

**SUSTAINABLE INNOVATIONS, INC.**

**FINANCIAL STATEMENTS**

**For the Years Ended December 31, 2017  
and December 31, 2016**

ASK International, Inc.  
Certified Public Accountants

**SUSTAINABLE INNOVATIONS, INC.**

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Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

**To The Board of Directors  
Sustainable Innovations, Inc.  
12150 Monument Drive, 4<sup>th</sup> FL  
Fairfax, VA 22033**

We have audited the accompanying financial statements of Sustainable Innovations, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2017 and December 31, 2016, 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.

### **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 Sustainable Innovations, Inc. as of December 31, 2017 and December 31, 2016, 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.

A handwritten signature in cursive script, appearing to read 'Roger J. Sullivan'.

**ASK Int'l, Inc.  
June 6, 2018**

**Sustainable Innovations, Inc.**  
**Statement of Financial Position**  
**As of December 31,**

	2017	2016
<b><u>Assets</u></b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 11,568	\$ 104,181
Investment Accounts	437,537	405,625
Prepaid Expenses	750	750
<b>Total Current Assets</b>	<b>449,855</b>	<b>510,556</b>
<b>Fixed Assets</b>		
Office Equipment	1,430	1,430
Accumulated Depreciation	(1,430)	(1,430)
<b>Net Fixed Assets</b>	<b>0</b>	<b>0</b>
<b>Total Assets</b>	<b>\$ 449,855</b>	<b>\$ 407,477</b>
 <b><u>Liabilities &amp; Equity</u></b>		
<b>Current Liabilities</b>		
Direct Deposit Liabilities	8,043	0
Payroll Tax Liabilities	1,403	0
<b>Total Current Liabilities</b>	<b>9,446</b>	<b>0</b>
<b>Long Term Liabilities</b>		
Deferred Compensation	290,023	307,000
<b>Total Long Term Liabilities</b>	<b>290,023</b>	<b>307,000</b>
<b>Total Liabilities</b>	<b>299,469</b>	<b>307,000</b>
 <b>Net Assets</b>		
Unrestricted Net Assets	150,386	203,556
<b>Total Equity</b>	<b>150,386</b>	<b>203,556</b>
 <b>Total Liabilities &amp; Equity</b>	<b>\$ 449,855</b>	<b>\$ 510,556</b>

See independent auditor's report and accompanying notes to the financial statements.

**Sustainable Innovations, Inc.**  
**Statement of Activities and Net Assets**  
**For the Year Ended December 31,**

	2017	2016
<b>Revenue</b>		
Direct Public Support	\$ 8,905	\$ 28,463
Direct Public Grants	50,000	119,450
Indirect Public Support	37	49,125
<b>Total Revenue</b>	<b>58,942</b>	<b>197,038</b>
<b>Project Expenses</b>		
Project Development	120,000	120,000
Outside Contract Services	72,304	41,435
Office Admin	0	5,649
Software Development	4,080	17,020
Travel and Meetings	1,328	8,009
Per Diem and Meals	231	339
<b>Total Project Expenses</b>	<b>197,942</b>	<b>192,452</b>
<b>Gross Surplus (Deficit)</b>	<b>(139,000)</b>	<b>4,586</b>
<b>Operating Expenses</b>		
Accounting/Auditing	3,850	3,500
Advertising	219	80
Bank/Finance Charges	57	122
Computer & Internet Expenses	778	577
Donations	220	100
Memberships and Dues	0	360
Miscellaneous	875	3,169
Office Supplies	222	1,252
Parking	5	70
Payroll Taxes	4,834	4,834
Printing and Copying	0	70
Registration Fees	27	225
<b>Total Operating Expenses</b>	<b>11,087</b>	<b>8,770</b>
<b>Other Income</b>		
Debt Forgiveness	65,000	50,000
Interest/Dividends	9,865	9,784
Unrealized Gain (Loss)	22,052	15,859
<b>Total Other Income</b>	<b>96,917</b>	<b>75,643</b>
<b>Net Surplus (Deficit)</b>	<b>\$ (53,170)</b>	<b>\$ 71,459</b>
Beginning Net Assets	203,556	130,477
Prior Year Adjustment	0	1,620
<b>Ending Net Assets</b>	<b>\$ 150,386</b>	<b>\$ 203,556</b>

See independent auditor's report and accompanying notes to the financial statements.

**Sustainable Innovations, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended December 31,**

	<b>2017</b>	<b>2016</b>
<b>Net Income (Loss) from Operating Activities</b>	<b>\$ (53,170)</b>	<b>\$ 71,459</b>
<b>Cash from Operating Activities</b>		
(Increase) of Prepaid Expenses	0	(750)
Increase of Direct Deposit Liabilities	8,043	0
Increase of Payroll Tax Liabilities	1,403	0
<b>Net Cash Provided by Operating Activities</b>	<b>(43,724)</b>	<b>70,709</b>
<b>Cash from Investing Activities</b>		
MSSB Investment Accounts	(31,912)	(19,427)
<b>Net Cash Provided by Investing Activities</b>	<b>(31,912)</b>	<b>(19,427)</b>
<b>Cash from Financing Activities</b>		
Increase (Decrease) of Deferred Compensation	(16,977)	30,000
<b>Net Cash Provided by Financing Activities</b>	<b>(16,977)</b>	<b>30,000</b>
<b>Net Cash Increase (Decrease)</b>	<b>\$ (92,613)</b>	<b>\$ 81,282</b>
Cash at the beginning of period	104,181	21,280
Prior Period Adjustment	0	1,619
<b>Cash at the end of period</b>	<b>\$ 11,568</b>	<b>\$ 104,181</b>

See independent auditor's report and accompanying notes to the financial statements.

