

SOLAR SISTERS, INC.
(A NOT-FOR-PROFIT ORGANIZATION)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2012

SOLAR SISTER, INC.
(A NOT-FOR-PROFIT ORGANIZATION)

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Farmer & First, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

"Grow Your Business With Us"

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors and Stockholders
Solar Sister, Inc.

We have reviewed the accompanying balance sheet of Solar Sister, Inc. as of December 31, 2012, and the related statement of financial position, statement of activities, and statement of changes in net assets, and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information appearing on page 11 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we did not become aware of any material modifications that should be made to such information.



FARMER & FIRST, P.C., CPA's
October 15, 2013

SOLAR SISTER, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2012

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 37,841
Accounts receivable	32,021
Inventory	<u>23,420</u>

TOTAL CURRENT ASSETS 93,282

PROPERTY AND EQUIPMENT

Furniture and equipment	11,219
Accumulated depreciation	<u>(1,856)</u>

NET PROPERTY AND EQUIPMENT 9,363

TOTAL ASSETS \$ 102,645

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accrued expenses	<u>\$ 11,548</u>
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TOTAL LIABILITIES 11,548

NET ASSETS

Unrestricted	19,190
Temporarily restricted	77,198
Accumulated other comprehensive income	<u>(5,291)</u>

TOTAL NET ASSETS 91,097

TOTAL LIABILITIES AND NET ASSETS \$ 102,645

See accompanying notes and independent accountants' review report.

SOLAR SISTER, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2012

UNRESTRICTED NET ASSETS

OPERATING SUPPORT

Sales income	\$	102,536	
Less: cost of goods sold		<u>(41,450)</u>	
Net revenues from sales			\$ 61,086
Grants			162,802
Contributions			73,150
Donated goods and services			35,760
Interest income			<u>18</u>
TOTAL OPERATING SUPPORT			<u><u>332,816</u></u>

OPERATING EXPENSES

Program services			357,739
Support services			77,171
Fund raising			<u>15,084</u>
TOTAL OPERATING EXPENSES			<u><u>449,994</u></u>

DECREASE IN UNRESTRICTED NET ASSETS			<u>(117,178)</u>
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TEMPORARILY RESTRICTED NET ASSETS:

Grants restricted for programs			100,000
Released from restrictions			<u>(22,802)</u>

INCREASE IN TEMPORARILY RESTRICTED NET ASSETS			<u>77,198</u>
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TOTAL DECREASE IN NET ASSETS			<u><u>\$ (39,980)</u></u>
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SOLAR SISTER, INC.
STATEMENT OF CHANGES IN NET ASSETS
For the Year Ended December 31, 2012

	Unrestricted	Temporarily Restricted	Accumulated Other Comprehensive Income	<u>Total</u>
NET ASSETS, beginning of year	\$ 136,368	\$ -	\$ -	\$ 136,368
Increase/(decrease) in net assets	(117,178)	77,198		(39,980)
Other comprehensive loss (foreign currency exchange)	-	-	(5,291)	(5,291)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET ASSETS, end of year	<u>\$ 19,190</u>	<u>\$ 77,198</u>	<u>\$ (5,291)</u>	<u>\$ 91,097</u>

See accompanying notes and independent accountants' review report.

SOLAR SISTER, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES:	
Decrease in net assets	\$ (39,980)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	1,342
Increase in operating assets:	
Accounts receivable	(3,785)
Inventories	(10,657)
Increase in operating liabilities:	
Accrued expenses	<u>11,548</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(41,532)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES :	
Purchase of property and equipment	<u>(6,356)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(6,356)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds received from loan	20,000
Repayment of loan	<u>(20,000)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>-</u>
 NET DECREASE IN CASH AND CASH EQUIVALENTS	 (47,888)
 CASH AND CASH EQUIVALENTS, January 1	 <u>85,729</u>
 CASH AND CASH EQUIVALENTS, December 31	 <u><u>\$ 37,841</u></u>
 Interest expense paid	 <u><u>\$ 770</u></u>

See accompanying notes and independent accountants' review report.

SOLAR SISTER, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Solar Sister, Inc. is a not-for-profit organization located in Bristol, Rhode Island and operating in various locations overseas. Its stated purpose is to empower women and girls in Africa providing light and energy using the natural power of the sun.

Basis of Accounting

The Organization prepares its financial statements based on the accrual method of accounting and accordingly reflects all significant receivables, payables, and other liabilities.

Basis of Presentation

As required for not-for-profit entities, in the presentation of financial statements topic of FASB ASC 958-205-05, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There are presently no permanently restricted net assets.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considered all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization places its U.S. temporary cash investments with high quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limit.

Inventory

Inventory is stated at the lower of cost (first-in, first-out method) or market.

