

WE CARE SOLAR

Financial Statements

For the Year Ended December 31, 2019

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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, 2019, 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, 2019, 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 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 20, 2019. 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
September 4, 2020

WE CARE SOLAR

Statement of Financial Position
December 31, 2019
(With Comparative Totals for 2018)

| | <u>2019</u> | <u>2018</u> |
|---|----------------------------|----------------------------|
| Assets | | |
| Current Assets: | | |
| Cash | \$ 3,887,488 | \$ 3,385,950 |
| Accounts receivable | 268,907 | 31,472 |
| Grants and contributions receivable, current portion (Note 3) | 1,424,989 | 907,886 |
| Inventory | 212,276 | 264,184 |
| Prepaid expenses | 6,672 | 28,663 |
| Total Current Assets | 5,800,332 | 4,618,155 |
| Grants and contributions receivable, net of current portion (Note 3) | 2,970,662 | 849,899 |
| Computer equipment, net of accumulated depreciation of \$24,854 (\$21,154- 2018) | 3,400 | 4,490 |
| Total Assets | <u>\$ 8,774,394</u> | <u>\$ 5,472,544</u> |
| Liabilities and Net Assets | | |
| Current Liabilities: | | |
| Accounts payable | \$ 895,217 | \$ 143,897 |
| Accrued wages and payroll taxes | 31,908 | 3,687 |
| Accrued vacation payable | 58,187 | 47,200 |
| Total Liabilities | 985,312 | 194,784 |
| Net Assets: | | |
| Without donor restrictions | 1,677,055 | 2,171,585 |
| With donor restrictions (Note 4) | 6,112,027 | 3,106,175 |
| Total Net Assets | <u>7,789,082</u> | <u>5,277,760</u> |
| Total Liabilities and Net Assets | <u>\$ 8,774,394</u> | <u>\$ 5,472,544</u> |

See accompanying notes.

WE CARE SOLAR

Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2019
(With Comparative Totals for 2018)

| | Without Donor Restrictions | With Donor Restrictions | 2019 Total | 2018 Total |
|--------------------------------------|-------------------------------|----------------------------|---------------------|---------------------|
| Support and Revenue: | | | | |
| Grants and contributions | \$ 310,279 | \$ 6,684,493 | \$ 6,994,772 | \$ 2,550,286 |
| Net assets released from restriction | 3,678,641 | (3,678,641) | | |
| In-kind support (Note 5) | 74,600 | | 74,600 | 78,050 |
| Program revenue | 223,871 | | 223,871 | 309,055 |
| Investment return, net | 12,104 | | 12,104 | 11,860 |
| Other | 67,706 | | 67,706 | 3,158 |
| Total Support and Revenue | 4,367,201 | 3,005,852 | 7,373,053 | 2,952,409 |
| Expenses: | | | | |
| Program | 4,193,827 | | 4,193,827 | 4,081,578 |
| General and administrative | 538,204 | | 538,204 | 326,196 |
| Fundraising | 129,700 | | 129,700 | 113,512 |
| Total Expenses | 4,861,731 | | 4,861,731 | 4,521,286 |
| Change in Net Assets | (494,530) | 3,005,852 | 2,511,322 | (1,568,877) |
| Net assets, beginning of year | 2,171,585 | 3,106,175 | 5,277,760 | 6,846,637 |
| Net Assets, End of Year | \$ 1,677,055 | \$ 6,112,027 | \$ 7,789,082 | \$ 5,277,760 |

See accompanying notes.

