

SOLAR SISTER, INC. AND AFFILIATES
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2019 AND 2018

SOLAR SISTER, INC. AND AFFILIATES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Solar Sister, Inc. and Affiliates

We have audited the accompanying consolidated financial statements of Solar Sister, Inc. (a nonprofit organization) and Affiliates (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion


In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Solar Sister, Inc. and Affiliates as of December 31, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Pronouncements

As discussed in Note 2 to the financial statements, the Organization adopted Accounting Standards Update 2018-08, *Clarifying the Scope of Accounting Guidance for Contributions Received and Contributions Made* and Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as of January 1, 2019. Our opinion is not modified with respect to these matters.

Emphasis-of-Matter

As discussed in Note 8 to the consolidated financial statements, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern". Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.



CERTIFIED PUBLIC ACCOUNTANTS

Braintree, Massachusetts
November 3, 2020

SOLAR SISTER, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

ASSETS

	<u>2019</u>	<u>2018</u>
Current assets:		
Cash	\$ 402,110	\$ 376,455
Receivables	1,750	12,500
Inventory	104,732	114,132
Prepaid expenses	<u>28,581</u>	<u>16,049</u>
Total current assets	537,173	519,136
Furniture and equipment, net of accumulated depreciation of \$4,266 in 2019 and \$3,980 in 2018	-	286
Intangible assets, net of accumulated amortization of \$1,268 in 2019 and \$1,073 in 2018	<u>682</u>	<u>877</u>
TOTAL ASSETS	<u>\$ 537,855</u>	<u>\$ 520,299</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued expenses	\$ <u>4,047</u>	\$ <u>16,715</u>
Net assets:		
Net assets without donor restrictions	130,848	262,864
Net assets with donor restrictions	<u>402,960</u>	<u>240,720</u>
Total net assets	<u>533,808</u>	<u>503,584</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 537,855</u>	<u>\$ 520,299</u>

See accompanying notes to consolidated financial statements.

SOLAR SISTER, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>			<u>2018</u>		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues and other support:						
Sales	\$ 649,241	\$ -	\$ 649,241	\$ 674,022	\$ -	\$ 674,022
Grants	483,417	939,972	1,423,389	547,238	980,848	1,528,086
Contributions	231,800	-	231,800	69,754	-	69,754
In-kind contributions	16,447	-	16,447	-	-	-
Other income	7,769	-	7,769	23	-	23
Net assets released from restriction	<u>777,732</u>	<u>(777,732)</u>	<u>-</u>	<u>770,828</u>	<u>(770,828)</u>	<u>-</u>
Total revenues and other support	<u>2,166,406</u>	<u>162,240</u>	<u>2,328,646</u>	<u>2,061,865</u>	<u>210,020</u>	<u>2,271,885</u>
Expenses:						
Program	1,888,491	-	1,888,491	2,040,805	-	2,040,805
Management and general	329,318	-	329,318	223,903	-	223,903
Fundraising	<u>70,162</u>	<u>-</u>	<u>70,162</u>	<u>17,358</u>	<u>-</u>	<u>17,358</u>
Total expenses	<u>2,287,971</u>	<u>-</u>	<u>2,287,971</u>	<u>2,282,066</u>	<u>-</u>	<u>2,282,066</u>
Change in net assets before foreign currency translation loss	(121,565)	162,240	40,675	(220,201)	210,020	(10,181)
Foreign currency translation loss	<u>(10,451)</u>	<u>-</u>	<u>(10,451)</u>	<u>(7,611)</u>	<u>-</u>	<u>(7,611)</u>
Change in net assets	(132,016)	162,240	30,224	(227,812)	210,020	(17,792)
Net assets at beginning of year	<u>262,864</u>	<u>240,720</u>	<u>503,584</u>	<u>490,676</u>	<u>30,700</u>	<u>521,376</u>
NET ASSETS AT END OF YEAR	<u>\$ 130,848</u>	<u>\$ 402,960</u>	<u>\$ 533,808</u>	<u>\$ 262,864</u>	<u>\$ 240,720</u>	<u>\$ 503,584</u>

See accompanying notes to consolidated financial statements.