**Sustainable Innovations, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2016**

**Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Sustainable Innovations, Inc. was incorporated in April, 2007 as a Non-Stock Corporation.

The Articles of incorporation were amended in December 2007, to include Religious, Charitable, Scientific and Educational activities.

Sustainable Innovations, Inc. (The Company) was organized to engage in religious, charitable, scientific and educational purposes. On March 31, 2008, IRS determined that the organization is exempt from Federal Income Tax under section 501(c) (3) of the Internal Revenue Code.

The Company plans to focus its resources on two activities: (1) Project Arogya, identifying common, easily diagnosable and treatable medical ailments, and (2) Project Aakash Ganga, designing methods for providing clean water. Both activities will be targeted towards rural, impoverished and underserved populations, wherever they may be located.

The Company has been working in providing support services in rural areas of India.

The Company maintains their accounting system on an accrual basis.

**Note 2 – CASH AND CASH EQUIVALENTS**

The Company maintains its funds primarily in money market and mutual funds managed by Morgan Stanley. The money market portion of the investments is utilized for financial transactions in lieu of a traditional checking account and thus is classified as a cash equivalent. The money market balance at December 31, 2017 is \$7,091.19. A PayPal account set up for receipt of donations is also included in cash equivalents. The PayPal balance at December 31, 2017 is \$4,476.86.

**Note 3 – FIXED ASSETS**

The Company has office equipment which has maximum of three years of useful life. At this time, it is fully depreciated.

**Note 4 – GRANTS**

In 2017, the Company received an unrestricted grant of \$50,000.00 from Jain Family Foundation.

## **Note 5 – LAD TRUST**

In the prior year, 2009, the Agrawal family contributed \$9,000 to set up a "donor advised" Laxmi Narayan Ayodhya Devi Trust (LAD Trust). The family contributed an additional \$10,900 in 2010, making the total contribution to the LAD Trust \$19,900. At 12/31/2017, the LAD Trust is pending Foreign Contribution Regulatory Act (FCRA) approval from the Government of India.

## **Note 7 – DIRECTOR COMPENSATION**

In July 2009, the Board authorized to provide the Executive Director, B.P. Agrawal, \$10,000 per month as compensation for direct labor on project development. The direct labor for project Aakash Ganga was \$72,000 and for project Arogya was \$48,000. For 2010, Mr. Agrawal deferred \$64,000 in compensation, of which he was paid \$8,000 in January, 2011. Mr. Agrawal has decided to waive 50% of the remaining deferred compensation, or \$28,000, of his own volition. That means the books will show only \$28,000 in deferred compensation at 12/31/2010.

In 2011, Mr. Agrawal was paid \$52,000 in compensation for project development, in addition to the \$8,000 for the prior year. Of the remaining \$68,000 authorized for 2011, Mr. Agrawal deferred 50%, or \$34,000, and waived 50%, or \$34,000.

In 2012, Mr. Agrawal was paid \$40,000 in compensation for project development and has deferred \$80,000. The direct labor for project Aakash Ganga was \$48,000 and for project Arogya was \$72,000.

In 2013, Mr. Agrawal was paid \$35,000 in compensation for project development. Of the remaining \$85,000 authorized for 2013, Mr. Agrawal deferred \$50,000 and waived \$35,000. The direct labor for project Askash Ganga was \$17,000 and for project Arogya was \$68,000.

In 2014, Mr. Agrawal was paid \$40,000 in compensation for project development. Of the remaining \$ 80,000 authorized for 2014, Mr. Agrawal deferred \$ 40,000 and waived \$ 40,000. The direct labor for project Aakash Ganga was \$ 13,333 and for project Arogya was \$ 66,667.

In 2015, Mr. Agrawal was paid \$30,000 in compensation for project development. Of the remaining \$ 90,000 authorized for 2015, Mr. Agrawal deferred \$ 45,000 and waived \$ 45,000. The direct labor for project Aakash Ganga was \$ 15,000 and for project Arogya was \$ 60,000.

In 2016, Mr. Agrawal was paid \$40,000 in compensation for development of Project Arogya. Mr. Agrawal deferred the remaining \$80,000 authorized for 2016. Mr. Agrawal waived \$50,000 of deferred compensation from prior years, consisting of \$28,000 from 2010 and \$22,000 from 2011.

In 2017, Mr. Agrawal was paid \$71,977 in compensation and deferred the remaining \$48,023 authorized for 2017. The total compensation was allocated \$54,000 for project Aakash Ganga, \$54,000 for project Arogya and \$12,000 for G&A. Mr. Agrawal waived \$65,000 of deferred compensation from prior years, consisting of \$12,000 from 2011 and \$53,000 from 2012.



At December 31, 2017, the balance of Mr. Agrawal's deferred compensation is \$290,023 and the total amount waived is \$297,000.

The following table summarizes the deferred and waived compensation by year:

<u>Year</u>	<u>Deferred Compensation</u>	<u>Waived Compensation</u>
2010	\$ 0	\$56,000
2011	\$ 0	\$68,000
2012	\$27,000	\$53,000
2013	\$50,000	\$35,000
2014	\$40,000	\$40,000
2015	\$45,000	\$45,000
2016	\$80,000	\$ 0
2017	<u>\$48,023</u>	<u>\$ 0</u>
Total	\$290,023	\$297,000