



**JOINT DEVELOPMENT ASSOCIATES  
INTERNATIONAL, INC.**

FINANCIAL STATEMENTS  
With Independent Auditors' Report

December 31, 2011

# JOINT DEVELOPMENT ASSOCIATES INTERNATIONAL, INC.

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Joint Development Associates International, Inc.  
Grand Junction, Colorado

We have audited the accompanying statement of financial position of Joint Development Associates International, Inc. (JDA) as of December 31, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of JDA's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of JDA's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of JDA as of December 31, 2011, and the change in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Capin Crouse LLP*

Colorado Springs, Colorado  
March 8, 2012

# JOINT DEVELOPMENT ASSOCIATES INTERNATIONAL, INC.

## Statement of Financial Position

December 31, 2011

### ASSETS:

#### Current assets:

Cash and cash equivalents	\$	151,961
Account receivable		69,353
		<u>221,314</u>
Property and equipment—net		<u>14,700</u>

Total Assets	\$	<u><u>236,014</u></u>
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### LIABILITIES AND NET ASSETS:

#### Current liabilities:

Accounts payable and accrued expenses	\$	25,632
Line of credit		27,571
		<u>53,203</u>

#### Net Assets:

##### Unrestricted:

Operating	\$	144,763
Equity in property and equipment		14,700
		<u>159,463</u>
Temporarily restricted		23,348
		<u>182,811</u>

Total Liabilities and Net Assets	\$	<u><u>236,014</u></u>
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See notes to financial statements

# JOINT DEVELOPMENT ASSOCIATES INTERNATIONAL, INC.

## Statement of Activities

Year Ended December 31, 2011

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE:</b>			
Federal grants	\$ 706,612	\$ -	\$ 706,612
Non-federal grants	31,397	-	31,397
Contributions and donations	16,956	75,979	92,935
Rent and fee revenues	2,174	-	2,174
Miscellaneous revenue	2,085	-	2,085
	<u>759,224</u>	<u>75,979</u>	<u>835,203</u>
<b>NET ASSETS RELEASED:</b>			
Purpose restrictions	94,380	(94,380)	-
	<u>94,380</u>	<u>(94,380)</u>	<u>-</u>
<b>EXPENSES:</b>			
Program services:			
Agriculture	726,967	-	726,967
Water development	90,039	-	90,039
Poverty alleviation	10,061	-	10,061
Project development	12,435	-	12,435
	<u>839,502</u>	<u>-</u>	<u>839,502</u>
Supporting activities:			
General and administrative	139,957	-	139,957
Fundraising	12,969	-	12,969
	<u>992,428</u>	<u>-</u>	<u>992,428</u>
Total Expenses	<u>992,428</u>	<u>-</u>	<u>992,428</u>
Change in Net Assets	(138,824)	(18,401)	(157,225)
Net Assets, Beginning of Year	<u>298,287</u>	<u>41,749</u>	<u>340,036</u>
Net Assets, End of Year	<u>\$ 159,463</u>	<u>\$ 23,348</u>	<u>\$ 182,811</u>

See notes to financial statements

# JOINT DEVELOPMENT ASSOCIATES INTERNATIONAL, INC.

## Statement of Cash Flows

Year Ended December 31, 2011

### CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (157,225)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	8,765
Gain on sale of assets	(280)
Change in operating assets and liabilities:	
Accounts receivable and other assets	136,662
Accrued interest on notes receivable, related party	2,050
Accounts payable and accrued expenses	3,375
Net Cash Used by Operating Activities	<u>(6,653)</u>

### CASH FLOWS FROM INVESTING ACTIVITIES:

Collection of notes receivable	33,711
Proceeds from sale of property and equipment	13,900
Net Cash Provided by Investing Activities	<u>47,611</u>

### CASH FLOWS FROM FINANCING ACTIVITIES:

Change in line of credit	12,571
Net Cash Provided by Financing Activities	<u>12,571</u>