SOLAR SISTER, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			
	Program	Management and General	Fundraising	Total Expenses
Personnel costs	\$ 784,613	\$ 81,417	\$ 65,988	\$ 932,018
Cost of sales	586,532	-	-	586,532
Professional fees	18,197	182,028	-	200,225
Travel	156,803	15,759	601	173,163
Training and professional development	88,506	2,774	19	91,299
Advertising	84,298	800	760	85,858
Website and computer	30,352	26,702	477	57,531
Office supplies	38,441	13,198	234	51,873
Communications	35,291	339	6	35,636
Rent	22,391	2,431	2,008	26,830
Miscellaneous	16,344	805	14	17,163
Inventory write off	17,144	-	-	17,144
Bank fees	6,454	816	15	7,285
Insurance	2,918	1,980	35	4,933
Depreciation and amortization	207	269	5	481
TOTAL EXPENSES	\$ 1,888,491	\$ 329,318	\$ 70,162	\$ 2,287,971

	2018			
	Program	Management and General	Fundraising	Total Expenses
Personnel costs	\$ 851,569	\$ 61,905	\$ 13,265	\$ 926,739
Cost of sales	581,669	-	-	581,669
Professional fees	188,640	115,162	959	304,761
Travel	127,126	623	133	127,882
Training and professional development	98,532	1,140	244	99,916
Office supplies	50,400	10,794	338	61,532
Advertising	51,468	279	60	51,807
Rent	26,326	4,441	952	31,719
Website and computer	25,605	4,319	925	30,849
Communications	26,136	-	-	26,136
Insurance	12,590	2,124	455	15,169
Miscellaneous	-	11,683	-	11,683
Bank fees	-	11,308	-	11,308
Depreciation and amortization	744	125	27	896
TOTAL EXPENSES	\$ 2,040,805	\$ 223,903	\$ 17,358	\$ 2,282,066

See accompanying notes to consolidated financial statements.

SOLAR SISTER, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Net cash flows from operating activities:		
Change in net assets	\$ 30,224	\$ (17,792)
Translation adjustments	10,451	7,611
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	481	896
Changes in assets and liabilities:		
Accounts receivable	10,306	(12,500)
Inventory	3,209	(32,311)
Prepaid expenses	(12,756)	(13,339)
Accounts payable and accrued expenses	<u>(12,674)</u>	<u>(39,750)</u>
Net cash provided by (used in) operating activities	29,241	(107,185)
Effect of exchange rate changes on cash flows	<u>(3,586)</u>	<u>(7,761)</u>
Net increase (decrease) in cash	25,655	(114,946)
Cash, beginning of year	<u>376,455</u>	<u>491,401</u>
CASH, END OF YEAR	<u><u>\$ 402,110</u></u>	<u><u>\$ 376,455</u></u>

See accompanying notes to consolidated financial statements.

SOLAR SISTER, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1. ORGANIZATION

Solar Sister, Inc. ("Solar Sister") is a non-profit organization located in Great Falls, VA and operates its programs in Tanzania and Nigeria. Solar Sister eradicates energy poverty, empowering women and girls with economic opportunity by creating a deliberately woman-centered direct sales network to bring the breakthrough potential of clean energy technology to even the most remote communities in rural Africa. Energy products include solar powered lights, mobile phone chargers, and other clean energy products. Solar Sister recruits, trains and launches grassroots green collar businesses. The program has provided this opportunity to over 5,000 Solar Sister entrepreneurs who sell Solar Sister's clean energy products to service 1.7 million African residents. Solar Sister's sales are derived entirely from its programs in foreign countries.

