

WE CARE SOLAR

Financial Statements

For the Year Ended December 31, 2016

Table of Contents

	Page
Independent Auditor's Report	1 - 2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 12

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, 2016, 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.



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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, 2016, 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.

Report on Prior Year Summarized Comparative Information

We have previously audited the Organization's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 19, 2016. As part of our audit of the 2016 financial statements, we also audited adjustments described in Note 9 that were applied to restate the 2015 financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Clark Nuber P.S.

Certified Public Accountants
June 15, 2017

WE CARE SOLAR

**Statement of Financial Position
December 31, 2016
(With Comparative Totals for 2015)**

	2016	2015 (As Restated, Note 9)
Assets		
Current Assets:		
Cash	\$ 2,202,456	\$ 1,071,863
Short-term investments	335,657	649,673
Accounts receivable	249,755	37,600
Grants and contributions receivable, due within one year	1,025,390	1,195,815
Inventory	823,190	224,656
Prepaid expenses	2,720	29,209
Total Current Assets	4,639,168	3,208,816
Grants and contributions receivable, due in one to two years	108,108	374,000
Computer equipment, net of accumulated depreciation of \$9,260 (\$9,356 - 2015)	10,839	8,403
Total Assets	\$ 4,758,115	\$ 3,591,219
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 72,081	\$ 89,534
Accrued wages and payroll taxes	1,966	28,795
Accrued vacation pay	29,176	20,357
Deferred revenue	3,048	148,852
Total Liabilities	106,271	287,538
Net Assets:		
Unrestricted (Note 3)	1,468,419	915,865
Temporarily restricted (Note 4)	3,183,425	2,387,816
Total Net Assets	4,651,844	3,303,681
Total Liabilities and Net Assets	\$ 4,758,115	\$ 3,591,219

See accompanying notes.

WE CARE SOLAR

**Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2016
(With Comparative Totals for 2015)**

	Unrestricted	Temporarily Restricted	2016 Total	2015 (As Restated, Note 9)
Support and Revenue:				
Grants and contributions	\$ 352,565	\$ 3,768,092	\$ 4,120,657	\$ 3,794,179
Net assets released from restriction-				
Satisfaction of purpose restrictions	2,747,483	(2,747,483)		
Satisfaction of time restrictions	225,000	(225,000)		
In-kind support (Note 5)	105,343		105,343	210,007
Program revenue	811,425		811,425	155,791
Investment return	3,682		3,682	22,800
Other	5,261		5,261	12,928
Total Support and Revenue	4,250,759	795,609	5,046,368	4,195,705
Expenses:				
Program	3,296,693		3,296,693	2,407,930
General and administrative	292,512		292,512	288,685
Fundraising	109,000		109,000	25,944
Total Expenses	3,698,205		3,698,205	2,722,559
Change in Net Assets	552,554	795,609	1,348,163	1,473,146
Net assets, beginning of year (restated)	915,865	2,387,816	3,303,681	1,830,535
Net Assets, End of Year	\$ 1,468,419	\$ 3,183,425	\$ 4,651,844	\$ 3,303,681

See accompanying notes.

WE CARE SOLAR

**Statement of Functional Expenses
For the Year Ended December 31, 2016
(With Comparative Totals for 2015)**

	Programs			Total Program	General & Administrative	Fundraising	2016 Total	2015 (As Restated, Note 9)
	Solar Suitcase	Education & Outreach	Research & Development					
Salaries, benefits and payroll taxes	\$ 421,274	\$ 233,983	\$ 114,616	\$ 769,873	\$ 268,383	\$ 45,813	\$ 1,084,069	\$ 638,663
Contractors and consultants	330,547	178,153	90,047	598,747	15,301	58,367	672,415	703,175
Product parts and materials	1,404,401	162,269	146,796	1,713,466	78	38	1,713,582	1,226,844
Occupancy	30,845	9,773	6,205	46,823	3,031	1,501	51,355	28,813
Office expenses	12,715	16,500	2,030	31,245	726	632	32,603	37,818
Information technology	13,414	3,650	1,416	18,480	969	557	20,006	14,983
Meetings and conferences	616	961	124	1,701	1,070		2,771	2,037
Travel	52,181	39,040	6,683	97,904	177	110	98,191	52,361
Other	8,503	4,784	5,167	18,454	2,777	1,982	23,213	17,865
	<u>\$ 2,274,496</u>	<u>\$ 649,113</u>	<u>\$ 373,084</u>	<u>\$ 3,296,693</u>	<u>\$ 292,512</u>	<u>\$ 109,000</u>	<u>\$ 3,698,205</u>	<u>\$ 2,722,559</u>

See accompanying notes.

