

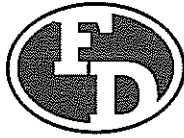
International Institute For Justice
and Development, Inc.

FINANCIAL STATEMENTS

January 31, 2010

CONTENTS

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



FRITZ DEGUGLIELMO LLC
*CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS*

INDEPENDENT AUDITORS' REPORT

Board of Directors
International Institute For Justice and Development, Inc.
Stoneham, Massachusetts

We have audited the accompanying statement of financial position of International Institute For Justice and Development, Inc. (a nonprofit organization) as of January 31, 2010, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Organization'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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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.

As explained in note E to the financial statements, donated supplies received in prior years and distributed this year to other charitable organizations are not recorded in these financial statements. In our opinion, accounting principles generally accepted in the United States of America require that donated supplies be recorded as inventory at fair value at the date of receipt and expensed as distributed. It was not practicable to determine the effects of the unrecorded expense on the financial statements.

In our opinion, except for the effects of the not recording the expenses as explained in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Institute For Justice and Development, Inc. as of January 31, 2010, and the changes 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.

Fritz DeGuglielmo LLC

Certified Public Accountants
February 23, 2011

International Institute For Justice and Development, Inc.

Statement of Financial Position

January 31, 2010

ASSETS

| | |
|--------------------------------|-------------------------|
| Cash | \$ 336 |
| Deposit | <u>1,350</u> |
| | <u>1,686</u> |
| | |
| Furniture and equipment | 22,337 |
| Less: Accumulated depreciation | <u>(7,446)</u> |
| | <u>14,891</u> |
| | |
| Total Assets | <u><u>\$ 16,577</u></u> |

LIABILITIES AND NET ASSETS

| | |
|----------------------------------|-------------------------|
| Accounts payable | \$ 1,453 |
| Event liability | <u>69,159</u> |
| | |
| Total Liabilities | <u>70,612</u> |
| | |
| Net Assets | |
| Unrestricted | <u>(54,035)</u> |
| | |
| Total Net Assets | <u>(54,035)</u> |
| | |
| Total Liabilities and Net Assets | <u><u>\$ 16,577</u></u> |

See accompanying notes to financial statements.

International Institute For Justice and Development, Inc.

Statement of Activities

For the year ended January 31, 2010

| <u>Unrestricted</u> | <u>Total</u> |
|---|--------------------------|
| Public Support and Revenues | |
| Contributions | <u>\$ 7,003</u> |
| Total Support, Revenues and Reclassifications | <u>7,003</u> |
| Expenses | |
| Program services | 12,499 |
| Management and general | <u>1,207</u> |
| Total Expenses | <u>13,706</u> |
| Change in Net Assets | (6,703) |
| Net Assets – Beginning of Year | <u>(47,332)</u> |
| Net Assets – End of Year | <u><u>\$(54,035)</u></u> |

See accompanying notes to financial statements.

International Institute For Justice and Development, Inc.

Statement of Cash Flows

For the year ended January 31, 2010

Cash Flows From Operating Activities

| | |
|--|----------------------|
| Change in net assets | \$ (6,703) |
| Depreciation | 7,446 |
| Adjustments to reconcile increase in net assets to net assets used in operating activities: | |
| Increase in deposit | (1,350) |
| Increase in accounts payable | 1,453 |
| Decrease in settlement liability | <u>(2,170)</u> |
| Net Cash Used in Operating Activities | <u>(1,324)</u> |
| Net decrease in cash and cash equivalents | (1,324) |
| Cash and cash equivalents, beginning of year | <u>1,660</u> |
| Cash and cash equivalents, end of year | <u><u>\$ 336</u></u> |
| Supplemental Data: | |
| Taxes paid | <u><u>-</u></u> |
| Interest paid | <u><u>-</u></u> |

See accompanying notes to financial statements.

International Institute For Justice and Development, Inc.

Statement of Functional Expenses

For the year ended January 31, 2010

| | Program Services | Management and General | Total |
|--------------------------|---------------------|------------------------------|------------------|
| Bank and finance charges | \$ - | \$ 504 | \$ 504 |
| Depreciation | 7,446 | - | 7,446 |
| Insurance | - | 500 | 500 |
| Occupancy | 3,460 | - | 3,460 |
| Telephone | 1,393 | - | 1,393 |
| Travel | 200 | - | 200 |
| Other | - | 203 | 203 |
| Total Expenses | <u>\$ 12,499</u> | <u>\$ 1,207</u> | <u>\$ 13,706</u> |

See accompanying notes to financial statements.