Fair Value of Financial Instruments

Cash, marketable securities, accounts receivable, accounts payable, accrued liabilities and debt are reflected in the financial statements at carrying amounts which approximate fair value.

SOLAR SISTER, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses. Accordingly, actual results could differ from those estimates.

Property and Equipment and Depreciation

Acquisitions are recorded at cost, fair market value if contributed. Depreciation is provided using straight-line method over the estimated useful lives of the respective assets. Expenditures for repairs and maintenance are expensed as incurred. Depreciation expense for the year ended December 31, 2012 amounted to \$1,342.

Contributions

The Organization has adopted FASB ASC 958-605-25 for contributions received and contributions made. As a result, contributions are recognized when amounts are received by the donor. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

Donated Materials, and Services

Services and materials are donated to the Organization by various individuals and organizations. Donated services were \$35,760 for the year ended December 31, 2012, recorded at fair market at the date of donation, and have been included in revenue and expenses, and capitalized when appropriate. In addition, the Organization occasionally receives various other donated materials and services; the value of which is not reflected in these statements since it is not susceptible to objective measurement or valuation.

Functional Allocation of Expenses

The costs of providing programs and other activities are summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

SOLAR SISTER, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

The Organization uses advertising to promote its programs within the communities it serves. The Organization's advertising expenses totaled \$2,807 for the year ended December 31, 2012.

Shipping and Handling Costs

The Organization expenses shipping and handling costs when incurred and such costs are included in cost of sales. Shipping and handling expenses totaled \$ 3,429 for the year ended December 31, 2012.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses. Accordingly, actual results could differ from those estimates.

Contingencies and Concentrations

Two grantors provided 83% of the total grants received by the Organization and 44% of total revenue generated during the year ended December 31, 2012. The financial health of the Organization depends on the continued support of its grantors and contributors.

The Organization maintains cash balances both inside and outside of the United States. Cash maintained in foreign countries is not federally insured. The amount of uninsured cash balances total \$7,677 and is further subject to foreign exchange rate translation adjustments.

The credit risk for trade accounts receivable is concentrated because most of the balances are due from individuals located in the same geographical region (outside of the United States). During 2012, there were no charges to the results of operations for changes in estimates of the amount collectible from trade accounts receivable. Trade receivables are considered fully collectible; therefore, there is no valuation allowance.

Program operations are concentrated in Uganda, consisting of revenue from direct marketing-type sales of solar power equipment, of which net assets totaled \$69,909 for the year ended December 31, 2012.

SOLAR SISTER, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Uncertain Tax Positions

The Organization's federal tax returns are subject to examination by the IRS, generally for three years after their filing. Based upon the requirements of FASB ASC 740-10 (*Accounting for Uncertainty in Income Taxes*), the Organization has considered its tax position in filing a Form 990 for the years ended December 31, 2012 and 2011 to have a greater than 50% chance the position will be sustained.

Subsequent Events

Subsequent events have been evaluated through October 15, 2013 which is the date the financial statements were available to be issued.

NOTE 2 – TEMPORARILY RESTRICTED NET ASSETS

As of December 31, 2012, temporarily restricted net assets consisted of \$77,198 from an Exxon Corporation Grant.

NOTE 3 – OPERATING LEASE COMMITMENTS

The Organization leases space in both the United States and Uganda under monthly operating agreements. Rent expense amounted to \$11,528 for the year ended December 31, 2012.

SOLAR SISTER, INC.
SUPPLEMENTARY SCHEDULE OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2012

	<u>Program Services</u>	<u>Support Services</u>	<u>Fund Raising</u>	<u>Total</u>
FUNCTIONAL EXPENSES:				
Salaries	\$ 39,376	\$ 13,125	\$ -	\$ 52,501
Payroll taxes	3,599	1,200	-	4,799
Total personnel costs	42,975	14,325	-	57,300
Consultants	110,899	17,410	5,000	133,309
Commodities	106,230	-	-	106,230
Travel expense	66,747	19,071	9,535	95,353
Professional fees	-	16,250	-	16,250
Rent	11,527			11,527
Communications	6,932			6,932
Other program expense	5,640			5,640
Training and professional development	3,081			3,081
Office supplies	2,036	1,019	-	3,055
Advertising	-	2,807	-	2,807
Bank fees	-	2,427	-	2,427
Depreciation	-	1,342	-	1,342
Website and computer	-	549	549	1,098
Interest expense	-	770	-	770
Office expense	-	761	-	761
Miscellaneous	1,672	440	-	2,112
TOTAL	<u>\$ 357,739</u>	<u>\$ 77,171</u>	<u>\$ 15,084</u>	<u>\$ 449,994</u>

See independent accountants' review report.