Solar Sister is required to maintain certain corporate structures in the countries in which it does business. Solar Sister controls the activities of Solar Sister Global Inc. ("Global"), Solar Sister Nigeria, Inc. ("SS Nigeria"), and Solar Sister Tanzania Inc. ("SS Tanzania"). These non-profit corporations did not conduct business activities in 2019 and 2018. However, SS Nigeria and SS Tanzania each own 50% of Solar Sister Entrepreneurs Nigeria LTD/GTE ("SS Entrepreneurs Nigeria") and Solar Sister Tanzania Limited ("SS Tanzania LTD"). Those entities were organized in their local jurisdictions to meet the requirements of doing business in those countries.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts and transactions of Solar Sister, Global, SS Nigeria, SS Tanzania, SS Entrepreneurs Nigeria and SS Tanzania LTD (collectively the "Organization"). All significant intercompany transactions and accounts have been eliminated in consolidation.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Net Assets

The accompanying consolidated financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor had stipulated the funds be maintained in perpetuity.

SOLAR SISTER, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Revenue is 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 assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from donor restrictions.

Year Ended December 31, 2019

The Organization adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers ("Topic 606") on January 1, 2019. With the adoption of Topic 606, revenue is measured based on the consideration specified in a contract with a customer, and excludes any amounts collected on behalf of third parties. Under Topic 606, the Organization recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. The majority of the Organization's revenue originates from contracts with customers with a single performance obligation to provide the customer with a product at the point of sale.

Year Ended December 31, 2018

For the year ended December 31, 2018 the Organization recognized revenue when (1) the customer accepted delivery of the product and title has been transferred; (2) a final understanding as to specific nature and terms of the agreed upon transaction had occurred; (3) price was fixed and determinable; and (4) collection was assured. Product sales generally met these criteria, and revenue was recognized, when product was delivered or title was transferred to the customer.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give, that is, those with a measurable performance or other barrier, are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met.

Contributions and grants receivable are stated at the amount management expects to collect from outstanding balances.

Contributions of assets other than cash are reported at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

SOLAR SISTER, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (continued)

Contributions of land, buildings, and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues in the net assets without donor restrictions category. Contributions of cash or other assets to be used to acquire land, buildings and equipment with donor stipulations are reported as revenues in the net assets with donor restrictions category; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

Contributions of services are reported as revenues and expenses in the net assets without donor restrictions category at the fair value of the services received only if the services create or enhance a non-financial asset or would typically need to be purchased by the Organization if they had not been provided by individuals with those skills. Contributions of goods and rental space to be used in program operations are reported as revenues and expenses in the net assets without donor restrictions category at fair value at the time the goods are received or the rental space is used.

Disaggregation of Revenue

The Organization operates as a grassroots not for profit entity employing local entrepreneurs in Tanzania and Nigeria to sell solar energy products to various locations across Tanzania and Nigeria. The Organization's viability is dependent on the strength of the regional economy and its ability to generate revenues from sales of solar powered devices and from collection of grants.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments that expose the Organization to credit risk consist primarily of cash. The Organization maintains its cash in bank deposit accounts, both in the United States and Africa. Cash accounts maintained in foreign countries are not insured and amounts held in U.S. banks may, at times, exceed insured limits. The Organization has not experienced any losses in such accounts. The Organization maintains its cash in highly rated financial institutions and management believes it is not exposed to significant credit risk on cash. At December 31, 2019 and 2018, cash held in foreign bank accounts totaled \$87,866 and \$123,492, respectively.

SOLAR SISTER, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

At December 31, 2019 and 2018, receivables consist of amounts due from product sales and grants, respectively. Receivables are recorded at their estimated realizable amounts. An allowance is made for uncollectible receivables based on management's judgment, past collection experience and other relevant factors. Management has determined that receivables are fully collectible; therefore, no allowance for uncollectible receivables is considered necessary at December 31, 2019 and 2018. Accounts receivable totaled \$1,750 and \$12,500 at December 31, 2019 and 2018, respectively. There were no accounts receivable due at December 31, 2017.

