related Party Transactions (Continued)

The Treasurer of the Board of Directors is also an in-kind employee as detailed in Note 2g. His donated time was valued at \$1,500 during the year ended June 30, 2019 and \$6,000 during the year ended June 30, 2018.

Note 9. Asset Recovery

The Organization has now received \$283,250 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 10. Subsequent Events

Subsequent events were evaluated through September 1, 2020, which is the date the financial statements were available to be issued.