

WE CARE SOLAR

Financial Statements

For the Year Ended December 31, 2020

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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, 2020, 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 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 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, 2020, 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 Summarized Comparative Information

We have previously audited We Care Solar's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 4, 2020. 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
August 23, 2021

WE CARE SOLAR

Statement of Financial Position
December 31, 2020
(With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets:		
Cash	\$ 4,093,313	\$ 3,887,488
Contracts receivable	370,762	268,907
Grants and contributions receivable, current portion (Note 3)	2,201,734	1,424,989
Inventory	357,965	212,276
Prepaid expenses		6,672
	<u>7,023,774</u>	<u>5,800,332</u>
Total Current Assets	7,023,774	5,800,332
Grants and contributions receivable, net of current portion (Note 3)	2,441,974	2,970,662
Computer equipment, net of accumulated depreciation of \$23,354 (\$24,854 - 2019)	6,338	3,400
	<u>2,448,312</u>	<u>2,974,062</u>
Total Assets	<u>\$ 9,472,086</u>	<u>\$ 8,774,394</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 153,725	\$ 895,217
Accrued wages and payroll taxes	37,419	31,908
Accrued vacation payable	86,748	58,187
	<u>277,892</u>	<u>985,312</u>
Total Liabilities	277,892	985,312
Net Assets:		
Without donor restrictions	2,106,551	1,677,055
With donor restrictions (Note 4)	7,087,643	6,112,027
	<u>9,194,194</u>	<u>7,789,082</u>
Total Net Assets	<u>9,194,194</u>	<u>7,789,082</u>
Total Liabilities and Net Assets	<u>\$ 9,472,086</u>	<u>\$ 8,774,394</u>

See accompanying notes.

WE CARE SOLAR

Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2020
(With Comparative Totals for 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
Support and Revenue:				
Grants and contributions	\$ 1,536,533	\$ 4,213,265	\$ 5,749,798	\$ 6,994,772
Net assets released from restriction	3,237,649	(3,237,649)		
In-kind support (Note 5)				74,600
Program revenue	369,079		369,079	223,871
Investment return, net	4,178		4,178	12,104
Other	255,281		255,281	67,706
Total Support and Revenue	5,402,720	975,616	6,378,336	7,373,053
Expenses:				
Program	4,321,797		4,321,797	4,193,827
General and administrative	550,467		550,467	538,204
Fundraising	100,960		100,960	129,700
Total Expenses	4,973,224		4,973,224	4,861,731
Change in Net Assets	429,496	975,616	1,405,112	2,511,322
Net assets, beginning of year	1,677,055	6,112,027	7,789,082	5,277,760
Net Assets, End of Year	\$ 2,106,551	\$ 7,087,643	\$ 9,194,194	\$ 7,789,082

See accompanying notes.

WE CARE SOLAR

**Statement of Functional Expenses
For the Year Ended December 31, 2020
(With Comparative Totals for 2019)**

	Programs			Total Program	General and Administrative	Fundraising	2020 Total	2019 Total
	Solar Suitcase	Education and Outreach	Research and Development					
Salaries, benefits and payroll taxes	\$ 363,363	\$ 454,035	\$ 129,480	\$ 946,878	\$ 407,759	\$ 79,101	\$ 1,433,738	\$ 1,252,146
Product parts and materials	2,181,119	227,985	3,693	2,412,797	50		2,412,847	2,146,827
Contractors and consultants	632,838	174,271	41,976	849,085	70,770	14,948	934,803	1,042,018
Travel	6,549	4,881	1,269	12,699	2,742	718	16,159	119,036
Occupancy	21,966	6,109	1,221	29,296	26,248	691	56,235	66,384
Office expenses	2,793	6,350	233	9,376	1,981	805	12,162	24,661
Information technology	15,531	13,267	297	29,095	28,531	2,230	59,856	40,635
Other	12,758	1,181	220	14,159	10,429	1,987	26,575	58,157
Meetings and conferences	13,655	4,757		18,412	1,957	480	20,849	111,867
	\$ 3,250,572	\$ 892,836	\$ 178,389	\$ 4,321,797	\$ 550,467	\$ 100,960	\$ 4,973,224	\$ 4,861,731

See accompanying notes.

WE CARE SOLAR**Statement of Cash Flows
For the Year Ended December 31, 2020
(With Comparative Totals for 2019)**

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 1,405,112	\$ 2,511,322
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities-		
Depreciation expense	2,545	3,700
Changes in assets and liabilities:		
Accounts receivable	(101,855)	(237,435)
Grants and contributions receivable	(248,057)	(2,637,866)
Inventory	(145,689)	51,908
Prepaid expenses	6,672	21,991
Accounts payable	(707,420)	790,528
Cash Provided by Operating Activities	211,308	504,148
Cash Flows From Investing Activities:		
Purchase of computer equipment	(5,483)	(2,610)
Cash Used by Investing Activities	(5,483)	(2,610)
Change in Cash and Cash Equivalents	205,825	501,538
Cash and cash equivalents, beginning of year	3,887,488	3,385,950
Cash and Cash Equivalents, End of Year	\$ 4,093,313	\$ 3,887,488

See accompanying notes.

WE CARE SOLAR

Notes to Financial Statements For the Year Ended December 31, 2020 (With Comparative Totals for 2019)

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 rural health facilities, health workers, and 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 Health Program - We Care Solar 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 lights, mobile communication, and portable medical devices. It also includes a fetal heart monitor, 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. We Care Solar Suitcases strengthen healthcare 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. In-person and virtual trainings are supported by printed guides and videos. These trainings enable technicians to install and maintain the Solar Suitcase and ensure that health workers at each health center learn how to use the Solar Suitcase and its appliances. The Women Solar Ambassador program, launched in 2012, promotes women as solar installers and trainers.