Inventory

Inventory is stated at the lower of cost or net realizable value. Cost is determined on a first-in, first-out basis. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Inventory consists of solar-powered devices sold to the general population in Tanzania and Nigeria by Solar Sister entrepreneurs.

Furniture and Equipment

Furniture and equipment are recorded at cost or, if donated, fair value on the date of the contribution. Furniture and equipment that cost less than \$500 are expensed to operations as incurred. Capitalized furniture and equipment are depreciated using the straight-line method over estimated useful lives ranging from five to seven years. Depreciation expense totaled \$286 in 2019 and \$701 in 2018. Furniture and equipment are fully depreciated at December 31, 2019.

Intangible Assets

Intangible assets represent a registered trademark. Intangible assets with finite lives are amortized on a straight-line basis over estimated useful lives. The estimated useful life of the trademark is ten years which is the period over which the asset is expected to contribute directly or indirectly to the Organization's future cash flows. Amortization expense was \$195 in 2019 and 2018. Amortization expense will be \$195 per year over the next three years and \$97 in 2023.

Impairment of Long-Lived Assets

The Organization's long-lived assets are reviewed for impairment in accordance with the guidance of the FASB ASC Topic *Property, Plant, and Equipment*, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. At December 31, 2019 and 2018, the Organization has determined that long-lived assets are not impaired.

SOLAR SISTER, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

Expenses have been summarized on a functional basis in the accompanying financial statements. Certain costs have been allocated among the programs and supporting services benefited on a reasonable basis that is consistently applied. Allocated expenses include total personnel and related costs, program support, program supplies, and other expenses, which are allocated on the basis of time and effort. Occupancy costs and depreciation and amortization are allocated based on square footage.

Advertising Costs

The Organization uses advertising to promote its programs within the communities it serves. The Organization's advertising expenses totaled \$85,858 in 2019 and \$51,807 in 2018.

Tax Status

The Organization is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is exempt from federal and state income taxes.

SS Entrepreneurs Nigeria and SS Tanzania LTD may be responsible for certain local taxes in their respective countries. There are no material amounts incurred for local taxes in 2019 and 2018.

The Organization accounts for uncertain tax positions in accordance with FASB ASC Topic *Income Taxes*. The Topic prescribes a recognition threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return. The Topic also provides guidance on recognition, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Organization files informational federal tax returns as required by the Code. Management believes that the Organization has no material uncertain tax positions.

Foreign Currency Translation

The Organization's foreign accounts and transactions in Tanzania and Nigeria are recognized in the local foreign currency of those regions. The statement of financial position accounts are translated at exchange rates in effect at the end of the year and revenues and expenses are translated at the average foreign exchange rates prevailing throughout the fiscal year. Translation gains and losses are included in the accompanying consolidated statements of activities and changes in net assets. The local currencies of Tanzania and Nigeria are the Tanzanian shilling ("TZS"), and the Naira ("NGN"), respectively.

SOLAR SISTER, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers* (“Topic 606”), with several clarifying updates issued subsequently. In conjunction with Topic 606, a new subtopic, ASC 340-40, *Other Assets and Deferred Costs – Contracts with Customers*, was also issued. The updated standard replaces most existing revenue recognition and certain cost guidance under U.S. GAAP. Collectively, we refer to Topic 606 and Subtopic 340-40 as “ASC 606”. ASC 606 amends existing accounting standards for revenue recognition and establishes principles for recognizing revenue upon the transfer of promised goods or services to customers based on the expected consideration to be received in exchange for those goods and services. The Organization adopted ASC 606 effective January 1, 2019 using the modified retrospective transition method. Use of the modified retrospective approach means the Organization’s comparative periods prior to initial application are not restated. The Organization has determined that the adjustments using the modified retrospective approach did not have a material impact on the date of the initial application along with the disclosure of the effect on prior periods. The Organization did not apply any practical expedients in implementing ASC 606.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (“ASU 2018-08”), which provides guidance for determining whether a transaction should be accounted for as a contribution or an exchange transaction, and whether a contribution is conditional or unconditional. This ASU is effective for years beginning after December 15, 2018. The Organization adopted ASU 2018-08 effective January 1, 2019 using the modified prospective method. Under the modified prospective method, the amendments are applied to agreements that are either not completed as of the effective date or entered into after the effective date. The Organization has determined that the application of the amendments in ASU 2018-08 did not have a material impact on the Organization’s financial statements and related disclosures.

