

**WE CARE SOLAR**

Financial Statements

For the Year Ended December 31, 2018

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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, 2018, 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, 2018, 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.

## **Effect of Adopting New Accounting Standard**

As discussed in Note 1, We Care Solar adopted the Financial Accounting Standards Board's Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended December 31, 2018. Our opinion is not modified with respect to this matter.

## **Report on Summarized Comparative Information**

We have previously audited We Care Solar's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 6, 2018. 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 20, 2019

WE CARE SOLAR

Statement of Financial Position  
December 31, 2018  
(With Comparative Totals for 2017)

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash	\$ 1,900,934	\$ 2,305,559
Short-term investments (Note 3)	1,485,016	1,473,375
Accounts receivable	31,472	97,704
Grants and contributions receivable, due within one year	907,886	1,205,031
Inventory	264,184	746,706
Prepaid expenses	<u>28,663</u>	<u>5,634</u>
<b>Total Current Assets</b>	<b>4,618,155</b>	<b>5,834,009</b>
Grants and contributions receivable, due in one to two years	849,899	1,170,482
Computer equipment, net of accumulated depreciation of \$21,154 (\$15,381 - 2017)	<u>4,490</u>	<u>10,263</u>
<b>Total Assets</b>	<b><u>\$ 5,472,544</u></b>	<b><u>\$ 7,014,754</u></b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 143,897	\$ 60,023
Accrued wages and payroll taxes	3,687	64,094
Accrued vacation payable	<u>47,200</u>	<u>44,000</u>
<b>Total Liabilities</b>	<b>194,784</b>	<b>168,117</b>
<b>Net Assets:</b>		
Without donor restrictions	2,171,585	1,895,758
With donor restrictions (Note 4)	<u>3,106,175</u>	<u>4,950,879</u>
<b>Total Net Assets</b>	<b><u>5,277,760</u></b>	<b><u>6,846,637</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 5,472,544</u></b>	<b><u>\$ 7,014,754</u></b>

See accompanying notes.

WE CARE SOLAR

**Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2018  
(With Comparative Totals for 2017)**

	Without Donor Restrictions	With Donor Restrictions	2018 Total	2017 Total
<b>Support and Revenue:</b>				
Grants and contributions	\$ 450,554	\$ 2,099,732	\$ 2,550,286	\$ 5,165,753
Net assets released from restriction	3,944,436	(3,944,436)		
In-kind support (Note 5)	78,050		78,050	59,155
Program revenue	309,055		309,055	469,220
Investment return, net	11,860		11,860	19,534
Other	3,158		3,158	17,552
<b>Total Support and Revenue</b>	<b>4,797,113</b>	<b>(1,844,704)</b>	<b>2,952,409</b>	<b>5,731,214</b>
<b>Expenses:</b>				
Program	4,081,578		4,081,578	3,204,168
General and administrative	326,197		326,197	204,873
Fundraising	113,512		113,512	127,380
<b>Total Expenses</b>	<b>4,521,286</b>		<b>4,521,286</b>	<b>3,536,421</b>
<b>Change in Net Assets</b>	<b>275,827</b>	<b>(1,844,704)</b>	<b>(1,568,877)</b>	<b>2,194,793</b>
Net assets, beginning of year	1,895,758	4,950,879	6,846,637	4,651,844
<b>Net Assets, End of Year</b>	<b>\$ 2,171,585</b>	<b>\$ 3,106,175</b>	<b>\$ 5,277,760</b>	<b>\$ 6,846,637</b>

See accompanying notes.

**WE CARE SOLAR**

**Statement of Functional Expenses  
For the Year Ended December 31, 2018  
(With Comparative Totals for 2017)**

	Programs			Total Program	General and Administrative	Fundraising	2018 Total	2017 Total
	Solar Suitcase	Education and Outreach	Research and Development					
Salaries, benefits and payroll taxes	\$ 490,453	\$ 333,123	\$ 17,839	\$ 841,415	\$ 234,806	\$ 78,330	\$ 1,154,551	\$ 1,138,048
Product parts and materials	1,650,854	492,750	1,518	2,145,122	239	58	2,145,419	1,491,879
Contractors and consultants	452,437	123,944	268,953	845,334	48,368	15,940	909,642	669,994
Travel	59,623	63,534		123,157	7,810	11,634	142,601	97,302
Occupancy	33,419	11,090	4,956	49,465	5,226	1,279	55,971	50,533
Office expenses	10,428	10,831	1,432	22,691	4,282	707	27,680	40,744
Information technology	6,803	2,026	891	9,720	17,206	2,446	29,372	21,653
Other	10,383	5,068	1,938	17,389	7,234	2,392	27,016	17,502
Meetings and conferences	5,254	21,371	660	27,285	1,024	726	29,036	8,766
	<u>\$ 2,719,654</u>	<u>\$ 1,063,736</u>	<u>\$ 298,187</u>	<u>\$ 4,081,578</u>	<u>\$ 326,197</u>	<u>\$ 113,512</u>	<u>\$ 4,521,286</u>	<u>\$ 3,536,421</u>

See accompanying notes.

