

**WE CARE SOLAR**

Financial Statements

For the Year Ended December 31, 2017

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## **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, 2017, 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, 2017, 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 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 15, 2017. 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  
November 6, 2018

**WE CARE SOLAR**

**Statement of Financial Position  
December 31, 2017  
(With Comparative Totals for 2016)**

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash	\$ 2,305,559	\$ 2,202,456
Short-term investments	1,473,375	335,657
Accounts receivable	97,704	249,755
Grants and contributions receivable, due within one year	1,205,031	1,025,390
Inventory	746,706	823,190
Prepaid expenses	5,634	2,720
<b>Total Current Assets</b>	<b>5,834,009</b>	<b>4,639,168</b>
Grants and contributions receivable, due in one to two years	1,170,482	108,108
Computer equipment, net of accumulated depreciation of \$15,381 (\$9,260 - 2016)	10,263	10,839
<b>Total Assets</b>	<b><u>\$ 7,014,754</u></b>	<b><u>\$ 4,758,115</u></b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 60,023	\$ 72,081
Accrued wages and payroll taxes	64,094	1,966
Accrued vacation payable	44,000	29,176
Deferred revenue		3,048
<b>Total Liabilities</b>	<b>168,117</b>	<b>106,271</b>
<b>Net Assets:</b>		
Unrestricted	1,895,758	1,468,419
Temporarily restricted (Note 4)	4,950,879	3,183,425
<b>Total Net Assets</b>	<b><u>6,846,637</u></b>	<b><u>4,651,844</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 7,014,754</u></b>	<b><u>\$ 4,758,115</u></b>

See accompanying notes.

**WE CARE SOLAR**

**Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2017  
(With Comparative Totals for 2016)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2017 Total</u>	<u>2016 Total</u>
<b>Support and Revenue:</b>				
Grants and contributions	\$ 720,263	\$ 4,445,490	\$ 5,165,753	\$ 4,120,657
Net assets released from restriction	2,678,036	(2,678,036)		
In-kind support (Note 5)	59,155		59,155	105,343
Program revenue	469,220		469,220	811,425
Investment return	19,534		19,534	3,682
Other	17,552		17,552	5,261
<b>Total Support and Revenue</b>	<b>3,963,760</b>	<b>1,767,454</b>	<b>5,731,214</b>	<b>5,046,368</b>
<b>Expenses:</b>				
Program	3,204,168		3,204,168	3,296,693
General and administrative	204,873		204,873	292,512
Fundraising	127,380		127,380	109,000
<b>Total Expenses</b>	<b>3,536,421</b>		<b>3,536,421</b>	<b>3,698,205</b>
<b>Change in Net Assets</b>	<b>427,339</b>	<b>1,767,454</b>	<b>2,194,793</b>	<b>1,348,163</b>
Net assets, beginning of year	1,468,419	3,183,425	4,651,844	3,303,681
<b>Net Assets, End of Year</b>	<b>\$ 1,895,758</b>	<b>\$ 4,950,879</b>	<b>\$ 6,846,637</b>	<b>\$ 4,651,844</b>

See accompanying notes.

**WE CARE SOLAR**

**Statement of Functional Expenses  
For the Year Ended December 31, 2017  
(With Comparative Totals for 2016)**

	Programs			Total Program	General & Administrative	Fundraising	2017 Total	2016 Total
	Solar Suitcase	Education & Outreach	Research & Development					
Salaries, benefits and payroll taxes	\$ 652,693	\$ 240,989	\$ 21,709	\$ 915,391	\$ 158,255	\$ 64,402	\$ 1,138,048	\$ 1,084,069
Product parts and materials	1,266,827	192,285	32,636	1,491,748	45	86	1,491,879	1,713,582
Contractors and consultants	375,168	89,628	113,453	578,249	39,705	52,040	669,994	672,415
Travel	70,836	19,751	828	91,415	759	5,128	97,302	98,191
Occupancy	33,773	10,963	3,534	48,270	577	1,686	50,533	51,355
Office expenses	18,896	18,875	1,193	38,964	661	1,119	40,744	32,603
Information technology	13,522	4,081	1,198	18,801	1,812	1,040	21,653	20,006
Other	9,468	2,373	1,563	13,404	2,349	1,749	17,502	23,213
Meetings and conferences	2,612	5,224	90	7,926	710	130	8,766	2,771
	<b>\$ 2,443,795</b>	<b>\$ 584,169</b>	<b>\$ 176,204</b>	<b>\$ 3,204,168</b>	<b>\$ 204,873</b>	<b>\$ 127,380</b>	<b>\$ 3,536,421</b>	<b>\$ 3,698,205</b>

See accompanying notes.

