

We Care Solar

Financial Statements &
Independent Auditor's Report
for the Year Ended
December 31, 2014

**COOK &
COMPANY**

A PROFESSIONAL ACCOUNTANCY CORPORATION

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COOK & COMPANY

A PROFESSIONAL ACCOUNTANCY CORPORATION

Independent Auditor's Report

To the Board of Directors
We Care Solar
Berkeley, California

We have audited the accompanying financial statements of We Care Solar (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 of 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 an assessment of the risks of the 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 We Care Solar as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



A Professional Accountancy Corporation
June 26, 2015

We Care Solar

Statement of Financial Position December 31, 2014

ASSETS

Current Assets:

Cash	\$ 1,259,966
Accounts receivable	7,295
Grants & contributions receivable, due within one year	491,890
Inventory	121,769
Prepaid expenses	877
Total current assets	<u>1,881,797</u>

Grants & contributions receivable, due in one to two years	40,400
Computer equipment, net of accumulated depreciation	<u>4,298</u>

TOTAL ASSETS \$ 1,926,495

LIABILITIES & NET ASSETS

Current Liabilities:

Accounts payable	\$ 40,283
Accrued wages & payroll taxes	15,448
Accrued vacation pay	4,289
Deferred revenue	<u>35,940</u>

TOTAL LIABILITIES 95,960

Net Assets

Unrestricted	804,106
Temporarily restricted (Note 3)	<u>1,026,429</u>

TOTAL NET ASSETS 1,830,535

TOTAL LIABILITIES & NET ASSETS \$ 1,926,495

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

We Care Solar

Statement of Activities and Changes in Net Assets for the Year Ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support & Revenue:			
Grants & contributions	\$ 189,028	\$ 1,475,733	\$ 1,664,761
Net assets released from restriction:			
Satisfaction of donor restrictions	1,135,384	(1,135,384)	-
In-kind support (Note 4)	184,779		184,779
Program revenue	158,876		158,876
Contract revenue	431,158		431,158
Other	20,438		20,438
	2,119,663	340,349	2,460,012
Total support & revenue			
Expenses:			
Program services	1,746,576		1,746,576
General & administrative	146,390		146,390
Fundraising	22,915		22,915
	1,915,881	-	1,915,881
Total expenses			
CHANGE IN NET ASSETS	203,782	340,349	544,131
NET ASSETS, January 1			
As previously stated	474,246	686,080	1,160,326
Prior period adjustment - correction of error (Note 5)	126,078		126,078
As restated	600,324	686,080	1,286,404
NET ASSETS, December 31	\$ 804,106	\$ 1,026,429	\$ 1,830,535

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

We Care Solar

Statement of Functional Expenses for the Year Ended December 31, 2014

	Solar Suitcase	Education	Research & Development	Total Programs	General & Administrative	Fundraising	Total
Salaries, benefits & payroll taxes	\$ 221,566	\$ 47,962	\$ 47,047	\$ 316,575	\$ 69,919	\$ 15,212	\$ 401,706
Contractors & consultants	75,683	108,575	41,030	225,288	64,061	5,758	295,107
Product parts & materials	996,307	86,103	12,396	1,094,806	-	-	1,094,806
Occupancy	7,236	1,492	1,968	10,696	2,128	401	13,225
Office expenses	7,262	4,142	878	12,282	1,660	211	14,153
Information technology	6,329	752	1,281	8,362	3,047	103	11,512
Meetings & conferences	183	95	38	316	577	10	903
Travel	59,098	14,111	1,692	74,901	158	-	75,059
Other	3,174	120	56	3,350	4,840	1,220	9,410
Total	\$ 1,376,838	\$ 263,352	\$ 106,386	\$ 1,746,576	\$ 146,390	\$ 22,915	\$ 1,915,881

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

We Care Solar

Statement of Cash Flows for the Year Ended December 31, 2014 with Comparative Totals for the Year Ended December 31, 2013

Cash flows from operating activities:

Change in net assets	\$ 544,131
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation expense	413
Changes in assets and liabilities:	
(Increase) decrease in grants/contributions receivable	(44,834)
(Increase) decrease in other receivables	68,593
(Increase) decrease in inventory	104,578
(Increase) decrease in prepaid expenses	(147)
Increase (decrease) in accounts payable & accrued expenses	(22,490)
Increase (decrease) in deferred revenue	<u>(304,885)</u>
Cash provided (used) by operating activities:	345,359

Cash flows from investing activities:

Purchases of fixed assets	<u>(4,711)</u>
Cash provided (used) by investing activities:	(4,711)
Cash provided (used) during the year	340,648
Cash balance, beginning of year	<u>919,318</u>
Cash balance, end of year	<u><u>\$ 1,259,966</u></u>

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

We Care Solar

Notes to Financial Statements December 31, 2014

1. The Organization

Nature of activities

We Care Solar (the Organization) was established to develop and deliver simple and robust solar powered solutions to health workers, health facilities and other underserved populations to improve healthcare and wellbeing for mothers and their families. A nonprofit organization governed by a board of directors, We Care Solar is exempt from income taxes under IRS Code Section 501(c)(3). Originally a fiscal project of another nonprofit organization, We Care Solar was independently incorporated in 2010 and received its tax exempt status from the IRS in 2011.

The Organization operates three major programs:

Solar Suitcase Program – The Organization designs and deploys solar electric solutions to address unmet needs for reliable light and basic power in healthcare and other low-resource settings in the developing world. It develops replicable and scalable renewable energy solutions. The We Care Solar Suitcase is a complete solar electric system powering light, mobile communication, and portable medical devices, such as a fetal monitor. It also includes LED headlamps and battery chargers for AA and AAA batteries. This modular system is robust, reliable and easy to use, enabling timely and appropriate emergency care in health centers without reliable electricity. It can be customized for specific applications including blood bank refrigeration. We Care Solar Suitcases strengthen health care delivery by (1) enabling health facilities to conduct deliveries and emergency procedures throughout the night, (2) improving mobile communication for referrals and consultations, (3) improving the capacity to detect fetal heart rate during pregnancy and labor, and (4) improving the morale of health workers. The Organization trains end users in the use and maintenance of the suitcases, and delivers training programs to empower local partners to implement its programs in underserved communities.

Research & Development – The Organization’s technology team incorporates its field research to improve the design and function of the Solar Suitcase. It strives to create the most robust, reliable, and appropriate compact solar electric system for rural health facilities. In addition to product research and design, We Care Solar collects data on Solar Suitcase usage and impact. It also identifies and tests medical devices that are compatible with its 12V DC solar electric systems.

Education & Outreach – We Care Solar's educational programs enhance local capacity to install, utilize and maintain our Solar Suitcases Systems. The organization's Women Solar Ambassador Program was launched in 2012, and helped expand international training programs. Solar Ambassadors have trained health technicians and health care workers through workshops in Uganda, Eritrea and Malawi. We Care Solar also developed on-line instructional videos to support its programs. In 2013, the organization launched the We Share Solar student educational program. We Share Solar gives youth the opportunity to build Solar Suitcases for schools and orphanages in developing countries. The program was piloted by U.S. educators, resulting in the assembly and placement of Solar Suitcases in orphanages and schools in Haiti, Cameroon, Uganda and other countries. By giving American youth the opportunity to “learn, build, and share,” We Share Solar is supporting the next generation of social innovators.

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We Care Solar

Notes to Financial Statements December 31, 2014

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Funding

We Care Solar receives the majority of its funding in the form of grants and contributions from foundations, corporations and individuals. The Organization also earns an increasing amount of revenue from the sales of its solar suitcases. In addition, a substantial amount of revenue is generated from a program service contract with a foundation.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, support is recognized when it is awarded, revenue is recognized when it is earned and realizable, and expenses are recognized when they are incurred.

Basis of Presentation

Net assets, revenues, expenses, gains, and losses are classified based upon the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets, which constitutes resources not subject to donor-imposed restrictions.

Temporarily restricted net assets, which constitutes resources subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Revenue Recognition

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose 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.

The Organization reports gifts of fixed assets as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service.

