

SOLAR SISTER, INC. AND AFFILIATES
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2020 AND 2019

SOLAR SISTER, INC. AND AFFILIATES
YEARS ENDED DECEMBER 31, 2020 AND 2019

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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, 2020 and 2019, 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, 2020 and 2019, 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.



CITRIN COOPERMAN & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Braintree, Massachusetts
June 25, 2021

SOLAR SISTER, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
Current assets:		
Cash	\$ 350,520	\$ 402,110
Accounts receivable	15,534	1,750
Grants receivable	150,605	-
Inventory	112,599	104,732
Prepaid expenses and other assets	<u>29,557</u>	<u>29,263</u>
Total current assets	658,815	537,855
Other assets:		
Furniture and equipment, net	<u>6,188</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 665,003</u>	<u>\$ 537,855</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued expenses	\$ 38,738	\$ 4,047
Loan payable	50,000	-
Note payable - Paycheck Protection Program	<u>63,935</u>	<u>-</u>
Total current liabilities	<u>152,673</u>	<u>4,047</u>
Net assets:		
Net assets without donor restrictions	136,599	130,848
Net assets with donor restrictions	<u>375,731</u>	<u>402,960</u>
Total net assets	<u>512,330</u>	<u>533,808</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 665,003</u>	<u>\$ 537,855</u>

See accompanying notes to consolidated financial statements.

SOLAR SISTER, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>			<u>2019</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 support:						
Sales	\$ 649,644	\$ -	\$ 649,644	\$ 649,241	\$ -	\$ 649,241
Grants	265,671	786,536	1,052,207	483,417	939,972	1,423,389
Contributions	496,374	10,000	506,374	231,800	-	231,800
In-kind contributions	-	-	-	16,447	-	16,447
Other income	86,341	-	86,341	7,769	-	7,769
Net assets released from donor restrictions	<u>823,765</u>	<u>(823,765)</u>	<u>-</u>	<u>777,732</u>	<u>(777,732)</u>	<u>-</u>
Total revenues and support	<u>2,321,795</u>	<u>(27,229)</u>	<u>2,294,566</u>	<u>2,166,406</u>	<u>162,240</u>	<u>2,328,646</u>
Expenses:						
Program	1,863,416	-	1,863,416	1,888,491	-	1,888,491
Management and general	349,636	-	349,636	329,318	-	329,318
Fundraising	<u>100,232</u>	<u>-</u>	<u>100,232</u>	<u>70,162</u>	<u>-</u>	<u>70,162</u>
Total expenses	<u>2,313,284</u>	<u>-</u>	<u>2,313,284</u>	<u>2,287,971</u>	<u>-</u>	<u>2,287,971</u>
Change in net assets before foreign currency translation loss	8,511	(27,229)	(18,718)	(121,565)	162,240	40,675
Foreign currency translation loss	<u>(2,760)</u>	<u>-</u>	<u>(2,760)</u>	<u>(10,451)</u>	<u>-</u>	<u>(10,451)</u>
Change in net assets	5,751	(27,229)	(21,478)	(132,016)	162,240	30,224
Net assets at beginning 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>
NET ASSETS AT END OF YEAR	<u>\$ 136,599</u>	<u>\$ 375,731</u>	<u>\$ 512,330</u>	<u>\$ 130,848</u>	<u>\$ 402,960</u>	<u>\$ 533,808</u>

See accompanying notes to consolidated financial statements.

SOLAR SISTER, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			
	Program	Management and General	Fundraising	Total Expenses
Personnel costs	\$ 799,718	\$ 118,888	\$ 56,277	\$ 974,883
Cost of sales	553,996	-	-	553,996
Professional fees	87,953	196,655	34,714	319,322
Training and professional development	111,526	1,004	-	112,530
Travel	63,293	6,134	-	69,427
Advertising	60,082	2,564	1,231	63,877
Technology	34,014	12,092	5,802	51,908
Office supplies	37,716	2,446	1,174	41,336
Communications	38,641	42	20	38,703
Rent	37,886	389	187	38,462
Miscellaneous	17,559	2,684	-	20,243
Bank fees	5,980	5,015	-	10,995
Inventory write off	9,683	-	-	9,683
Insurance	3,123	1,665	799	5,587
Depreciation and amortization	<u>2,246</u>	<u>58</u>	<u>28</u>	<u>2,332</u>
TOTAL EXPENSES	<u>\$ 1,863,416</u>	<u>\$ 349,636</u>	<u>\$ 100,232</u>	<u>\$ 2,313,284</u>

	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
Technology	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	<u>207</u>	<u>269</u>	<u>5</u>	<u>481</u>
TOTAL EXPENSES	<u>\$ 1,888,491</u>	<u>\$ 329,318</u>	<u>\$ 70,162</u>	<u>\$ 2,287,971</u>

See accompanying notes to consolidated financial statements.