WE CARE SOLAR

Statement of Cash Flows
For the Year Ended December 31, 2016
(With Comparative Totals for 2015)

	2016	2015 (As Restated, Note 9)
Cash Flows From Operating Activities:		
Change in net assets	\$ 1,348,163	\$ 1,473,146
Adjustments to reconcile change in net assets to net cash provided by operating activities-		
Depreciation expense	4,668	308
Realized and unrealized gain on investments	(2,401)	(22,800)
Changes in assets and liabilities:		
Accounts receivable	(212,155)	(30,305)
Grants and contributions receivable	436,317	(1,037,525)
Inventory	(598,534)	(102,887)
Prepaid expenses	26,489	(28,332)
Accounts payable and accrued expenses	(35,463)	78,666
Deferred revenue	(145,804)	112,912
Cash Provided by Operating Activities	821,280	443,183
Cash Flows From Investing Activities:		
Purchase of investments	(9,207)	(1,000,000)
Proceeds from sale of investments	325,624	373,127
Purchase of computer equipment	(7,104)	(4,413)
Cash Used (Provided) by Investing Activities	309,313	(631,286)
Change in Cash	1,130,593	(188,103)
Cash balance, beginning of year	1,071,863	1,259,966
Cash Balance, End of Year	\$ 2,202,456	\$ 1,071,863

See accompanying notes.

WE CARE SOLAR

Notes to Financial Statements For the Year Ended December 31, 2016

Note 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, the Organization is exempt from income taxes under IRS Code Section 501(c)(3).

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 safety and morale of health workers. The Organization leads workshops to empower local partners to implement Solar Suitcase programs in underserved communities. These trainings enable technicians to install and maintain the Solar Suitcase, and ensure that health workers at each health center learn to use the Solar Suitcase and its appliances.

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, The Organization 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 - The Organization's educational programs enhance local capacity to install, utilize and maintain the 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. The Organization also developed on-line instructional videos to support its programs. The Organization launched the We Share Solar student educational program in 2013. We Share Solar gives youth the opportunity to build Solar Suitcases for schools and orphanages in developing countries. We Share Solar has led professional development workshops in California and New Jersey, training educators to teach students about energy poverty, solar electricity, and Solar Suitcase assembly. This program has resulted in the assembly and placement of hundreds 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.

Note 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, other revenue is recognized when it is earned or realizable, and expenses are recognized when they are incurred.

WE CARE SOLAR

Notes to Financial Statements For the Year Ended December 31, 2016

Note 2 - Continued

Basis of Presentation - Net assets, revenues, 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 - Net assets which constitutes resources not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets - 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.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. The Organization had no permanently restricted net assets at December 31, 2016 and 2015.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor-stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

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 - Short-term deposits and investments with original maturities of three months or less are reported as cash equivalents. The Organization maintains cash held in a financial institution in excess of Federal Deposit Insurance Corporation limits at December 31, 2016 and 2015.

Short-Term Investments - Short-term investments consist of fixed income securities which are carried at fair market value. Investment return consisted of unrealized and realized gains of \$2,401 and interest income of \$1,281.

Fair Value Measurements - U.S. GAAP defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. To increase consistency and comparability in fair value measurements, U.S. GAAP uses a fair value hierarchy that prioritizes the inputs to valuation approaches into three broad levels. The hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3).

Valuation Techniques - Financial assets and liabilities valued using Level 1 inputs are based on unadjusted quoted market prices for identified assets or liabilities within active markets. Financial assets and liabilities valued using Level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Financial assets and liabilities using Level 3 inputs are primarily valued using management's assumptions about the assumptions market participants would utilize in pricing the asset or liability. Valuation techniques utilized to determine fair value are consistently applied.

The Organization's short-term investments consist of mostly cash, money funds, and bank deposits which are valued at cost plus accrued interest which approximates fair value and is considered a Level 1 input.

WE CARE SOLAR

Notes to Financial Statements For the Year Ended December 31, 2016

Note 2 - Continued

Receivables - Grants and 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 would not be material and 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, on a first-in, first-out basis 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 upon its deployment.

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 - Revenue from contracts with government agencies, nongovernmental organizations and other institutions is recognized when earned. Amounts received in advance are recorded as deferred revenue.

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 - The Internal Revenue Service (IRS) has determined that the Organization is exempt from Federal taxes on income under Section 501(c)(3) of the Internal Revenue Code.

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.

Concentrations - For the year ended December 31, 2016 and 2015, 48% and 49% of total support and revenue was received from two grantors, respectively. In addition, 87% and 82% of grants and contributions receivable was from two grantors at December 31, 2016 and 2015, respectively.