WE CARE SOLAR

**Statement of Functional Expenses
For the Year Ended December 31, 2019
(With Comparative Totals for 2018)**

| | Programs | | | Total Program | General and Administrative | Fundraising | 2019 Total | 2018 Total |
|--------------------------------------|---------------------|---------------------------|-----------------------------|---------------------|-------------------------------|-------------------|---------------------|---------------------|
| | Solar Suitcase | Education and Outreach | Research and Development | | | | | |
| Salaries, benefits and payroll taxes | \$ 421,419 | \$ 331,641 | \$ 54,602 | \$ 807,662 | \$ 384,341 | \$ 60,143 | \$ 1,252,146 | \$ 1,154,551 |
| Product parts and materials | 1,801,831 | 333,934 | 11,018 | 2,146,783 | | 44 | 2,146,827 | 2,145,419 |
| Contractors and consultants | 459,511 | 219,067 | 208,025 | 886,603 | 92,783 | 62,632 | 1,042,018 | 909,642 |
| Travel | 66,115 | 44,981 | 33 | 111,129 | 5,680 | 2,227 | 119,036 | 142,601 |
| Occupancy | 36,816 | 13,791 | 5,081 | 55,688 | 9,386 | 1,310 | 66,384 | 55,971 |
| Office expenses | 9,966 | 9,818 | 165 | 19,949 | 4,678 | 34 | 24,661 | 27,678 |
| Information technology | 5,895 | 6,889 | 423 | 13,207 | 26,070 | 1,358 | 40,635 | 29,372 |
| Other | 45,088 | 2,719 | 628 | 48,435 | 8,785 | 937 | 58,157 | 27,016 |
| Meetings and conferences | 41,895 | 61,058 | 1,418 | 104,371 | 6,481 | 1,015 | 111,867 | 29,036 |
| | \$ 2,888,536 | \$ 1,023,898 | \$ 281,393 | \$ 4,193,827 | \$ 538,204 | \$ 129,700 | \$ 4,861,731 | \$ 4,521,286 |

See accompanying notes.

WE CARE SOLAR**Statement of Cash Flows
For the Year Ended December 31, 2019
(With Comparative Totals for 2018)**

| | <u>2019</u> | <u>2018</u> |
|---|----------------------------|----------------------------|
| Cash Flows From Operating Activities: | | |
| Change in net assets | \$ 2,511,322 | \$ (1,568,877) |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities- | | |
| Depreciation expense | 3,700 | 5,773 |
| Changes in assets and liabilities: | | |
| Accounts receivable | (237,435) | 66,232 |
| Grants and contributions receivable | (2,637,866) | 617,728 |
| Inventory | 51,908 | 482,522 |
| Prepaid expenses | 21,991 | (23,029) |
| Accounts payable | 790,528 | 26,667 |
| | <u>504,148</u> | <u>(392,984)</u> |
| Cash Provided (Used) by Operating Activities | 504,148 | (392,984) |
| Cash Flows From Investing Activities: | | |
| Purchase of computer equipment | (2,610) | |
| | <u>(2,610)</u> | |
| Cash Used by Investing Activities | (2,610) | |
| Change in Cash and Cash Equivalents | 501,538 | (392,984) |
| Cash and cash equivalents, beginning of year | 3,385,950 | 3,778,934 |
| Cash and Cash Equivalents, End of Year | <u>\$ 3,887,488</u> | <u>\$ 3,385,950</u> |

See accompanying notes.

WE CARE SOLAR

Notes to Financial Statements For the Year Ended December 31, 2019 (With Comparative Totals for 2018)

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 and 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 and 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 (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.

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Notes to Financial Statements For the Year Ended December 31, 2019 (With Comparative Totals for 2018)

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 in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in 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.

Reclassifications - Certain reclassifications have been made to prior year amounts presented in 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 classifications.

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, 2019 and 2018.

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, 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.

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Notes to Financial Statements For the Year Ended December 31, 2019 (With Comparative Totals for 2018)

Note 2 - Continued

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, 2019 and 2018, there were no conditional contributions.

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. 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 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, 2019 and 2018, 71% and 54% of total support and revenue was received from one grantor and three grantors, respectively. In addition, 89% and 95% of grants and contributions receivable was from one grantor and three grantors, respectively, at December 31, 2019 and 2018.

