



**JOINT DEVELOPMENT ASSOCIATES
INTERNATIONAL, INC.**

FINANCIAL STATEMENTS
With Independent Auditors' Report

December 31, 2013 and 2012

JOINT DEVELOPMENT ASSOCIATES INTERNATIONAL, INC.

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6
Supplemental Information	
Independent Auditors' Report on Supplemental Information	13
Statement of Functional Expenses–December 31, 2013	14
Statement of Functional Expenses–December 31, 2012	15

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Joint Development Associates International, Inc., which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities 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 audits. We conducted our audits 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.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Joint Development Associates International, Inc., as of December 31, 2013 and 2012, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Colorado Springs, Colorado
February 25, 2014

JOINT DEVELOPMENT ASSOCIATES INTERNATIONAL, INC.

Statements of Financial Position

	December 31,	
	2013	2012
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 235,092	\$ 146,237
Accounts receivable	52,090	119,289
Prepaid expenses	2,110	7,200
	<u>289,292</u>	<u>272,726</u>
Property and equipment—net	8,622	5,600
	<u>8,622</u>	<u>5,600</u>
Total Assets	<u>\$ 297,914</u>	<u>\$ 278,326</u>
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable and accrued expenses	\$ 15,275	\$ 40,845
	<u>15,275</u>	<u>40,845</u>
Net assets:		
Unrestricted:		
Operating	183,834	227,831
Equity in property and equipment	8,622	5,600
	<u>192,456</u>	<u>233,431</u>
Temporarily restricted	90,183	4,050
	<u>90,183</u>	<u>4,050</u>
	<u>282,639</u>	<u>237,481</u>
Total Liabilities and Net Assets	<u>\$ 297,914</u>	<u>\$ 278,326</u>

See notes to financial statements

JOINT DEVELOPMENT ASSOCIATES INTERNATIONAL, INC.

Statements of Activities

	Year Ended December 31,					
	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Federal contract revenue	\$ 581,978	\$ -	\$ 581,978	\$ 790,315	\$ -	\$ 790,315
Contributions and donations	14,211	252,275	266,486	5,151	69,490	74,641
Gain on sale of assets	-	-	-	147,500	-	147,500
Rent and fee revenues	10,097	-	10,097	16,652	-	16,652
Miscellaneous revenue	7,067	-	7,067	6,048	-	6,048
Total Support and Revenue	613,353	252,275	865,628	965,666	69,490	1,035,156
NET ASSETS RELEASED:						
Purpose restrictions	166,142	(166,142)	-	88,788	(88,788)	-
EXPENSES:						
Program services:						
Agriculture	549,710	-	549,710	750,403	-	750,403
Water development	112,162	-	112,162	58,359	-	58,359
Project development	6,899	-	6,899	4,013	-	4,013
Education	5,741	-	5,741	-	-	-
	674,512	-	674,512	812,775	-	812,775
Supporting activities:						
General and administrative	142,778	-	142,778	164,531	-	164,531
Fundraising	3,180	-	3,180	3,180	-	3,180
Total Expenses	820,470	-	820,470	980,486	-	980,486
Change in Net Assets	(40,975)	86,133	45,158	73,968	(19,298)	54,670
Net Assets, Beginning of Year	233,431	4,050	237,481	159,463	23,348	182,811
Net Assets, End of Year	\$ 192,456	\$ 90,183	\$ 282,639	\$ 233,431	\$ 4,050	\$ 237,481

See notes to financial statements

JOINT DEVELOPMENT ASSOCIATES INTERNATIONAL, INC.

Statements of Cash Flows

	Year Ended December 31	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 45,158	\$ 54,670
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	3,828	7,300
Gain on sale of property and equipment	-	(147,500)
Change in operating assets and liabilities:		
Accounts receivable	67,199	(49,936)
Prepaid expenses	5,090	(7,200)
Accounts payable and accrued expenses	(25,570)	15,213
Net Cash Provided (Used) by Operating Activities	95,705	(127,453)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(6,850)	-
Proceeds from sale of property and equipment	-	149,300
Net Cash Provided (Used) by Investing Activities	(6,850)	149,300
CASH FLOWS FROM FINANCING ACTIVITIES:		
Change in line of credit	-	(27,571)
Net Cash Used by Financing Activities	-	(27,571)
Change in Cash and Cash Equivalents	88,855	(5,724)
Cash and Cash Equivalents, Beginning of Year	146,237	151,961
Cash and Cash Equivalents, End of Year	\$ 235,092	\$ 146,237

See notes to financial statements

JOINT DEVELOPMENT ASSOCIATES INTERNATIONAL, INC.