Comparative Amounts for 2015 - For comparative purposes, the financial statements include certain prior-year summarized information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

Reclassifications - Certain reclassifications have been made to prior year amounts presented in the financial statements to conform with current year presentation. There has been no impact to changes in net assets or total net assets as a result of these reclassifications.

WE CARE SOLAR

Notes to Financial Statements For the Year Ended December 31, 2016

Note 2 - Continued

Subsequent Events - The Organization has evaluated subsequent events through June 15, 2017, the date which the financial statements were available to be issued.

Note 3 - Designated Net Assets

Management has designated funds for certain program purposes. Unrestricted net assets at December 31 consisted of the following:

	<u>2016</u>	<u>2015</u>
Undesignated	\$ 1,347,972	\$ 904,927
Designated for We Share Solar	120,447	4,226
Designated to support programs in Ethiopia		6,712
	<u>\$ 1,468,419</u>	<u>\$ 915,865</u>

Note 4 - Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31 consisted of the following:

	<u>2016</u>	<u>2015</u>
Support from the United Nations for various projects	\$ 648,625	\$ 984,333
Good to Great initiative	194,707	358,809
Segal Family Foundation	37,500	37,500
General support in future periods	1,083,084	175,000
Solar Suitcase	170,339	145,973
We Share Solar	17,624	79,000
To support programs in-		
Tanzania	186,835	139,996
Sierra Leone	17,612	136,082
Philippines	70,373	115,351
Uganda		111,713
Nepal	301,754	85,156
Gambia	28,038	13,845
Ethiopia	7,556	5,058
Zimbabwe	30,000	
Light Every Birth initiative (Liberia LEB)	389,378	
	<u>\$ 3,183,425</u>	<u>\$ 2,387,816</u>

WE CARE SOLAR

Notes to Financial Statements For the Year Ended December 31, 2016

Note 5 - In-Kind Support

In-kind contributions consisted of the following for the year ended December 31:

	<u>2016</u>	<u>2015</u>
Program consulting	\$ -	\$ 104,000
Other professional services	32,334	60,157
Legal services	23,290	21,250
Free use of office space		12,600
Supplies and materials	37,719	
Graphic design	<u>12,000</u>	<u>12,000</u>
	<u><u>\$ 105,343</u></u>	<u><u>\$ 210,007</u></u>

Note 6 - Contingencies

Funding Source Requirement - 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.

Note 7 - Commitments

In October 2015, the Organization entered into an operating lease for office space in Berkeley, California. The lease calls for monthly payments of \$4,240 through November 2017 and \$4,494 through November 18, 2018. The effects of straight line rent expense are not considered material to the financial statements.

Future minimum lease payments are as follows for the year ended December 31:

2017	\$ 51,262
2018	<u>47,191</u>
	<u><u>\$ 98,453</u></u>

Total rent expense for the years ended December 31, 2016 and 2015 were \$48,680 and \$28,813, respectively.

Note 8 - Retirement Plans

The Organization sponsors a SIMPLE SEP plan in which employees may participate in after one year of service. The Organization will match up to 3% of total compensation. The Organization's retirement plan expense were \$10,502 and \$4,365 for the years ended December 31, 2016 and 2015, respectively.

WE CARE SOLAR

**Notes to Financial Statements
For the Year Ended December 31, 2016**

Note 9 - Prior Period Restatement

The Organization has determined that contract revenue of \$97,070 should have been deferred as of December 31, 2015. Additionally, the Organization has determined that a contribution had previously been recorded as unrestricted revenue should have been temporarily restricted revenues. This prior period restatement decreased unrestricted net assets by \$243,043 and increased temporarily restricted net assets by \$145,973 for the year ended December 31, 2015. Additionally, this prior period restatement increased deferred revenue by \$97,070 and decreased program revenue \$97,070 for the year ended December 31, 2015. These amounts have been restated and the cumulative effect of these adjustments is reflected in the balances at December 31, 2015 as follows:

	Temporarily Restricted Net Assets, at <u>December 31, 2015</u>	Unrestricted Net Assets, at <u>December 31, 2015</u>	Program Revenue	Deferred Revenue
Balances as previously stated, December 31, 2015	\$ 2,241,843	\$ 1,158,908	\$ 252,861	\$ 51,782
Temporarily restricted contribution restatement	145,973	(145,973)		
Deferred revenue restatement		<u>(97,070)</u>	<u>(97,070)</u>	<u>97,070</u>
Balances as Restated, December 31, 2015	<u>\$ 2,387,816</u>	<u>\$ 915,865</u>	<u>\$ 155,791</u>	<u>\$ 148,852</u>