Change in Cash and Cash Equivalents 53,529

Cash and Cash Equivalents, Beginning of Year 98,432

Cash and Cash Equivalents, End of Year \$ 151,961

See notes to financial statements

# JOINT DEVELOPMENT ASSOCIATES INTERNATIONAL, INC.

## Notes to Financial Statements

December 31, 2011

### 1. NATURE OF ORGANIZATION:

Joint Development Associates International, Inc. (JDA) is dedicated to assist in the transformational development of local communities by helping initiate and implement projects in areas of agriculture development, clean water, poverty alleviation, infrastructure development, community health education, and emergency aid and relief. JDA believes each person has unique creative abilities to make a difference in their lives, in their families, in their communities, and in their nation, and JDA seeks to empower these individuals and communities to tap into this creative potential by facilitating community projects through organizational and technical support.

The following programs provide an overview of JDA's recent involvement in northern Afghanistan during 2011:

#### **Agriculture Development:**

- **University Capacity Building:**

JDA has been working at the Balkh University Faculty of Agriculture since 2005. The present cycle of work has been under a subcontract to Purdue University in support of the Advancing Afghan Agriculture Alliance (A4) Project, which has been building teaching capacity at the major agricultural faculties of Afghanistan. At Balkh University, JDA has trained staff to deliver laboratories in soil science and plant biology topics and are providing these lab courses to all senior students in the agriculture program. Improvements have also been made to the faculty farm for student and teacher practical field application by building an enclosure, a well, toilet facilities, a farm manager's office, tool sheds, greenhouses and by providing tools and training. Students are exposed to improved and alternative agricultural practices through field visits to the JDA research farm and development center. Student interns are hired to be trained in and help manage agricultural projects. English language learning opportunities are provided to agriculture students and faculty members.

- **Farmer Training and Crop Demonstration:**

JDA is supporting the northern Afghanistan IDEA-NEW project under subcontract to ACDI/VOCA through crop demonstration and farmer training efforts intended to promote food security in the region by increasing yields of wheat and encouraging diversification into drought resistant crops such as oilseeds and pulses. Demonstrations and training to more than 3,000 farmers are being carried out in eight districts of Balkh Province, six districts of Jawzjan Province, three districts of Samangan Province, and two districts of Saripul Province. These are focused on use of improved seed, seed treatment, use of two-wheeled tractors for tillage, sowing and reaping, use of single row precision seeder, weed control using herbicides and control of insect pests. JDA is also training and demonstrating the use of lay flat pipe for irrigation in this program of work. Demonstrations are being carried out on local plots and supervised by government extension workers, who will also carry out farmer training, including regular field days, at which the improved techniques are taught to farmers.

# JOINT DEVELOPMENT ASSOCIATES INTERNATIONAL, INC.

## Notes to Financial Statements

December 31, 2011

### 1. NATURE OF ORGANIZATION, continued:

#### **Agriculture Development, continued:**

- **Two-Wheel Tractors:**

In 2005, JDA pioneered the work of two-wheel tractors and implements, imported from China, and has seen a steady increase of use and change in attitudes for mechanization. Typical farmers are heavily resistant to change and new ideas but more and more JDA is seeing improved planting and farm productivity as the result of appropriate mechanization. Farmers are starting to see that these small units can become small businesses as they rent themselves with their tractors out to other farmers. At the end of 2010, USAID embraced this program and funded another international NGO for a mass distribution of more than 4,000 of these two wheel tractors with implements to 18 provinces.

#### **Water, Sanitation, and Hygiene (WASH)**

In partnership with Lifewater International, JDA is implementing a water, sanitation and hygiene (WASH) project that proposes to 1) increase Afghan business capacity to conduct WASH development, 2) equip a Development Center for training, 3) improve community well-being through WASH interventions, and 4) educate local schools in WASH principles and provision of clean water through new wells and hand pump and biosand filters. Through this program, local business capacity has been developed through training of staff from, Osiyo Hamkorlik Construction (OH), in the areas of water well drilling, installation and maintenance of hand pumps, latrine construction and biosand filter construction, operation and maintenance. The Development Center has been equipped with three new wells, three Afridev hand pumps, a demonstration biosand filter and two demonstration latrines that will be used for future training programs. More than 800 women from seven target communities have been trained and empowered to improve their health through hygiene and sanitation education. These women now share their training with others in their community, thereby raising both awareness and the level of education and equipping mothers in particular to make changes in their hygiene behavior leading to improved health for their families. Promotional events, such as home visits, school education, radio or television advertising, posters, and open houses have been held to further raise awareness and help create a demand for safe water supply and sanitation.