**WE CARE SOLAR**

**Statement of Cash Flows  
For the Year Ended December 31, 2017  
(With Comparative Totals for 2016)**

	<u>2017</u>	<u>2016</u>
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 2,194,793	\$ 1,348,163
Adjustments to reconcile change in net assets to net cash provided by operating activities-		
Depreciation expense	6,121	4,668
Realized and unrealized gains on investments	(13,096)	(2,401)
Changes in assets and liabilities:		
Accounts receivable	152,051	(212,155)
Grants and contributions receivable	(1,242,015)	436,317
Inventory	76,484	(598,534)
Prepaid expenses	(2,914)	26,489
Accounts payable and accrued expenses	64,894	(35,463)
Deferred revenue	(3,048)	(145,804)
<b>Cash Provided by Operating Activities</b>	<b>1,233,270</b>	<b>821,280</b>
<b>Cash Flows From Investing Activities:</b>		
Purchase of investments	(2,918,302)	(9,207)
Proceeds from sale of investments	1,793,680	325,624
Purchase of computer equipment	(5,545)	(7,104)
<b>Cash (Used)/Provided by Investing Activities</b>	<b>(1,130,167)</b>	<b>309,313</b>
<b>Change in Cash</b>	<b>103,103</b>	<b>1,130,593</b>
Cash balance, beginning of year	2,202,456	1,071,863
<b>Cash Balance, End of Year</b>	<b>\$ 2,305,559</b>	<b>\$ 2,202,456</b>

See accompanying notes.



## WE CARE SOLAR

### Notes to Financial Statements For the Year Ended December 31, 2017

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#### 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, 2017

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#### 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, 2017 and 2016.

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, 2017 and 2016.

**Short-Term Investments** - Short-term investments consist of marketable and fixed income securities which are carried at fair market value.

**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. Such contributions are recorded at their estimated fair market value.

## WE CARE SOLAR

### Notes to Financial Statements For the Year Ended December 31, 2017

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#### Note 2 - Continued

**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, 2017 and 2016, 63% and 48% of total support and revenue was received from two grantors, respectively. In addition, 98% and 87% of grants and contributions receivable was from two grantors at December 31, 2017 and 2016, respectively.

**Comparative Amounts for 2016** - 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, 2016, from which the summarized information was derived.

**Subsequent Events** - The Organization has evaluated subsequent events through November 6, 2018, the date which the financial statements were available to be issued.

#### Note 3 - Short-Term Investments and Fair Value Measurements

U.S. GAAP defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements.

**Valuation Techniques** - U.S. GAAP uses a fair value hierarchy which 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). Financial assets and liabilities valued using Level 1 inputs are based on unadjusted quoted market prices within active markets for identical assets and liabilities.

**WE CARE SOLAR**

**Notes to Financial Statements  
For the Year Ended December 31, 2017**

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**Note 3 - Continued**

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2017 or 2016.

Cash and Cash Equivalents - Valued at cost plus accrued interest, which approximates fair value.

Certificates of Deposit - Valued at the closing price on the last day of business of the year.

Stocks - Valued at quoted market prices in active markets for identical assets.

Investments are stated at fair value and consist of the following at December 31:

	Investments at Fair Value				
	Level 1	Level 2	Level 3	2017 Total	2016 Total
Cash and cash equivalents	\$ 1,363,043	\$ -	\$ -	\$ 1,363,043	\$ 335,657
Certificate of deposit	99,939			99,939	
Stock	10,393			10,393	
<b>Total Investments</b>	<b>\$ 1,473,375</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,473,375</b>	<b>\$ 335,657</b>

Investment return was as follows for the years ended December 31:

	2017	2016
Interest and dividends	\$ 6,438	\$ 1,281
Realized and unrealized gains	13,096	2,401
	<b>\$ 19,534</b>	<b>\$ 3,682</b>

## WE CARE SOLAR

### Notes to Financial Statements For the Year Ended December 31, 2017

#### Note 4 - Temporarily Restricted Net Assets

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

	<u>2017</u>	<u>2016</u>
Solar Suitcase-		
E. Africa - Uganda	\$ 1,295,133	\$ -
E. Africa - Tanzania	138,184	186,835
W. Africa - Liberia	135,729	389,378
W. Africa - Nigeria	50,335	
Asia - Nepal	48,280	301,754
E. Africa - Zimbabwe	30,000	30,000
Asia - Philippines		70,373
E. Africa - Ethiopia		7,556
W. Africa - Sierra Leone		17,612
W. Africa - Gambia		28,038
Other regions	1,338,713	1,826,416
Education - We Share Solar	1,453,290	187,963
R&D - field research	421,215	
General support in future periods	40,000	137,500
	<u><u>\$ 4,950,879</u></u>	<u><u>\$ 3,183,425</u></u>

#### Note 5 - In-Kind Support

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

	<u>2017</u>	<u>2016</u>
Program consulting	\$ 22,500	\$ -
Other professional services		32,334
Legal services	21,705	23,290
IT services	3,750	
Supplies and materials		37,719
Graphic design	11,200	12,000
	<u><u>\$ 59,155</u></u>	<u><u>\$ 105,343</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.

**WE CARE SOLAR**

**Notes to Financial Statements  
For the Year Ended December 31, 2017**

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**Note 7 - Commitments**

In August 2018 the Organization extended an operating lease for office space in Berkeley, California. The lease calls for monthly payments \$4,494 through November 2018 at which time it escalates 3% annually through November 2021. 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:

2018	\$	56,315
2019		55,690
2020		52,449
2021		<u>58,934</u>
	\$	<u><u>223,388</u></u>

Total rent expense for the years ended December 31, 2017 and 2016 were \$47,827 and \$48,680, 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 \$17,402 and \$10,502 for the years ended December 31, 2017 and 2016, respectively.