Recently Issued But Not Yet Effective Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (“ASU 2016-02”). This update requires all leases with a term greater than 12 months to be recognized on the statement of position through a right-of-use asset and a lease liability and enhanced disclosures regarding the amount, timing, and uncertainty of cash flows arising from leases. In July 2018, the FASB issued ASU No. 2018-10, *Codification Improvements to Topic 842* and ASU No. 2018-11, *Leases: Targeted Improvements* which provided narrow amendments to clarify how to apply certain aspects of the new leases standard and options regarding transition. The standard requires either a modified retrospective transition approach with application in all comparative periods presented, or an alternative transition method, which permits the Organization to use its effective date as the date of initial application without restating the comparative period financial statements and recognizing any cumulative effect adjustment to the opening balance sheet.

SOLAR SISTER, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued But Not Yet Effective Accounting Pronouncements (continued)

In June 2020, the FASB issued ASU No. 2020-05 *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*. ASU 2020-05 amended the effective date for ASU 2016-02 and related amendments. ASU 2016-02, as amended, is effective for fiscal years beginning after December 15, 2021. The Organization is evaluating the effect that ASU 2016-02 will have on its financial statements and related disclosures.

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, the Organization has evaluated subsequent events subsequent to the consolidated financial statement date of December 31, 2019 through the date on which these consolidated financial statements were available to be issued. There were no material subsequent events, except those disclosed in Note 8, that require disclosure under FASB ASC Topic *Subsequent Events*.

NOTE 3. AVAILABILITY AND LIQUIDITY

The following represents the Organization's available financial assets as of December 31, 2019:

Cash and cash equivalents	\$ 402,110
Accounts receivable	<u>1,750</u>
Total financial assets	<u>\$ 403,860</u>

The Organization has certain donor-restricted net assets totaling \$402,960 that are available for general expenditure within one year of December 31, 2019 because the restrictions on those net assets are expected to be met by conducting the normal activities of its programs in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available for general expenditures within one year.

The Organization's goal is to maintain readily available financial assets to meet three months of operating expenses. As of 2019, the board of directors has not designated any of the Organization's net assets without donor restrictions for specific purposes.

NOTE 4. NET ASSETS WITH DONOR RESTRICTIONS

The Organization had net assets with donor restrictions of \$402,960 and \$240,720 at December 31, 2019 and 2018, respectively. These net assets were restricted by grantors or donors for use and expansion of programs in specific countries where the Organization operates its programs.

Net assets were released from donor restrictions in 2019 and 2018 by incurring expenses satisfying the restricted purposes established by donors. Net assets released from restrictions totaled \$777,732 in 2019 and \$770,828 in 2018.

SOLAR SISTER, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 5. OPERATING LEASES

The Organization leases office space in Tanzania and Nigeria on a month to month basis. Rent expense totaled \$26,830 in 2019 and \$31,719 in 2018.

NOTE 6. FOREIGN CURRENCY TRANSLATION ADJUSTMENTS

Foreign currency translation losses for 2019 and 2018 are associated with operations in Tanzania and Nigeria. Changes in accumulated translation adjustments are reported in the consolidated statements of activities and changes in net assets. The accumulated translation adjustments are a component of net assets without donor restrictions at December 31, 2019 and 2018 in the consolidated statements of financial position. The changes in accumulated translation adjustments in 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Balance at beginning of year	\$ (105,352)	\$ (97,741)
Foreign currency translation adjustments	<u>(10,451)</u>	<u>(7,611)</u>
Balance at end of year	<u>\$ (115,803)</u>	<u>\$ (105,352)</u>

NOTE 7. SIGNIFICANT GRANTORS

During 2019, three grantors accounted for approximately 59% of total grants received by the Organization and 36% of total revenue. During 2018, three grantors accounted for approximately 42% of total grants received by the Organization and 28% of total revenue.