Notes to Financial Statements

December 31, 2013 and 2012

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 2013:

Agriculture Development:

- **University Capacity Building:**

JDA has been working at the Balkh University Faculty of Agriculture since 2005. 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 9,000 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, 2013 and 2012

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.

Water, Sanitation, and Hygiene (WASH)

JDA continues to promote 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 wellbeing through WASH interventions, and 4) educate local schools in WASH principles and provision of clean water through new wells and handpump and biosand filters.

A BLiSS (Birth Life Saving Skills) component was added to the WASH program in 2012. It teaches women how to provide basic but essential first aid around pregnancy, birth and new born care. BLiSS courses are home-based, participatory learning sessions taught by women for women. Designed for an illiterate population, lessons are shown in images and drawings. Female teachers share knowledge about basic care during pregnancy, how to spot warning signs during birth, and how to intervene in potentially life-threatening circumstances.

More than 2,400 women from eleven target communities have been trained and empowered to improve their health through hygiene and sanitation education in 2013. 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.

Training and well drilling highlights for 2013 include: WASH training reached 1,923 women, 200 men, and 1,000 children. Additionally, 508 women were training in BLiSS, and 18 men learned about handpump repair and Bio Sand Filters (BSF). Through the drilling of 13 new wells and the repair of 4 handpumps, 9,300 people received access to new, clean water sources.

JOINT DEVELOPMENT ASSOCIATES INTERNATIONAL, INC.

Notes to Financial Statements

December 31, 2013 and 2012

1. NATURE OF ORGANIZATION, continued:

Other Resources/Facilities/Assets

JDA's current base of operations is at the main office in Mazar-i-Sharif which houses the staff operations and small demonstrations in greenhouse production and oil press operations. Agricultural research and demonstrations are also carried out at the 0.8 ha JDA Research Center and 3 ha Development Center located outside of Mazar-i-Sharif. The Development Center is also equipped with a training center and several wells to carry out well drilling, installation and maintenance for the WASH program. JDA's effectiveness in its Central Asian development work has been as a result of the networks and partnerships developed by its founder and president, Bob Hedlund, and through the experienced personnel that he has brought in through 20 years of work in the region.

Staffing

JDA in both Afghanistan and the US has a total of about 50 staff, mainly Afghan professionals and support staff, as well as three ex-patriates who are managing programs and administration or providing short-term consultancies.

JDA's support comes from federal contract revenue, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

JDA maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of any contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. 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.

JOINT DEVELOPMENT ASSOCIATES INTERNATIONAL, INC.

Notes to Financial Statements

December 31, 2013 and 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ACCOUNTS RECEIVABLE

JDA's accounts receivable are due from the United States government as a result of a grant agreement and are recorded at estimated net realizable value in the period in which they are earned. Management reviews the receivables 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 accounts receivable were received subsequent to years ended December 31, 2013 and 2012, therefore, an allowance for doubtful accounts has not been recorded as of December 31, 2013 and 2012, respectively.

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 of 5 years. Property and equipment purchases exceeding \$5,000 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, including staff support and WASH projects.

SUPPORT AND REVENUE

Federal contract and 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 statements of activities as net assets released from restrictions. 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 statements 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.

JOINT DEVELOPMENT ASSOCIATES INTERNATIONAL, INC.

Notes to Financial Statements

December 31, 2013 and 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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 statements of activities. As of December 31, 2013, JDA had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

JDA's federal Exempt Organization Business Income Tax Returns (Form 990) for the years ended December 31, 2012, 2011, and 2010 are subject to examination by the IRS, generally for three years after they were filed.

3. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net, consists of:

	December 31,	
	2013	2012
Vehicles	\$ 27,720	\$ 27,720
Furniture and equipment	18,345	11,495
	<u>46,065</u>	<u>39,215</u>
Less: Accumulated depreciation	(37,443)	(33,615)
	<u>\$ 8,622</u>	<u>\$ 5,600</u>

4. LINE OF CREDIT:

JDA has a \$28,000 revolving line of credit agreement with no maturity date. As of December 31, 2013 and 2012, the interest rate was 5.25% and the outstanding balance was \$0. JDA was in compliance with or had received waivers for the line of credit covenants as of December 31, 2013 and 2012.

5. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of:

	December 31,	
	2013	2012
WASH program	\$ 84,243	\$ -
Staff support	5,940	4,050
	<u>\$ 90,183</u>	<u>\$ 4,050</u>

JOINT DEVELOPMENT ASSOCIATES INTERNATIONAL, INC.

Notes to Financial Statements

December 31, 2013 and 2012

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 years ended December 31, 2013 and 2012, JDA paid OHA for vehicle use fees and other services in the amount of \$0 and \$6,146, respectively. During the year ended December 31, 2013, JDA purchased \$6,850 of property and equipment from OHA.

