

WE CARE SOLAR

Financial Statements

For the Year Ended December 31, 2023

Table of Contents

	Page
Independent Auditor's Report	1 - 3
Financial Statements:	
Statement of Financial Position	4
Statement of Activities and Changes in Net Assets	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 13

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, 2023, 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, 2023, 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 audit 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 10 to the financial statements, the 2022 financial statements have been restated to correct an error. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited We Care Solar's December 31, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 5, 2023. As part of our audit of the December 31, 2023, financial statements, we also audited the adjustments described in Note 10 that were applied to restate the 2022 financial statements. Such adjustment is appropriate and has been properly applied.



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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.

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
October 10, 2024

WE CARE SOLAR**Statement of Financial Position
December 31, 2023
(With Comparative Totals for 2022)**

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets:		
Cash	\$ 8,865,172	\$ 4,306,088
Accounts receivable		31,145
Grants and contributions receivable, current portion (Note 3)	1,993,209	3,232,280
Inventory	1,732,551	1,204,110
Prepaid expenses and other current assets	<u>12,762</u>	<u>481</u>
Total Current Assets	12,603,694	8,774,104
Grants and contributions receivable, net of current portion (Note 3)	214,851	309,849
Computer equipment, net of accumulated depreciation of \$12,960 (\$11,701 - 2022)		1,259
Software development in progress	<u>168,314</u>	
Total Assets	<u>\$ 12,986,859</u>	<u>\$ 9,085,212</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and other accrued liabilities	\$ 316,584	\$ 509,368
Accrued wages and payroll taxes	22,534	35,616
Accrued vacation payable	<u>123,311</u>	<u>105,593</u>
Total Liabilities	462,429	650,577
Net Assets:		
Without donor restrictions	5,872,526	2,411,980
With donor restrictions (Note 4)	<u>6,651,904</u>	<u>6,022,655</u>
Total Net Assets	<u>12,524,430</u>	<u>8,434,635</u>
Total Liabilities and Net Assets	<u>\$ 12,986,859</u>	<u>\$ 9,085,212</u>

See accompanying notes.

WE CARE SOLAR

**Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2023
(With Comparative Totals for 2022)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Total</u>	<u>2022 Total</u>
Support and Revenue:				
Grants and contributions	\$ 4,061,092	\$ 3,930,193	\$ 7,991,285	\$ 3,570,827
Net assets released from restriction	3,300,944	(3,300,944)		
In-kind support (Note 5)	85,016		85,016	214,811
Program revenue	464,730		464,730	231,153
Other	132,212		132,212	21,643
Total Support and Revenue	8,043,994	629,249	8,673,243	4,038,434
Expenses:				
Program	3,558,291		3,558,291	4,925,166
General and administrative	755,858		755,858	575,852
Fundraising	269,299		269,299	142,931
Total Expenses	4,583,448		4,583,448	5,643,949
Change in Net Assets	3,460,546	629,249	4,089,795	(1,605,515)
Net assets, beginning of year	2,411,980	6,022,655	8,434,635	10,040,150
Net Assets, End of Year	<u>\$ 5,872,526</u>	<u>\$ 6,651,904</u>	<u>\$ 12,524,430</u>	<u>\$ 8,434,635</u>

See accompanying notes.