NOTE 8. SUBSEQUENT EVENTS

COVID-19

During the 2020 calendar year, the World Health Organization declared COVID-19 to constitute a "Public Health Emergency of International Concern". In accordance with government mandates regarding the closure of certain businesses, the organization was required to temporarily close its facilities and other programming locations. Due to the uncertainty of the situation, long-term operational disruption and related financial impacts, if any, cannot be reasonably estimated at this time.

Paycheck Protection Program

On May 5, 2020, the Organization received loan proceeds of \$63,935 under the Paycheck Protection Program ("PPP"). The PPP, which was established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times certain average monthly payroll expenses of the qualifying business. The loan and accrued interest, or a portion thereof, may be forgiven after a designated period as long as the loan proceeds are used for eligible purposes including payroll, benefits, rent, mortgage interest and utilities, and maintains its payroll levels. Provisions of the PPP require that a certain percentage of the amount forgiven be attributable to payroll costs. The amount of loan forgiveness will be reduced by any amounts received by the Organization as an advance as part of the Economic Injury Disaster Loan ("EIDL") program, made available through the Small Business Administration, that is ultimately converted to a grant.

SOLAR SISTER, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 8. SUBSEQUENT EVENTS (CONTINUED)

Current guidelines of the PPP indicate that the PPP loan matures two years from the date of first disbursement of proceeds to the Organization (the “PPP Loan Date”) and accrues interest at a fixed rate of 1%. Payments are deferred for the first six months and payable in eighteen (18) equal consecutive monthly installments of principal and interest commencing on the seven-month anniversary of the PPP Loan Date. These guidelines could be subject to revision.

While the Organization intends to use the proceeds for purposes consistent with the PPP, there is no guarantee that the PPP loan will be forgiven in whole or in part.

SUPPLEMENTARY INFORMATION



CITRIN COOPERMAN®

Accountants and Advisors

**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION**

To the Board of Directors
Solar Sister, Inc. and Affiliates

We have audited the consolidated financial statements of Solar Sister, Inc. and Affiliates as of and for the years ended December 31, 2019 and 2018, and our report thereon dated November 3, 2020, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included on pages 17 through 23, which is the responsibility of management, is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the consolidated financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.


CERTIFIED PUBLIC ACCOUNTANTS

Braintree, Massachusetts
November 3, 2020

SOLAR SISTER, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION BY LOCATION
DECEMBER 31, 2019

	<u>ASSETS</u>			
	<u>USA</u>	<u>Tanzania</u>	<u>Nigeria</u>	<u>Total</u>
Current assets:				
Cash	\$ 264,318	\$ 32,068	\$ 105,724	\$ 402,110
Receivables	-	1,750	-	1,750
Inventory	-	59,029	45,703	104,732
Prepaid expenses	<u>27,662</u>	<u>919</u>	<u>-</u>	<u>28,581</u>
Total current assets	291,980	93,766	151,427	537,173
Intangible assets, net of accumulated amortization of \$1,268	<u>682</u>	<u>-</u>	<u>-</u>	<u>682</u>
TOTAL ASSETS	<u><u>\$ 292,662</u></u>	<u><u>\$ 93,766</u></u>	<u><u>\$ 151,427</u></u>	<u><u>\$ 537,855</u></u>
	<u>LIABILITIES AND NET ASSETS</u>			
	<u>USA</u>	<u>Tanzania</u>	<u>Nigeria</u>	<u>Total</u>
Current liabilities:				
Accounts payable and accrued expenses	<u>\$ 2,663</u>	<u>\$ -</u>	<u>\$ 1,384</u>	<u>\$ 4,047</u>
Net assets:				
Net assets without donor restrictions	(13,051)	93,766	50,133	130,848
Net assets with donor restrictions	<u>303,050</u>	<u>-</u>	<u>99,910</u>	<u>402,960</u>
Total net assets	<u>289,999</u>	<u>93,766</u>	<u>150,043</u>	<u>533,808</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 292,662</u></u>	<u><u>\$ 93,766</u></u>	<u><u>\$ 151,427</u></u>	<u><u>\$ 537,855</u></u>