Cash

Cash includes deposits held in a bank checking account as well as undeposited checks held at year-end.

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We Care Solar

Notes to Financial Statements December 31, 2014

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Fair Value of Financial Instruments

The carrying amounts of receivables and payables approximate fair value because of the short maturity of these instruments.

Grants & Contributions Receivable

Grants & contributions receivable are recorded based on formal, written promises received from donors. Accounts receivable consist of amounts due for sales of product materials. Based on management's judgment, an allowance for doubtful accounts has not been recorded. Amounts due beyond one year are discounted to present value only if such discounts would be material to the financial statements. Currently, there are no discounts reflected within the financial statements.

Inventory

Inventory is stated at the lower of cost or fair market value and consists primarily of We Care Solar Suitcases that have been assembled by, and purchased from, a third party manufacturer. Purchased inventory is recorded as an asset on the balance sheet and expensed when sold.

Deferred Revenue

Deferred revenue includes funds advanced to the Organization, but not yet earned, as part of a program service contract.

In-Kind Support

In-kind contributions consist primarily of donated professional services, as well as free use of office space. Such contributions are recorded at their estimated fair market value.

Program Revenue

Program revenue is generated through the sale of the We Care Solar Suitcase. Purchasers of the solar suitcase (consisting of government agencies, nongovernmental organizations and other institutions) go through a screening process to ensure that the products sold will be used in activities that further the Organization's mission. Sales are recorded once products are shipped to customers.

Foreign Currency Transactions

In accordance with generally accepted accounting principles, gains and losses on foreign currency transactions are included in determining net income for period in which exchange rates change.

Functional Expenses

The Organization allocates its expenses on a functional basis among its program and support services. Expenses that can be identified with a specific program or support service are allocated directly. Expenses that are common to several functions are allocated based on the estimated relative amount of staff time spent on those functions.

Income Taxes

As a public charity, the We Care Solar is exempt from income taxes except on activities unrelated to its mission. As the Organization believes that all of its activities are directly related to its mission, no provision has been made for income tax expense. We Care Solar's federal

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We Care Solar

Notes to Financial Statements December 31, 2014

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Returns of Organization Exempt from Income Tax (Form 990) for the tax years ending in 2012 through 2014 are subject to examination by the Internal Revenue Service, generally for three years after they were filed. We Care Solar's California *Exempt Organization Annual Information Returns* (Form 199) for the tax years ending in 2011 through 2014 are subject to examination by the California Franchise Tax Board, generally for four years after they were filed.

Use of Estimates

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

3. Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2014 consisted of unspent awards received for the following:

To support programs in Philippines	\$424,492
General support	375,000
To support the Solar Suitcase	132,867
To support programs in Ethiopia	58,174
To support programs in Sierra Leone	19,435
Solar Ambassadors program	10,000
Other activities	<u>6,461</u>
Total	\$1,026,429

4. In-kind Support

In-kind contributions received during 2014 consisted of the following:

Program consulting	\$104,000
Legal services – general	40,000
Legal services – intellectual property matters	20,888
Free use of office space	12,600
Product materials / tools	5,011
Light design services	<u>2,280</u>
Total	\$184,779

5. Prior Period Adjustment – Correction of Error

Pledges committed to the Organization in late 2013 were not recorded in the financial statements until 2014. The beginning balance of unrestricted net assets has been adjusted to correct this error.

We Care Solar

Notes to Financial Statements December 31, 2014

6. Contingencies

Funding Source Requirements

The Organization receives contributions and grants that are restricted for specific programs or purposes. If such restrictions are not met in accordance with the funding source agreement, there is the possibility that funds would have to be returned to the donor. It is management's opinion that all grant conditions have been met for grants that have been either recorded as unrestricted or for which donor restrictions have been released.

Cash Deposits in Excess of FDIC Insurance Limits

From time to time, the Organization's cash deposits may exceed the insurance limits provided by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2014 We Care Solar held approximately \$1.25 million in a single financial institution. The FDIC insures these deposits only up to \$250,000.

7. Subsequent Events

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through June 26, 2015, the date the financial statements were available to be issued.