

WE CARE SOLAR

Financial Statements

For the Year Ended December 31, 2021

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Independent Auditor's Report

**To the Board of Directors
We Care Solar
Berkeley, California**

Opinion

We have audited the financial statements of We Care Solar, which comprise the statement of financial position as of December 31, 2021, and 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of We Care Solar as of December 31, 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of We Care Solar and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on Summarized Comparative Information

We have previously audited We Care Solar's December 31, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 23, 2021. As discussed in Note 10 to the financial statements, the 2020 financial statements have been restated to correct a misstatement. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, as restated is consistent, in all material respects, with the audited financial statements from which it has been derived.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.



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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about We Care Solar's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 We Care Solar's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about We Care Solar's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Clark Nuber P.S.
Certified Public Accountants
July 28, 2022

WE CARE SOLAR

**Statement of Financial Position
December 31, 2021
(With Comparative Totals for 2020)**

	<u>2021</u>	<u>2020 (As Restated, Note 10)</u>
Assets		
Current Assets:		
Cash	\$ 7,658,714	\$ 4,093,313
Accounts receivable	67,831	370,762
Grants and contributions receivable, current portion (Note 3)	1,275,000	2,201,734
Inventory	<u>882,875</u>	<u>357,965</u>
Total Current Assets	9,884,420	7,023,774
Grants and contributions receivable, net of current portion and present value discount (Note 3)	1,230,557	2,441,974
Computer equipment, net of accumulated depreciation of \$24,796 (\$23,354 - 2020)	<u>3,561</u>	<u>6,338</u>
Total Assets	<u>\$ 11,118,538</u>	<u>\$ 9,472,086</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and other accrued liabilities	\$ 950,157	\$ 153,725
Accrued wages and payroll taxes	32,633	37,419
Accrued vacation payable	<u>95,598</u>	<u>86,748</u>
Total Liabilities	1,078,388	277,892
Net Assets:		
Without donor restrictions	1,960,798	2,106,551
With donor restrictions (Note 4)	<u>8,079,352</u>	<u>7,087,643</u>
Total Net Assets	<u>10,040,150</u>	<u>9,194,194</u>
Total Liabilities and Net Assets	<u>\$ 11,118,538</u>	<u>\$ 9,472,086</u>

See accompanying notes.

WE CARE SOLAR

**Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2021
(With Comparative Totals for 2020)**

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total (As Restated, Note 10)
Support and Revenue:				
Grants and contributions	\$ 312,175	\$ 4,977,853	\$ 5,290,028	\$ 5,749,798
Net assets released from restriction	3,986,144	(3,986,144)		
In-kind support (Note 5)	63,875		63,875	
Program revenue	534,242		534,242	768,449
Other	33,510		33,510	259,459
Total Support and Revenue	4,929,946	991,709	5,921,655	6,777,706
Expenses:				
Program	4,464,510		4,464,510	4,321,797
General and administrative	478,912		478,912	550,467
Fundraising	132,277		132,277	100,960
Total Expenses	5,075,699		5,075,699	4,973,224
Change in Net Assets	(145,753)	991,709	845,956	1,804,482
Net assets, beginning of year	2,106,551	7,087,643	9,194,194	7,389,712
Net Assets, End of Year	\$ 1,960,798	\$ 8,079,352	\$ 10,040,150	\$ 9,194,194

See accompanying notes.

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**Statement of Functional Expenses
For the Year Ended December 31, 2021
(With Comparative Totals for 2020)**

	Programs			Total Program	General and Administrative	Fundraising	2021 Total	2020 Total
	Solar Suitcase	Education and Outreach	Research and Development					
Salaries, benefits and payroll taxes	\$ 439,103	\$ 325,370	\$ 128,833	\$ 893,306	\$ 256,612	\$ 124,985	\$ 1,274,903	\$ 1,433,738
Product parts and materials	2,070,560	403,402	1,005	2,474,967	176		2,475,143	2,412,847
Contractors and consultants	738,434	185,456	4,050	927,940	115,980		1,043,920	934,803
Travel	32,402	17,849	512	50,763	1,792		52,555	16,159
Occupancy	7,200			7,200	56,976		64,176	56,235
Office expenses	1,654	1,442	19	3,115	7,123	89	10,327	12,162
Information technology	4,243	15,676	3,711	23,630	23,613	210	47,453	59,856
Other	1,651	287	398	2,336	11,380	1,411	15,127	26,575
Meetings and conferences	41,824	39,347	82	81,253	5,260	5,582	92,095	20,849
	\$ 3,337,071	\$ 988,829	\$ 138,610	\$ 4,464,510	\$ 478,912	\$ 132,277	\$ 5,075,699	\$ 4,973,224

See accompanying notes.