SOLAR SISTER, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Net cash flows from operating activities:		
Change in net assets	\$ (21,478)	\$ 30,224
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Translation adjustments	2,760	10,451
Depreciation and amortization	2,332	481
Changes in operating assets and liabilities:		
Accounts receivable	(13,454)	10,306
Grants receivable	(150,605)	-
Inventory	(2,291)	3,209
Prepaid expenses and other assets	(269)	(12,756)
Accounts payable and accrued expenses	<u>34,770</u>	<u>(12,674)</u>
Net cash provided by (used in) operating activities	<u>(148,235)</u>	<u>29,241</u>
Investing activities:		
Purchase of property and equipment	<u>(11,049)</u>	<u>-</u>
Net cash used in investing activities	<u>(11,049)</u>	<u>-</u>
Financing activities:		
Proceeds from loan payable	50,000	-
Proceeds from note payable - Paycheck Protection Program	<u>63,935</u>	<u>-</u>
Net cash provided by financing activities	<u>113,935</u>	<u>-</u>
Effect of exchange rate changes on cash flows	<u>(6,241)</u>	<u>(3,586)</u>
Net increase (decrease) in cash	(51,590)	25,655
Cash, beginning of year	<u>402,110</u>	<u>376,455</u>
CASH, END OF YEAR	<u>\$ 350,520</u>	<u>\$ 402,110</u>

See accompanying notes to consolidated financial statements.

SOLAR SISTER, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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 conducts 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 2020 and 2019. 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 conducting 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, 2020 AND 2019

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.

The Organization recognizes revenue in accordance with Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("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.

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.

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.

SOLAR SISTER, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Disaggregation of Revenue

The Organization operates as a grassroots non-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 collect revenues from sales of its products in Tanzania and Nigeria, as well as collection of grants and contributions obtained from individuals, foundations and corporations.

Use of Estimates

The preparation of consolidated 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 consolidated 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, 2020 and 2019, cash held in foreign bank accounts totaled \$129,514 and \$145,103, respectively.

Accounts and Grants Receivable

At December 31, 2020 and 2019, receivables consist of amounts due from product sales and grants. 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, 2020 and 2019. Accounts receivable totaled \$15,534, \$1,750 and \$12,500 at December 31, 2020, 2019 and 2018, respectively. Grants receivable totaled \$150,605 at December 31, 2020. There were no grants receivable at December 31, 2019.

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.

SOLAR SISTER, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$2,137 in 2020 and \$286 in 2019.

Impairment of Long-Lived Assets

The Organization's long-lived assets are reviewed for impairment in accordance with the guidance of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("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, 2020 and 2019, the Organization has determined that long-lived assets are not impaired.

Functional Allocation of Expenses

Expenses have been summarized on a functional basis in the accompanying consolidated 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 costs, cost of sales, professional fees, and travel which are allocated on the basis of time and effort. Rent 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 \$63,877 in 2020 and \$85,858 in 2019.

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 2020 and 2019.

SOLAR SISTER, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Status (continued)

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 consolidated 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.

Recently Issued But Not Yet Effective Accounting Pronouncements

Leases - In February 2016, FASB issued Accounting Standards Update ("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 financial 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, 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 statement of financial position. In November 2019, FASB issued ASU No. 2019-10, *Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)* ("ASU 2019-10") and in June 2020, FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*. ASU 2019-10 and 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 currently evaluating the effect on its consolidated financial statements and related disclosures.

SOLAR SISTER, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued But Not Yet Effective Accounting Pronouncements (continued)

In-kind Contributions - In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* ("ASU 2020-07"), which is intended to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. This ASU is effective for annual periods beginning after June 15, 2021, with early adoption permitted. The Organization is evaluating the effect that ASU 2020-07 will have on its consolidated financial statements and related disclosures.

Reclassifications

Certain amounts included in the 2019 consolidated financial statements have been reclassified to conform to the 2020 presentation. These reclassifications had no effect on net assets or the change in net assets.

