

WE CARE SOLAR

Financial Statements

For the Year Ended December 31, 2015

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, 2015, 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.

Report on Prior Year Summarized Comparative Information

The prior year summarized comparative information has been derived from the December 31, 2014 financial statements and the previous auditor's report dated June 26, 2015, expressed an unmodified opinion on those financial statements.



T: 425-454-4919
T: 800-504-8747
F: 425-454-4620

10900 NE 4th St
Suite 1700
Bellevue WA
98004

clarknuber.com

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, 2015, 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.

Clark Nuber P.S.

Certified Public Accountants
May 19, 2016

WE CARE SOLAR

Statement of Financial Position
December 31, 2015
(With Comparative Totals for 2014)

	<u>2015</u>	<u>2014</u>
Assets		
Current Assets:		
Cash	\$ 1,071,863	\$ 1,259,966
Short-term investments	649,673	
Accounts receivable	37,600	7,295
Grants and contributions receivable, due within one year	1,195,815	491,890
Inventory	224,656	121,769
Prepaid expenses	29,209	877
Total Current Assets	3,208,816	1,881,797
Grants and contributions receivable, due in one to two years	374,000	40,400
Computer equipment, net of accumulated depreciation of \$9,356 (\$413 - 2014)	8,403	4,298
Total Assets	<u>\$ 3,591,219</u>	<u>\$ 1,926,495</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 89,534	\$ 40,283
Accrued wages and payroll taxes	28,795	15,448
Accrued vacation pay	20,357	4,289
Deferred revenue	51,782	35,940
Total Liabilities	190,468	95,960
Net Assets:		
Unrestricted (Note 3)	1,158,908	804,106
Temporarily restricted (Note 4)	2,241,843	1,026,429
Total Net Assets	<u>3,400,751</u>	<u>1,830,535</u>
Total Liabilities and Net Assets	<u>\$ 3,591,219</u>	<u>\$ 1,926,495</u>

See accompanying notes.

WE CARE SOLAR

**Statement of Activities and Changes in Net Assets
December 31, 2015
(With Comparative Totals for 2014)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015 Total</u>	<u>2014 Total</u>
Support and Revenue:				
Grants and contributions	\$ 451,959	\$ 3,342,220	\$ 3,794,179	\$ 1,664,761
Net assets released from restriction-				
Satisfaction of purpose restrictions	1,905,973	(1,905,973)		
Satisfaction of time restrictions	220,833	(220,833)		
In-kind support (Note 5)	210,007		210,007	184,779
Program revenue	252,861		252,861	590,034
Investment return	22,800		22,800	
Other	12,928		12,928	20,438
Total Support and Revenue	3,077,361	1,215,414	4,292,775	2,460,012
Expenses:				
Program	2,407,930		2,407,930	1,746,576
General and administrative	288,685		288,685	146,390
Fundraising	25,944		25,944	22,915
Total Expenses	2,722,559		2,722,559	1,915,881
Change in Net Assets	354,802	1,215,414	1,570,216	544,131
Net assets, beginning of year	804,106	1,026,429	1,830,535	1,286,404
Net Assets, End of Year	\$ 1,158,908	\$ 2,241,843	\$ 3,400,751	\$ 1,830,535

See accompanying notes.

WE CARE SOLAR

**Statement of Functional Expenses
For the Year Ended December 31, 2015
(With Comparative Totals for 2014)**

	Programs			Total Program	General & Administrative	Fundraising	2015 Total	2014 Total
	Solar Suitcase	Education & Outreach	Research & Development					
Salaries, benefits and payroll taxes	\$ 239,992	\$ 108,658	\$ 85,343	\$ 433,993	\$ 195,070	\$ 9,600	\$ 638,663	\$ 401,706
Contractors and consultants	293,548	150,792	165,262	609,602	78,541	15,032	703,175	295,107
Product parts and materials	1,055,471	158,120	12,915	1,226,506	315	23	1,226,844	1,094,806
Occupancy	13,230	2,100	6,063	21,393	7,280	140	28,813	13,225
Office expenses	16,609	18,659	832	36,100	1,514	204	37,818	14,153
Information technology	9,333	2,293	1,070	12,696	1,848	439	14,983	11,512
Meetings and conferences	913	108		1,021	1,016		2,037	903
Travel	40,502	11,430	415	52,347	10	4	52,361	75,059
Other	9,318	4,454	500	14,272	3,091	502	17,865	9,410
Total	\$ 1,678,916	\$ 456,614	\$ 272,400	\$ 2,407,930	\$ 288,685	\$ 25,944	\$ 2,722,559	\$ 1,915,881

See accompanying notes.