Comparative Amounts for 2018 - The financial statements include certain summarized comparative information in total, but not by net asset class, for the year ended December 31, 2018. 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, 2018, from which the summarized information was derived.

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Notes to Financial Statements For the Year Ended December 31, 2019 (With Comparative Totals for 2018)

Note 3 - Grants and Contributions Receivable

Grants and contributions receivable are due to be collected as follows at December 31, 2019:

For the Year Ending December 31,

| | |
|--------------------------------------|----------------------------|
| 2020 | \$ 1,424,989 |
| 2021 | 1,064,019 |
| 2022 | 1,000,000 |
| 2023 | <u>1,000,000</u> |
| | 4,489,008 |
| Less present value discount at 1.58% | <u>(93,357)</u> |
| | <u><u>\$ 4,395,651</u></u> |

Note 4 - Net Assets With Donor Restrictions

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

| | <u>2019</u> | <u>2018</u> |
|-----------------------------------|----------------------------|----------------------------|
| Solar Suitcase- | | |
| E. Africa - Uganda | \$ 125,901 | \$ 489,082 |
| E. Africa - Tanzania | 16,873 | 20,616 |
| E. Africa - Zimbabwe | 9,277 | |
| W. Africa - Liberia | 296,333 | 453,001 |
| W. Africa - Nigeria | | 14,450 |
| W. Africa - Sierra Leone | 318,998 | 150,000 |
| Other regions | 4,442,860 | 500,751 |
| Education - We Share Solar | 798,877 | 1,121,358 |
| R&D - field research | 66,508 | 269,517 |
| General support in future periods | <u>36,400</u> | <u>87,400</u> |
| | <u><u>\$ 6,112,027</u></u> | <u><u>\$ 3,106,175</u></u> |

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Notes to Financial Statements For the Year Ended December 31, 2019 (With Comparative Totals for 2018)

Note 5 - In-Kind Support

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

| | <u>2019</u> | <u>2018</u> |
|--------------------|-------------------------|-------------------------|
| Program consulting | \$ 45,000 | \$ 45,000 |
| Legal services | 17,000 | 21,250 |
| IT services | 600 | 600 |
| Graphic design | <u>12,000</u> | <u>11,200</u> |
| | <u><u>\$ 74,600</u></u> | <u><u>\$ 78,050</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

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 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 Ending December 31,

| | |
|------|--------------------------|
| 2020 | \$ 52,449 |
| 2021 | <u>58,934</u> |
| | <u><u>\$ 111,383</u></u> |

Total rent expense for the years ended December 31, 2019 and 2018 was \$66,108 and \$55,971, 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 expenses were \$36,909 and \$25,229 for the years ended December 31, 2019 and 2018, respectively.

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Notes to Financial Statements For the Year Ended December 31, 2019 (With Comparative Totals for 2018)

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>2019</u> | <u>2018</u> |
|---|----------------------------|----------------------------|
| Cash and cash equivalents | \$ 3,887,488 | \$ 3,385,950 |
| Accounts receivable | 268,907 | 31,472 |
| Grants and contributions receivable | <u>4,395,651</u> | <u>1,757,785</u> |
| Total financial assets | 8,552,046 | 5,175,207 |
| Less amounts donor-restricted for program or time related purposes | (6,112,027) | (3,106,175) |
| Add back general support for future periods | <u>36,400</u> | <u>87,400</u> |
| Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year | <u>\$ 2,476,419</u> | <u>\$ 2,156,432</u> |

Note 10 - COVID-19

The Organization has evaluated subsequent events through September 4, 2020, the date on which the financial statements were available to be issued. In December 2019, a novel strain of coronavirus (COVID-19) was reported in Wuhan, China. Subsequent to year end, the World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The COVID-19 outbreak has caused business disruption through mandated and voluntary closings of multiple businesses. As a result, employees of the Organization are working remotely and eliminating non-essential business travel. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on donors, all of which are uncertain and cannot be predicted.