WE CARE SOLAR

**Statement of Cash Flows
For the Year Ended December 31, 2021
(With Comparative Totals for 2020)**

	<u>2021</u>	<u>2020 (As Restated, Note 10)</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 845,956	\$ 1,405,112
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities-		
Depreciation expense	2,777	2,545
Changes in assets and liabilities:		
Accounts receivable	302,931	(101,855)
Grants and contributions receivable	2,138,151	(248,057)
Inventory	(524,910)	(145,689)
Prepaid expenses		6,672
Accounts payable	800,496	(707,420)
Cash Provided by Operating Activities	3,565,401	211,308
Cash Flows From Investing Activities:		
Purchase of computer equipment		(5,483)
Cash Used by Investing Activities		(5,483)
Change in Cash and Cash Equivalents	3,565,401	205,825
Cash and cash equivalents, beginning of year	4,093,313	3,887,488
Cash and Cash Equivalents, End of Year	<u>\$ 7,658,714</u>	<u>\$ 4,093,313</u>

See accompanying notes.

WE CARE SOLAR

Notes to Financial Statements For the Year Ended December 31, 2021 (With Comparative Totals for 2020)

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 and Outreach 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 Florida, 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.

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Notes to Financial Statements For the Year Ended December 31, 2021 (With Comparative Totals for 2020)

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, 2021 and 2020.

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 \$2,500 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, 2021 and 2020, there were no conditional contributions.

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Notes to Financial Statements For the Year Ended December 31, 2021 (With Comparative Totals for 2020)

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, and information technology 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, 2021 and 2020, 69% and 58% of total support and revenue was received from one grantor and four grantors, respectively. In addition, 99% and 93% of grants and contributions receivable was from two grantors and three grantors, respectively, at December 31, 2021 and 2020.

Comparative Amounts for 2020 - The financial statements include certain summarized comparative information in total, but not by net asset class, for the year ended December 31, 2020. 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, 2020, from which the summarized information was derived.

Subsequent Events - The Organization has evaluated subsequent events through July 28, 2022, the date on which the financial statements were available to be issued.

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Notes to Financial Statements For the Year Ended December 31, 2021 (With Comparative Totals for 2020)

Note 3 - Grants and Contributions Receivable

Grants and contributions receivable are due to be collected as follows at December 31, 2021:

For the Year Ending December 31,

2022	\$ 1,275,000
2023	<u>1,250,000</u>
	2,525,000
Less present value discount at 1.58%	<u>(19,443)</u>
	<u><u>\$ 2,505,557</u></u>

Note 4 - Net Assets With Donor Restrictions

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

	<u>2021</u>	<u>2020</u>
Healthcare - We Care Solar	\$ 7,181,356	\$ 5,881,690
Education - We Share Solar	<u>897,996</u>	<u>1,205,953</u>
	<u><u>\$ 8,079,352</u></u>	<u><u>\$ 7,087,643</u></u>

Note 5 - In-Kind Support

In-kind contributions for the year ended December 31, 2021 consisted of \$63,875 of shipping and logistics services. There were no in-kind contributions for the year ended December 31, 2020.

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.

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 vary annually through April 2023. The effects of straight-line rent expense are not considered material to the financial statements. Future minimum lease payments are \$66,702 due in 2022 and \$19,508 due in 2023.

Total rent expense for the years ended December 31, 2021 and 2020 was \$63,177 and \$55,913, respectively.

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Notes to Financial Statements For the Year Ended December 31, 2021 (With Comparative Totals for 2020)

Note 8 - Retirement Plans

The Organization sponsors a SIMPLE IRA 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 \$21,500 and \$27,261 for the years ended December 31, 2021 and 2020, 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 may invest 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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 7,658,714	\$ 4,093,313
Accounts receivable	67,831	370,762
Grants and contributions receivable	<u>2,505,557</u>	<u>4,643,708</u>
Total financial assets	10,232,102	9,107,783
Less amounts donor-restricted for program or time related purposes	(8,079,352)	(7,087,643)
Add back general support for future periods	<u>1,205,953</u>	<u>1,205,953</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 2,152,750</u>	<u>\$ 3,226,093</u>

Note 10 - Prior Period Restatement

During the year ending December 31, 2021, management determined that 2020 program revenue and beginning of the year net assets without donor restrictions was understated by \$399,370. As such the 2020 comparative information has been adjusted as follows:

	<u>For the Year Ending December 31, 2020</u>		
	<u>As Previously Reported</u>	<u>Restatements</u>	<u>As Restated</u>
Statement of activities and changes in net assets-			
Program revenue	\$ 369,129	\$ 399,370	\$ 768,499
Changes in net assets	1,405,112	399,370	1,804,482
Net assets, beginning of year	7,789,082	(399,370)	7,389,712