#### **Staffing**

JDA in both Afghanistan and the US has a total of 60 staff, including 53 Afghan professional and support staff and 7 ex-patriates that are managing programs and administration or providing short-term consultancies.

JDA's support comes from federal grants, individual donor contributions, and grants from sponsor organizations. The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal and state income tax. Contributions to JDA are tax deductible to donors under Section 170(c)(3) of the Code.

# JOINT DEVELOPMENT ASSOCIATES INTERNATIONAL, INC.

## Notes to Financial Statements

December 31, 2011

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

JDA uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of any contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

#### CASH AND CASH EQUIVALENTS

JDA considers all highly liquid instruments with maturities less than three months to be cash and cash equivalents. These accounts may, at times, exceed federally insured limits; however, JDA has not experienced any losses on these accounts and does not believe it is exposed to any significant credit risk.

#### ACCOUNT RECEIVABLE

JDA's account receivable is due from the United States government as a result of a grant agreement and is recorded at estimated net realizable value in the period in which it is earned. Management reviews the receivable periodically and provides an allowance for uncollectible accounts at a level which, in management's judgment, is adequate to absorb potential losses inherent from uncollectible receivables. The full amount of the account receivable was received subsequent to December 31, 2011, therefore, an allowance for doubtful accounts has not been recorded as of December 31, 2011.

#### PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, or if donated, at the estimated fair market value at the date of donation. Property donated with restrictions regarding its use and contributions of cash to acquire property are reported as restricted support. Absent any donor stipulations, these restrictions expire when the asset is acquired or placed in service, and a reclassification is made from temporarily restricted net assets to unrestricted net assets at that time. Depreciation is recorded using the straight-line method over estimated useful lives ranging between 3 and 10 years. Property and equipment purchases exceeding \$10,000 are capitalized.

#### NET ASSETS

The net assets of JDA are reported according to class as follows:

*Unrestricted net assets* are those currently available for operating purposes under the direction of the board and those resources invested in property and equipment.

*Temporarily restricted net assets* are those contributed with donor stipulations for specific operating purposes and programs, such as staff support.

# JOINT DEVELOPMENT ASSOCIATES INTERNATIONAL, INC.

## Notes to Financial Statements

December 31, 2011

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### SUPPORT AND REVENUE

Grant revenue is recognized when earned. Support is recorded when contributions are made, which may be when cash and other assets are received or unconditionally promised. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions and grant revenue restricted for specific purposes that are received and spent in the same year are shown as unrestricted on the statement of activities. All contributions are considered available for unrestricted use unless specifically restricted by the donor or grantor.

#### FUNCTIONAL ALLOCATION OF EXPENSES

Expenses are reported when costs are incurred. The costs of providing various program services and supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, costs related to more than one function, such as payroll expenses, have been allocated among the program services and supporting activities benefited.

#### UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statement of activities. As of December 31, 2011, JDA had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

#### RECENTLY ADOPTED ACCOUNTING STANDARDS

The FASB recently issued an accounting standards update to the Receivables Topic of the ASC. The new standard requires additional disclosures related to the credit quality of financing receivables and the allowance for credit losses. For nonpublic entities, disclosure requirements are effective for years ending on or after December 15, 2011. There was no impact on JDA's financial statements or footnote disclosures as a result of this pronouncement.

# JOINT DEVELOPMENT ASSOCIATES INTERNATIONAL, INC.

## Notes to Financial Statements

December 31, 2011

3. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net, consists of the following as of December 31, 2011:

Buildings	\$ 54,000
Vehicles	27,720
Furniture and equipment	11,495
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	93,215
Less: Accumulated depreciation	(78,515)
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	\$ 14,700
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4. LINE OF CREDIT:

JDA entered into a \$25,000 revolving line of credit agreement in 2009, with no maturity date. During 2010, the line of credit was increased to \$28,000. As of December 31, 2011, the interest rate was 5.25% and there was \$27,571 drawn on the line of credit. JDA was in compliance with or had received waivers for the line of credit covenants as of December 31, 2011. Subsequent to December 31, 2011, the line of credit was paid off in full.

5. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of the following as of December 31, 2011:

Wash program	\$ 14,273
Staff support	9,075
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	\$ 23,348
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6. RELATED PARTY:

An officer of JDA is the CEO of OH Afghanistan, Inc. (OHA) which operates in selling agriculture machinery and supplies to help support the work of JDA in Afghanistan. During the year ended December 31, 2011, JDA paid OHA for vehicle use fees and other services in the amount of \$52,183. JDA also received a payment of \$33,711 from OHA to pay off a note receivable during the year ended December 31, 2011.

An officer of JDA is also the General Manager of Lifetech International, LLC (LT) and the CEO of Global Business Resources, Inc. (GBR). During the year ended December 31, 2011, JDA received fees and services and other income from LT and GBR in the amount of \$11,572 and \$3,549, respectively.

# JOINT DEVELOPMENT ASSOCIATES INTERNATIONAL, INC.

## Notes to Financial Statements

December 31, 2011

### 7. FOREIGN OPERATIONS:

In connection with its foreign project, JDA maintains programs and supporting facilities and services in various countries outside the United States. As of December 31, 2011, assets in other countries totaled approximately \$58,450, and liabilities in other countries were approximately \$28,442. Total public support and revenue received from foreign sources totaled approximately \$31,540 for the year ended December 31, 2011. The account balances relating to foreign operations are reflected in the financial statements in United States dollars.

The large majority of JDA's operations occur in Afghanistan, which continues to undergo significant political, economic, and social change. In this environment, unforeseen events could disrupt JDA's operations. The geographic concentration of JDA's operations in Afghanistan also makes them vulnerable to the risk of lost support. The accompanying financial statements do not include adjustments for these risks, nor for the effects that their realization would have on the ability of JDA to continue its operations or to recover its assets located in Afghanistan, as the effects of these risks are not possible to reasonably estimate.

### 8. CONCENTRATIONS:

JDA received federal grants of \$647,698 from one organization during the year ended December 31, 2011. These gifts accounted for approximately 78% of total support and revenue during the year ended December 31, 2011.

### 9. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

## **INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION**

Board of Directors  
Joint Development Associates International, Inc.  
Grand Junction, Colorado

We have audited the financial statements of Joint Development Associates International, Inc. as of and for the year ended December 31, 2011, and have issued our report thereon dated March 8, 2012, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the basic financial statements as a whole. The supplemental information located on page 12 is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Capin Crouse LLP*

Colorado Springs, Colorado  
March 8, 2012

# JOINT DEVELOPMENT ASSOCIATES INTERNATIONAL, INC.

## Statement of Functional Expenses

Year Ended December 31, 2011

	Program Services				Total Program	Supporting Activities		Total
	Agriculture	Water Development	Poverty Alleviation	Project Development		Management and General	Fundraising	
Salaries and related expenses	\$ 301,363	\$ 53,940	\$ 2,081	\$ 4,960	\$ 362,344	\$ 79,061	\$ 12,220	\$ 453,625
Training services	125,930	293	5,090	224	131,537	-	-	131,537
Office and occupancy	75,353	1,417	1,389	1,918	80,077	41,872	-	121,949
Travel and transport	82,345	10,299	1,448	2,679	96,771	2,568	344	99,683
Equipment and materials	67,388	19,224	-	774	87,386	-	-	87,386
Employee benefits	64,355	3,482	-	1,880	69,717	8,353	-	78,070
Miscellaneous	2,842	61	2	-	2,905	8,103	405	11,413
Depreciation expense	7,391	1,323	51	-	8,765	-	-	8,765
	<u>\$ 726,967</u>	<u>\$ 90,039</u>	<u>\$ 10,061</u>	<u>\$ 12,435</u>	<u>\$ 839,502</u>	<u>\$ 139,957</u>	<u>\$ 12,969</u>	<u>\$ 992,428</u>

See notes to financial statements