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 years ended December 31, 2013 and 2012, JDA received fees and services and other income from LT in the amount of \$7,217 and \$13,390, respectively. During the years ended December 31, 2013 and 2012, JDA received fees and services and other income from GBR in the amount of \$0 and \$2,361, respectively.

7. FOREIGN OPERATIONS:

In connection with its foreign project, JDA maintains programs and supporting facilities and services in various countries outside the United States. For the years ended December 31, 2013 and 2012, assets in other countries totaled approximately \$24,124 and \$56,495, respectively, and liabilities in other countries were approximately \$12,462 and \$22,694, respectively. Total public support and revenue received from foreign sources totaled approximately \$55,433 and \$0 for the years ended December 31, 2013 and 2012, respectively. 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 contract revenue from the U.S. government for use in Afghanistan of \$581,978 and \$715,901, from one organization, during the years ended December 31, 2013 and 2012, respectively. This support and revenue accounted for approximately 67% and 69% of total support and revenue during the years ended December 31, 2013 and 2012, respectively. Currently, the U.S. government does not have a working agreement with the Afghan government to provide further grants for use in Afghanistan, therefore, JDA does not have any federal awards secured for years ending December 31, 2014 and beyond, as of the date of this report. The future funding from the U.S. government for projects in Afghanistan is contingent upon the U.S. government and the Afghan government agreeing to a bi-lateral security agreement that would allow for the U.S. government to provide aid to Afghanistan. If such an agreement is made, it is possible that JDA could receive further funding, however, the likelihood of this scenario is not easily determinable. Therefore, JDA has reduced operations in Afghanistan to only allow for privately funded operations for the year ended December 31, 2014. If U.S. government funding were received in the future, JDA would resume operations to appropriate levels.

JOINT DEVELOPMENT ASSOCIATES INTERNATIONAL, INC.

Notes to Financial Statements

December 31, 2013 and 2012

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 years ended December 31, 2013 and 2012, and our report thereon dated February 25, 2014, which expresses an unmodified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses are presented for purposes of additional analysis and are 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 audit 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
February 25, 2014

JOINT DEVELOPMENT ASSOCIATES INTERNATIONAL, INC.

Statement of Functional Expenses

Year Ended December 31, 2013

	Program Services				Total Program	Supporting Activities		Total
	Agriculture	Water Development	Project Development	Education		Management and General	Fundraising	
Salaries and related expenses	\$ 282,020	\$ 54,034	\$ 2,516	\$ -	\$ 338,570	\$ 99,946	\$ 3,180	\$ 441,696
Travel and transport	82,563	12,352	33	300	95,248	8,270	-	103,518
Office and occupancy	49,512	6,392	3,142	3,452	62,498	27,431	-	89,929
Training services	73,066	908	975	1,507	76,456	-	-	76,456
Employee benefits	58,748	9,368	-	215	68,331	7,131	-	75,462
Equipment and materials	255	29,108	218	-	29,581	-	-	29,581
Depreciation expense	3,546	-	15	267	3,828	-	-	3,828
	<u>\$ 549,710</u>	<u>\$ 112,162</u>	<u>\$ 6,899</u>	<u>\$ 5,741</u>	<u>\$ 674,512</u>	<u>\$ 142,778</u>	<u>\$ 3,180</u>	<u>\$ 820,470</u>

JOINT DEVELOPMENT ASSOCIATES INTERNATIONAL, INC.

Statement of Functional Expenses

Year Ended December 31, 2012

	Program Services				Total Program	Supporting Activities		Total
	Agriculture	Water Development	Project Development	Education		Management and General	Fundraising	
Salaries and related expenses	\$ 330,012	\$ 31,679	\$ 1,786	\$ -	\$ 363,477	\$ 113,996	\$ 3,180	\$ 480,653
Travel and transport	96,359	7,558	326	-	104,243	8,888	-	113,131
Office and occupancy	68,586	5,099	850	-	74,535	31,820	-	106,355
Training services	155,033	3,475	1,022	-	159,530	-	-	159,530
Employee benefits	64,838	4,318	-	-	69,156	9,827	-	78,983
Equipment and materials	28,813	5,721	-	-	34,534	-	-	34,534
Depreciation expense	6,762	509	29	-	7,300	-	-	7,300
	<u>\$ 750,403</u>	<u>\$ 58,359</u>	<u>\$ 4,013</u>	<u>\$ -</u>	<u>\$ 812,775</u>	<u>\$ 164,531</u>	<u>\$ 3,180</u>	<u>\$ 980,486</u>