WE CARE SOLAR

**Statement of Functional Expenses
For the Year Ended December 31, 2023
(With Comparative Totals for 2022)**

	Programs			Total Program	General and Administrative	Fundraising	2023 Total	2022 Total
	Solar Suitcase	Education and Outreach	Research and Development					
Salaries, benefits and payroll taxes	\$ 394,653	\$ 414,196	\$ 180,785	\$ 989,634	\$ 542,833	\$ 184,312	\$ 1,716,779	\$ 1,475,666
Product parts and materials	1,116,293	329,427	10,582	1,456,302			1,456,302	2,719,335
Contractors and consultants	700,864	112,124		812,988	135,758	21,250	969,996	1,118,146
Travel	84,471	36,087	8,137	128,695	3,732	3,316	135,743	91,317
Information technology	30,356	9,938	1,500	41,794	11,259		53,053	79,274
Occupancy	19,900			19,900	25,320		45,220	74,737
Meetings and conferences	34,350	46,381	7,105	87,836	19,931	57,465	165,232	49,423
Office expenses	4,252	1,501	3,320	9,073	8,231	618	17,922	6,781
Other	1,341	10,728		12,069	8,794	2,338	23,201	29,270
	\$ 2,386,480	\$ 960,382	\$ 211,429	\$ 3,558,291	\$ 755,858	\$ 269,299	\$ 4,583,448	\$ 5,643,949

See accompanying notes.

WE CARE SOLAR**Statement of Cash Flows
For the Year Ended December 31, 2023
(With Comparative Totals for 2022)**

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 4,089,795	\$ (1,605,515)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities-		
Depreciation expense	1,259	2,302
Changes in assets and liabilities:		
Accounts receivable	31,145	36,686
Grants and contributions receivable	1,334,069	(1,036,572)
Inventory	(528,441)	(321,295)
Prepaid expenses and other current assets	(12,281)	(421)
Accounts payable and other accrued liabilities	(188,148)	(427,811)
	<u>4,727,398</u>	<u>(3,352,626)</u>
Cash Provided by (Used in) Operating Activities		
	4,559,084	(3,352,626)
Change in Cash and Cash Equivalents		
	4,559,084	(3,352,626)
Cash and cash equivalents, beginning of year	<u>4,306,088</u>	<u>7,658,714</u>
Cash and Cash Equivalents, End of Year	<u>\$ 8,865,172</u>	<u>\$ 4,306,088</u>

See accompanying notes.

WE CARE SOLAR

Notes to Financial Statements For the Year Ended December 31, 2023 (With Comparative Totals for 2022)

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 Internal Revenue Service (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.

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 that lack reliable electricity. Within the United States, We Share Solar Suitcases are also used in schools and local communities for emergency preparedness. We Share Solar has active education programs in over one hundred schools and afterschool programs led by teachers in California, Florida, Minnesota, North Carolina, and New Jersey, as well as a virtual program offering for students and educators to access from anywhere. Its international programs include Aotearoa (New Zealand), Kenya and Uganda.

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 its 12V DC solar electric system.

WE CARE SOLAR

Notes to Financial Statements For the Year Ended December 31, 2023 (With Comparative Totals for 2022)

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.

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 (FDIC) limits at December 31, 2023 and 2022.

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.

WE CARE SOLAR

Notes to Financial Statements For the Year Ended December 31, 2023 (With Comparative Totals for 2022)

Note 2 - Continued

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 and software developed for the organization is depreciated over an estimated useful life of two to five years. The cost of repairs and maintenance are expensed as incurred.

Leases - Effective January 1, 2022, the Organization adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, *Leases (Topic 842)* (ASC Topic 842). The Organization evaluated its current leases and determined the recognition of a right-to-use asset and lease liability is not material to the financial statements.

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 met. At December 31, 2023 and 2022, there were \$8,000,000 and \$0 outstanding conditional contributions, respectively.

In-Kind Support - In-kind contributions consist primarily of donated professional services and shipping and logistics. Contributions of shipping and logistics are valued at the amount the vendor would have invoiced the Organization for similar services. Professional service 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 U.S. GAAP, 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 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.

WE CARE SOLAR

Notes to Financial Statements For the Year Ended December 31, 2023 (With Comparative Totals for 2022)

Note 2 - Continued

Concentrations - For the years ended December 31, 2023 and 2022, 64% and 29% of total support and revenue was received from three grantors and two grantors, respectively. In addition, 90% and 74% of grants and contributions receivable was from three grantors at both December 31, 2023 and 2022.