**WE CARE SOLAR**

**Statement of Cash Flows  
For the Year Ended December 31, 2018  
(With Comparative Totals for 2017)**

	<u>2018</u>	<u>2017</u>
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ (1,568,877)	\$ 2,194,793
Adjustments to reconcile change in net assets to net cash provided by operating activities-		
Depreciation expense	5,773	6,121
Realized and unrealized losses (gains) on investments	1,149	(13,096)
Changes in assets and liabilities:		
Accounts receivable	66,232	152,051
Grants and contributions receivable	617,728	(1,242,015)
Inventory	482,522	76,484
Prepaid expenses	(23,029)	(2,914)
Accounts payable and accrued expenses	26,667	64,894
Deferred revenue		(3,048)
<b>Cash (Used) Provided by Operating Activities</b>	<b>(391,835)</b>	<b>1,233,270</b>
<b>Cash Flows From Investing Activities:</b>		
Purchase of investments	(1,124,271)	(2,918,302)
Proceeds from sale of investments	1,111,481	1,793,680
Purchase of computer equipment		(5,545)
<b>Cash Used by Investing Activities</b>	<b>(12,790)</b>	<b>(1,130,167)</b>
<b>Change in Cash</b>	<b>(404,625)</b>	<b>103,103</b>
Cash balance, beginning of year	<u>2,305,559</u>	<u>2,202,456</u>
<b>Cash Balance, End of Year</b>	<b><u>\$ 1,900,934</u></b>	<b><u>\$ 2,305,559</u></b>

See accompanying notes.



## WE CARE SOLAR

### Notes to Financial Statements For the Year Ended December 31, 2018

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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, 2018

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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:

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.

**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, 2018 and 2017.

**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, 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.

**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, 2018

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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 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 year ended December 31, 2018 and 2017, 54% and 63% of total support and revenue was received from three grantors and two grantors, respectively. In addition, 95% and 98% of grants and contributions receivable was from three grantors and two grantors, respectively, at December 31, 2018 and 2017.

**New Accounting Pronouncement** - During the year ended December 31, 2018, the Organization implemented the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 - *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14) required for fiscal years ending 2018. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 are the net assets classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (Note 9).

**Comparative Amounts for 2017** - The financial statements include certain summarized comparative information in total, but not by net asset class, few Care or the year ended December 31, 2017. 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, 2017, from which the summarized information was derived.

**Subsequent Events** - The Organization has evaluated subsequent events through September 20, 2019, the date which the financial statements were available to be issued.

## WE CARE SOLAR

### Notes to Financial Statements For the Year Ended December 31, 2018

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#### 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.

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, 2018 or 2017.

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	2018 Total	2017 Total
Cash and cash equivalents	\$ 1,485,016	\$ -	\$ -	\$ 1,485,016	\$ 1,363,043
Certificate of deposit					99,939
Stock					10,393
<b>Total Investments</b>	<b>\$ 1,485,016</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,485,016</b>	<b>\$ 1,473,375</b>

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

	2018	2017
Interest and dividends	\$ 13,009	\$ 6,438
Realized and unrealized (losses) gains, net	(1,149)	13,096
	<b>\$ 11,860</b>	<b>\$ 19,534</b>

## WE CARE SOLAR

### Notes to Financial Statements For the Year Ended December 31, 2018

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#### Note 4 - Net Assets With Donor Restrictions

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

	<u>2018</u>	<u>2017</u>
Solar Suitcase -		
E. Africa - Uganda	\$ 489,082	\$ 1,295,133
E. Africa - Tanzania	20,616	138,184
E. Africa - Zimbabwe		30,000
W. Africa - Liberia	453,001	135,729
W. Africa - Nigeria	14,450	50,335
W. Africa - Sierra Leone	150,000	
Asia - Nepal		48,280
Other regions	500,751	1,338,713
Education - We Share Solar	1,121,358	1,453,290
R&D - field research	269,517	421,215
General support in future periods	87,400	40,000
	<u><u>\$ 3,106,175</u></u>	<u><u>\$ 4,950,879</u></u>

#### Note 5 - In-Kind Support

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

	<u>2018</u>	<u>2017</u>
Program consulting	\$ 45,000	\$ 22,500
Legal services	21,250	21,705
IT services	600	3,750
Graphic design	11,200	11,200
	<u><u>\$ 78,050</u></u>	<u><u>\$ 59,155</u></u>

#### Note 6 - Contingencies

**Funding Source Requirement** - The Organization receives contributions and grants that are restricted for specific programs or purposes. If such restrictions are not met in accordance with the funding source agreement, there is the possibility that funds would have to be returned to the donor. It is management's opinion that all grant conditions have been met for grants that have been either recorded as unrestricted or for which donor restrictions have been released.

#### Note 7 - Commitments

In August 2018 the Organization extended 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.

## WE CARE SOLAR

### Notes to Financial Statements For the Year Ended December 31, 2018

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#### Note 7 - Continued

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

2019	\$	55,690
2020		52,449
2021		58,934
		<u>58,934</u>
	\$	<u><u>167,073</u></u>

Total rent expense for the years ended December 31, 2018 and 2017 was \$55,971 and \$50,533, 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 \$25,229 and \$17,402 for the years ended December 31, 2018 and 2017, 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>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 1,900,934	\$ 2,305,559
Short-term investments	1,485,016	1,473,375
Accounts receivable	31,472	97,704
Grants and contributions receivable	<u>1,757,785</u>	<u>2,375,513</u>
Total financial assets	5,175,207	6,252,151
Less: amounts donor-restricted for program or time related purposes	(3,106,175)	(4,950,879)
Add back: general support for future periods	<u>87,400</u>	<u>40,000</u>
<b>Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year</b>	<u><u>\$ 2,156,432</u></u>	<u><u>\$ 1,341,272</u></u>