See independent auditor's report on supplementary information and notes to supplementary information.

SOLAR SISTER, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS BY LOCATION
FOR THE YEAR ENDED DECEMBER 31, 2019

	USA			Tanzania			Nigeria			Total		
	Net Assets		Total	Net Assets		Total	Net Assets		Total	Net Assets		Total
	Without Donor Restrictions	Net Assets With Donor Restrictions		Without Donor Restrictions	Net Assets With Donor Restrictions		Without Donor Restrictions	Net Assets With Donor Restrictions		Without Donor Restrictions	Net Assets With Donor Restrictions	
Revenues and other support:												
Sales	\$ -	\$ -	\$ -	\$ 342,117	\$ -	\$ 342,117	\$ 307,124	\$ -	\$ 307,124	\$ 649,241	\$ -	\$ 649,241
Grants	425,000	764,168	1,189,168	-	-	-	58,417	175,804	234,221	483,417	939,972	1,423,389
Contributions	231,800	-	231,800	-	-	-	-	-	-	231,800	-	231,800
In-kind contributions	-	-	-	16,447	-	16,447	-	-	-	16,447	-	16,447
Other income	7,769	-	7,769	-	-	-	-	-	-	7,769	-	7,769
Transfer of grants	(700,000)	-	(700,000)	592,000	-	592,000	108,000	-	108,000	-	-	-
Net assets released from restriction	701,838	(701,838)	-	-	-	-	75,894	(75,894)	-	777,732	(777,732)	-
Total revenues and other support	<u>666,407</u>	<u>62,330</u>	<u>728,737</u>	<u>950,564</u>	<u>-</u>	<u>950,564</u>	<u>549,435</u>	<u>99,910</u>	<u>649,345</u>	<u>2,166,406</u>	<u>162,240</u>	<u>2,328,646</u>
Expenses:												
Program	285,828	-	285,828	939,916	-	939,916	662,747	-	662,747	1,888,491	-	1,888,491
Management and general	329,318	-	329,318	-	-	-	-	-	-	329,318	-	329,318
Fundraising	70,162	-	70,162	-	-	-	-	-	-	70,162	-	70,162
Total expenses	<u>685,308</u>	<u>-</u>	<u>685,308</u>	<u>939,916</u>	<u>-</u>	<u>939,916</u>	<u>662,747</u>	<u>-</u>	<u>662,747</u>	<u>2,287,971</u>	<u>-</u>	<u>2,287,971</u>
Change in net assets before foreign currency translation loss	(18,901)	62,330	43,429	10,648	-	10,648	(113,312)	99,910	(13,402)	(121,565)	162,240	40,675
Foreign currency translation loss	-	-	-	(3,421)	-	(3,421)	(7,030)	-	(7,030)	(10,451)	-	(10,451)
Change in net assets	(18,901)	62,330	43,429	7,227	-	7,227	(120,342)	99,910	(20,432)	(132,016)	162,240	30,224
Net assets at beginning of year	<u>5,850</u>	<u>240,720</u>	<u>246,570</u>	<u>86,539</u>	<u>-</u>	<u>86,539</u>	<u>170,475</u>	<u>-</u>	<u>170,475</u>	<u>262,864</u>	<u>240,720</u>	<u>503,584</u>
NET ASSETS AT END OF YEAR	<u>\$ (13,051)</u>	<u>\$ 303,050</u>	<u>\$ 289,999</u>	<u>\$ 93,766</u>	<u>\$ -</u>	<u>\$ 93,766</u>	<u>\$ 50,133</u>	<u>\$ 99,910</u>	<u>\$ 150,043</u>	<u>\$ 130,848</u>	<u>\$ 402,960</u>	<u>\$ 533,808</u>

See independent auditor's report on supplementary information and notes to supplementary information.