WE CARE SOLAR**Statement of Cash Flows
For the Year Ended December 31, 2015
(With Comparative Totals for 2014)**

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 1,570,216	\$ 544,131
Adjustments to reconcile change in net assets to net cash provided by operating activities-		
Depreciation expense	308	413
Gain on investments	(22,800)	
Changes in assets and liabilities:		
Accounts receivable	(30,305)	68,593
Grants and contributions receivable	(1,037,525)	(44,834)
Inventory	(102,887)	104,578
Prepaid expenses	(28,332)	(147)
Accounts payable and accrued expenses	78,666	(22,490)
Deferred revenue	15,842	(304,885)
Cash Provided by Operating Activities	443,183	345,359
Cash Flows From Investing Activities:		
Purchase of investments	(1,000,000)	
Proceeds from sale of investments	373,127	
Purchase of computer equipment	(4,413)	(4,711)
Cash Used by Investing Activities	(631,286)	(4,711)
Change in Cash	(188,103)	340,648
Cash balance, beginning of year	1,259,966	919,318
Cash Balance, End of Year	<u>\$ 1,071,863</u>	<u>\$ 1,259,966</u>

See accompanying notes.

WE CARE SOLAR

Notes to Financial Statements For the Year Ended December 31, 2015

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.

WE CARE SOLAR

Notes to Financial Statements For the Year Ended December 31, 2015

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

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, 2015 and 2014.

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, 2015 and 2014.

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 \$21,491 and interest income of \$1,309.

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).

WE CARE SOLAR

Notes to Financial Statements For the Year Ended December 31, 2015

Note 2 - Continued

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 fixed income securities which are valued at the closing price on the last business day of the year which is considered Level 2 inputs.

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 and consists primarily of We Care Solar Suitcases that have been assembled by, and purchased from, a third party manufacturer. Purchased inventory is recorded as an asset on the balance sheet and expensed when sold.

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, 2015, 49% of total support and revenue was received from two grantors. In addition, 82% of grants and contributions receivable was from two grantors at December 31, 2015.

WE CARE SOLAR

Notes to Financial Statements For the Year Ended December 31, 2015

Note 2 - Continued

Comparative Amounts for 2014 - 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, 2014, 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.

Subsequent Events - The Organization has evaluated subsequent events through May 19, 2016, 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>2015</u>	<u>2014</u>
Undesignated	\$ 904,927	\$ 804,106
Designated for We Share Solar	247,269	
Designated to support programs in Ethiopia	<u>6,712</u>	
	<u><u>\$ 1,158,908</u></u>	<u><u>\$ 804,106</u></u>

WE CARE SOLAR

Notes to Financial Statements For the Year Ended December 31, 2015

Note 4 - Temporarily Restricted Net Assets

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

	<u>2015</u>	<u>2014</u>
Support from the United Nations for various projects	\$ 984,333	\$ -
Good to Great initiative	358,809	
General support in future periods	212,500	375,000
We Share Solar	79,000	
Solar Suitcase		132,867
Other activities		16,461
To support programs in-		
Tanzania	139,996	
Sierra Leone	136,082	19,435
Philippines	115,351	424,492
Uganda	111,713	
Nepal	85,156	
Gambia	13,845	
Ethiopia	5,058	58,174
	<u>\$ 2,241,843</u>	<u>\$ 1,026,429</u>

Note 5 - In-Kind Support

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

	<u>2015</u>	<u>2014</u>
Program consulting	\$ 104,000	\$ 104,000
Other professional services	60,157	
Legal services	21,250	60,888
Free use of office space	12,600	12,600
Graphic design	12,000	
Product materials/tools		5,011
Light design services		2,280
	<u>\$ 210,007</u>	<u>\$ 184,779</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, 2015**

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 \$4,000 through November 2016, \$4,240 through November 2017, and \$4,494 through November 18, 2018.

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

2016	\$	48,480
2017		51,388
2018		<u>44,940</u>
	\$	<u><u>144,808</u></u>

Total rent expense for the year ended December 31, 2015 was \$28,813.

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 was \$4,365 for the year ended December 31, 2015.