International Institute For Justice and Development, Inc.
Notes to Financial Statements
January 31, 2010

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

Organization

International Institute For Justice and Development, Inc. (“IJD”) is a non-profit organization and was organized in 2001 to promote the principles of democratic governance and the rule of law. IJD is an international consulting and educational organization with a broad range of programs based on participation, empowerment, and sustainability to confront the underlying causes of poverty, underdevelopment and insecurity.

Basis of Presentation

IJD prepares its financial statements in accordance with the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958 (formerly SFAS No. 117, “*Financial Statements of Not-for-Profit Organizations*”). Under FASB ASC 958, IJD is required to report information regarding its financial position and activities according to three classes of net assets as defined below:

Unrestricted Net Assets – consist of assets, public support and program revenues, which are available and used for operations and programs. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Temporarily Restricted Net Assets – include funds with donor-imposed restrictions, which permit the donee organization to expend the assets as specified, and are satisfied either by the passage of time or by actions of IJD. Resources of this nature originate from gifts, grants, bequests, contracts and investment income earned on restricted funds.

Permanently Restricted Net Assets – include resources, which have a permanent donor-imposed restriction, which stipulates that the assets are to be maintained permanently, but permits the organization to expend part or all of the income derived from the donated assets.

Furniture and Equipment

Furniture and equipment is recorded at cost. Depreciation is provided using the straight-line method over estimated useful lives.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

IJD is considered a non-profit organization by the Internal Revenue Service under Section 501(c)(3). The organization is exempt from income taxes.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions and grants received with donor stipulations that limit the use of donated assets are treated as temporarily restricted net assets. When the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same fiscal year in which the asset was received are recorded as unrestricted support or revenue.

Advertising Expense

Advertising costs are expensed as they are incurred.

International Institute For Justice and Development, Inc.
Notes to Financial Statements
January 31, 2010

NOTE A – *continued*

Subsequent Events

Subsequent events have been evaluated through February 23, 2011, which is the date the financial statements were available to be issued.

NOTE B – OPERATING LEASE

The Organization rents office space in Stoneham, Massachusetts under a 4 year lease. The original lease was for \$1,357 per month but was modified during fiscal 2010 to reduce the rent through July 2010. Future minimum lease payments on the lease are as follows:

| | |
|------------------|------------------|
| January 31, 2011 | \$ 12,662 |
| January 31, 2012 | 16,280 |
| January 31, 2013 | 16,280 |
| January 31, 2014 | <u>2,713</u> |
| Total | <u>\$ 47,935</u> |

Total rental expense was \$1,809 for the year ended January 31, 2010.

NOTE C – EVENT LIABILITY

During fiscal 2007, IIJD incurred costs for an event, but, due to various circumstances, did not generate enough revenue to cover costs. As of January 31, 2010, IIJD still owed balances to two credit card companies and a hotel chain totaling \$69,159. IIJD has subsequently attempted to negotiate a settlement. However, as of the date of this report, the Organization is still liable for the full amount of the balances.

NOTE D – TAX POSITION

During fiscal 2010, IIJD adopted the application of the provisions of FASB ASC 740-10 (formerly FASB Interpretation No. 48, “*Accounting For Uncertainty in Income Taxes*”). The primary tax positions made by IIJD are the existence of Unrelated Business Income Tax and IIJD’s status as an exempt organization under Section 501(c)(3) of the Internal Revenue Code. IIJD currently evaluates all tax positions, and makes determinations regarding the likelihood of those positions being upheld under review. For the years presented, and as a result of adoption, IIJD has not recognized any tax benefits or loss contingencies for uncertain tax positions based on its evaluations.

NOTE E – DONATED SUPPLIES

In prior years, the Organization received donated supplies to distribute as part of its programs. The Organization recorded an estimated inventory asset and a contribution in the year received. During fiscal 2010, the Organization did not receive any additional contributions and distributed the final inventory out to various organizations. A valuation of inventory at the beginning of the year could not be determined, and therefore, a corresponding expense upon distribution could not be determined. Accordingly, the expenses have not been recorded in these financial statements.

International Institute For Justice and Development, Inc.
Notes to Financial Statements
January 31, 2010

NOTE F – VOLUNTEERS (unaudited)

Management estimates that 21 volunteers provided 10,594 hours of service in IIJD's programs, initiatives and projects during fiscal 2010. These services were valued at \$263,740, however, the amounts have not been recorded in these financial statements.

NOTE G – DEFICIT IN NET ASSETS

IIJD had a net deficit of \$54,035 as of January 31, 2010. The deficit is the result of the settlement liability described in Note C. Management has developed a plan to generate enough funds to pay off the liability and management does not believe this deficit will impair IIJD's ability to continue as a going concern.