**SOLAR SISTER, INC. AND AFFILIATES
TANZANIA STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019**

ASSETS

Current assets:		
Cash	\$	32,068
Receivables		1,750
Inventory		59,029
Prepaid expenses		<u>919</u>
TOTAL ASSETS	\$	<u>93,766</u>

LIABILITIES AND NET ASSETS

TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	\$	<u>93,766</u>
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See independent auditor's report on supplementary information and notes to supplementary information.

**SOLAR SISTER, INC. AND AFFILIATES
TANZANIA STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues and other support:			
Sales	\$ 342,117	\$ -	\$ 342,117
In-kind contributions	16,447	-	16,447
Transfer of grants	<u>592,000</u>	<u>-</u>	<u>592,000</u>
Total revenues and other support	950,564	-	950,564
Expenses:			
Program expenses	<u>939,916</u>	<u>-</u>	<u>939,916</u>
Change in net assets before foreign currency translation loss	10,648	-	10,648
Foreign currency translation loss	<u>(3,421)</u>	<u>-</u>	<u>(3,421)</u>
Change in net assets	7,227	-	7,227
Net assets at beginning of year	<u>86,539</u>	<u>-</u>	<u>86,539</u>
NET ASSETS AT END OF YEAR	<u>\$ 93,766</u>	<u>\$ -</u>	<u>\$ 93,766</u>

See independent auditor's report on supplementary information and notes to supplementary information.

**SOLAR SISTER, INC. AND AFFILIATES
NIGERIA STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019**

ASSETS

Current assets:		
Cash	\$	105,724
Inventory		<u>45,703</u>
TOTAL ASSETS	\$	<u>151,427</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued expenses	\$	<u>1,384</u>
Net assets:		
Net assets without donor restrictions		50,133
Net assets with donor restrictions		<u>99,910</u>
Total net assets		<u>150,043</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>151,427</u>

See independent auditor's report on supplementary information and notes to supplementary information.

**SOLAR SISTER, INC. AND AFFILIATES
NIGERIA STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues and other support:			
Sales	\$ 307,124	\$ -	\$ 307,124
Grants	58,417	175,804	234,221
Transfer of grants	108,000	-	108,000
Net assets released from restriction	<u>75,894</u>	<u>(75,894)</u>	<u>-</u>
Total revenues and other support	549,435	99,910	649,345
Expenses:			
Program expenses	<u>662,747</u>	<u>-</u>	<u>662,747</u>
Change in net assets before foreign currency translation loss	(113,312)	99,910	(13,402)
Foreign currency translation loss	<u>(7,030)</u>	<u>-</u>	<u>(7,030)</u>
Change in net assets	(120,342)	99,910	(20,432)
Net assets at beginning of year	<u>170,475</u>	<u>-</u>	<u>170,475</u>
NET ASSETS AT END OF YEAR	<u>\$ 50,133</u>	<u>\$ 99,910</u>	<u>\$ 150,043</u>

See independent auditor's report on supplementary information and notes to supplementary information.

SOLAR SISTER, INC. AND AFFILIATES
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE A. The accompanying supplementary information which presents financial information by location does not include a full allocation of management and general expenses. Such expenses are primarily reported as USA operations expenses, which is the location in which the expense occurs.

NOTE B. Revenues from the grants and contributions which are designated by the donor or grantor for Tanzania or Nigeria are reported as revenues with donor restrictions in the U.S.A. statement of activities. Such grants and contributions are released and transferred to the county to which they relate when the terms of the restriction have been met.