Research and Development - We Care Solar'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 systems. 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 our 12V DC solar electric system.

Education Programs - We Care Solar launched the We Share Solar student educational program in 2013. We Share Solar equips students for the future through solar energy education with real-world impact. We Share Solar's hands-on STEM curriculum gives youth the opportunity to build Solar Suitcases to share with schools and community spaces that lack reliable electricity. We Share Solar has active education programs in over one hundred schools and afterschool programs led by teachers in California, Minnesota, North Carolina, New Jersey, and Illinois, as well as a virtual program offering for students and educators to access from anywhere. Its international programs include Kenya, Uganda, Canada, the Dominican Republic, and the Philippines.

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 (U.S. GAAP). 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, 2020 (With Comparative Totals for 2019)

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:

Net Assets Without Donor Restrictions - Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions 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 support without donor restrictions 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 support with donor restrictions. 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 and Cash Equivalents - 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, 2020 and 2019.

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.

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, third party manufacturers. Purchased inventory is recorded as an asset on the statement of financial position and expensed upon its deployment.

Property and Equipment - The Organization capitalizes assets with a cost greater than \$500 and an estimated useful life of one or more years. Depreciation is computed utilizing the straight-line method. Computer equipment is depreciated over an estimated useful life of three years. The cost of repairs and maintenance are expensed as incurred.

Contributions - Contributions are recognized in the period received, including unconditional promises to give. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Those that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using the risk-adjusted interest rate applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are recognized as revenue when the conditions on which they depend are substantially met. At December 31, 2020 and 2019, there were no conditional contributions.

WE CARE SOLAR

Notes to Financial Statements For the Year Ended December 31, 2020 (With Comparative Totals for 2019)

Note 2 - Continued

In-Kind Support - In-kind contributions consist primarily of donated professional services. 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. Contract revenue from the sale of Solar Suitcases is recognized upon shipment. 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 the 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 such as salaries, benefits, payroll, contractors and consultants, information technology, and other, 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 years ended December 31, 2020 and 2019, 58% and 71% of total support and revenue was received from four grantors and one grantor, respectively. In addition, 93% and 89% of grants and contributions receivable was from three grantors and one grantor, respectively, at December 31, 2020 and 2019.

Comparative Amounts for 2019 - The financial statements include certain summarized comparative information in total, but not by net asset class, for the year ended December 31, 2019. 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, 2019, from which the summarized information was derived.

Subsequent Events - The Organization has evaluated subsequent events through August 23, 2021, the date which the financial statements were available to be issued.

WE CARE SOLAR

Notes to Financial Statements For the Year Ended December 31, 2020 (With Comparative Totals for 2019)

Note 3 - Grants and Contributions Receivable

Grants and contributions receivable are due to be collected as follows at December 31, 2020:

For the Year Ending December 31,

2021	\$ 2,201,734
2022	1,250,000
2023	<u>1,250,000</u>
	4,701,734
Less present value discount at 1.58%	<u>(58,026)</u>
	<u><u>\$ 4,643,708</u></u>

Note 4 - Net Assets With Donor Restrictions

Net assets were restricted by donors as follows at December 31:

	<u>2020</u>	<u>2019</u>
Healthcare - We Care Solar	\$ 5,881,690	\$ 5,299,562
Education - We Share Solar	<u>1,205,953</u>	<u>812,465</u>
	<u><u>\$ 7,087,643</u></u>	<u><u>\$ 6,112,027</u></u>

Note 5 - In-Kind Support

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

	<u>2020</u>	<u>2019</u>
Program consulting	\$ -	\$ 45,000
Legal services		17,000
IT services		600
Graphic design		<u>12,000</u>
	<u><u>\$ -</u></u>	<u><u>\$ 74,600</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 without donor restriction or for which donor restrictions have been released.

WE CARE SOLAR

Notes to Financial Statements For the Year Ended December 31, 2020 (With Comparative Totals for 2019)

Note 7 - Commitments

The Organization has an operating lease for office space in Berkeley, California. The lease calls for monthly payments of \$4,494 through November 2018 at which time payments escalate 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 \$66,134 due in 2021.

Total rent expense for the years ended December 31, 2020 and 2019 was \$55,913 and \$66,108, respectively.

Note 8 - Retirement Plans

The Organization sponsors a SIMPLE SEP plan in which employees may participate after one year of service. The Organization will match up to 3% of total compensation. The Organization's retirement plan expenses were \$27,261 and \$36,909 for the years ended December 31, 2020 and 2019, respectively.

Note 9 - Liquidity and Availability

The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet three to six months of normal operating expenses. The Organization has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Organization invests cash in excess of weekly requirements in various short-term investments, including money market sweep accounts.

The following reflects the Organization's financial assets as of December 31, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions. Amounts not available include amounts restricted by donors for program or time related purposes.

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 4,093,313	\$ 3,887,488
Accounts receivable	370,762	268,907
Grants and contributions receivable	<u>4,643,708</u>	<u>4,395,651</u>
Total financial assets	9,107,783	8,552,046
Less amounts donor-restricted for program or time related purposes	(7,087,643)	(6,112,027)
Add back general support for future periods	<u>1,205,953</u>	<u>812,465</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 3,226,093</u>	<u>\$ 3,252,484</u>