Comparative Amounts for 2022 - The financial statements include certain summarized comparative information in total, but not by net asset class, for the year ended December 31, 2022. 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, 2022, from which the summarized information was derived.

Subsequent Events - The Organization has evaluated subsequent events through October 10, 2024, the date on which the financial statements were available to be issued.

Note 3 - Grants and Contributions Receivable

Grants and contributions receivable are due to be collected as follows at December 31, 2023:

For the Year Ending December 31,

2024	\$ 1,993,209
2025	<u>218,300</u>
	2,211,509
Less present value discount at 1.58%	<u>(3,449)</u>
	<u>\$ 2,208,060</u>

Note 4 - Net Assets With Donor Restrictions

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

	<u>2023</u>	<u>2022</u>
Healthcare - We Care Solar	\$ 4,618,915	\$ 5,421,574
Education - We Share Solar	<u>2,032,989</u>	<u>601,081</u>
	<u>\$ 6,651,904</u>	<u>\$ 6,022,655</u>

Note 5 - In-Kind Support

In-kind contributions are not monetized and used in the fulfillment of program services. In-kind contributions for the year ended December 31, 2023 consisted of \$71,133 of shipping and logistics services and \$13,883 of other goods and services. In-kind contributions for the year ended December 31, 2022 consisted of \$191,531 of shipping and logistics services and \$23,280 of other goods and services.

WE CARE SOLAR

Notes to Financial Statements For the Year Ended December 31, 2023 (With Comparative Totals for 2022)

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 restrictions or for which donor restrictions have been released.

Banking Collapse - As of December 31, 2022, the Organization held deposits at First Republic Bank. First Republic Bank failed and was sold to another bank during the year ended December 31, 2023. The FDIC has guaranteed all deposits for this banking institution, including those over the \$250,000 FDIC insurance limit. The Organization has experienced no losses from this bank failure and subsequent sale.

Note 7 - Commitments

The Organization had an operating lease for office space in Berkeley, California. The lease called for total payments of \$11,341 through February 2023 at which time the Organization moved offices within the City of Berkeley. As of December 31, 2023, the new operating lease calls for total payments of \$17,783 through February 2025. The effects of straight-line rent expense are not considered material to the financial statements. Future minimum lease payments are \$26,812 due in 2024 and \$1,371 due in 2025.

Total rent expense for the years ended December 31, 2023 and 2022 was \$44,906 and \$74,317, respectively.

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 \$32,517 and \$22,449 for the years ended December 31, 2023 and 2022, 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.

WE CARE SOLAR

Notes to Financial Statements For the Year Ended December 31, 2023 (With Comparative Totals for 2022)

Note 9 - Continued

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>2023</u>	<u>2022</u>
Cash	\$ 8,865,172	\$ 4,306,088
Accounts receivable		31,145
Grants and contributions receivable	<u>2,208,060</u>	<u>3,542,129</u>
Total financial assets	11,073,232	7,879,362
Less amounts donor-restricted for program or time related purposes	<u>(6,651,904)</u>	<u>(6,022,655)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 4,421,328</u>	<u>\$ 1,856,707</u>

Note 10 - Prior Period Restatement

During the year ending December 31, 2023, management determined that 2022 grants and contributions receivable, grants and contributions revenue, and beginning of the year net assets with donor restrictions was overstated by \$313,266. As such the 2022 comparative information has been adjusted as follows:

	<u>For the Year Ending December 31, 2022</u>		
	<u>As Previously Reported</u>	<u>Restatements</u>	<u>As Restated</u>
Statement of Financial Position:			
Grants and contributions receivable	\$ 3,855,395	\$ (313,266)	\$ 3,542,129
Statement of Activities and Changes in Net Assets:			
Grants and contributions	\$ 3,884,093	\$ (313,266)	\$ 3,570,827
Changes in net assets	\$ (1,292,249)	\$ (313,266)	\$ (1,605,515)
Net assets, beginning of year	\$ 8,747,901	\$ (313,266)	\$ 8,434,635