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, 2020 through the date on which these consolidated financial statements were available to be issued, June 25, 2021. There were no material subsequent events that require disclosure in these consolidated financial statements other than described in Notes 7 and 13.

NOTE 3. AVAILABILITY AND LIQUIDITY

The following represents the Organization's available financial assets as of December 31, 2020:

Cash and cash equivalents	\$ 350,520
Accounts receivable	15,534
Grants receivable	<u>150,605</u>
Total financial assets	<u>\$ 516,659</u>

The Organization has certain donor-restricted net assets totaling \$375,731 that are available for general expenditure within one year of December 31, 2020 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 December 31, 2020, the board of directors has not designated any of the Organization's net assets without donor restrictions for specific purposes.

SOLAR SISTER, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 4. GRANTS RECEIVABLE

The Organization had grants receivable of \$150,605 at December 31, 2020. The entire balance of grants receivable is due within one year. There were no grants receivable for the year ended December 31, 2019.

NOTE 5. FIXED ASSETS

The Organization's fixed assets consist of furniture and equipment of \$11,049, net of accumulated depreciation of \$4,861 at December 31, 2020. The Organization had no fixed assets for the year ended December 31, 2019.

NOTE 6. LOAN PAYABLE

In November 2020, the Organization received a social enterprise loan of \$50,000. The loan bears 0% interest, and contains a 5% funding fee. The loan will be repaid in quarterly installments over a 12 month period. The loan matures in December 2021.

NOTE 7. PAYCHECK PROTECTION PROGRAM AND SUBSEQUENT EVENT

On May 12, 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 24 weeks so long as the borrower uses the loan proceeds for eligible purposes including payroll, benefits, rent, mortgage interest and utilities, and maintains its payroll levels, as defined by the PPP. At least 60% of the amount forgiven must be attributable to payroll costs, as defined by the PPP.

U.S. GAAP does not contain authoritative accounting standards for forgivable loans provided by governmental entities. Absent authoritative accounting standards, interpretative guidance issued and commonly applied by financial statement preparers allow for the selection of accounting policies amongst acceptable alternatives. Based on the facts and circumstances, the Organization has determined it most appropriate to account for the PPP loan proceeds under the debt model. Under the debt model, the Organization recognizes the proceeds received as debt, recognizes periodic interest expense in the period in which the interest accrues at the stated interest rate and defers recognition of any potential forgiveness of the loan principal or interest until the period in which the Organization has been legally released from its obligation by the lender. The Organization deemed the debt model to be the most appropriate accounting policy for this arrangement as the underlying PPP loan is a legal form of debt and there are significant contingencies outside of the control of the Organization, mainly related to the third-party approval process for forgiveness.

The Organization applied for PPP loan forgiveness and received approval from the Small Business Administration ("SBA") in February 2021. If it is determined that the Organization was not eligible to receive the PPP loan or that the Organization has not adequately complied with the rules, regulations and procedures applicable to the SBA's Loan Program, the Organization could be subject to penalties and could be required to repay the amounts previously forgiven.

SOLAR SISTER, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS

The Organization had net assets with donor restrictions of \$375,731 and \$402,960 at December 31, 2020 and 2019, 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 2020 and 2019 by incurring expenses satisfying the restricted purposes established by donors. Net assets released from restrictions totaled \$823,765 in 2020 and \$777,732 in 2019.

NOTE 9. OPERATING LEASES

The Organization leases office space in Tanzania and Nigeria on a month to month basis. Rent expense totaled \$38,462 in 2020 and \$26,830 in 2019.

NOTE 10. FOREIGN CURRENCY TRANSLATION ADJUSTMENTS

Foreign currency translation losses for 2020 and 2019 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, 2020 and 2019 in the consolidated statements of financial position. The changes in accumulated translation adjustments in 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Balance at beginning of year	\$ (115,803)	\$ (105,352)
Foreign currency translation adjustments	<u>(2,760)</u>	<u>(10,451)</u>
Balance at end of year	<u>\$ (118,563)</u>	<u>\$ (115,803)</u>

NOTE 11. SIGNIFICANT GRANTORS

During 2020, two grantors accounted for approximately 41% of total grants and contributions received by the Organization and 28% of total revenue. During 2019, three grantors accounted for approximately 51% of total grants and contributions received by the Organization and 36% of total revenue.

NOTE 12. UNCERTAINTIES AND RISKS

In March of 2020, 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. Upon reopening, the Organization has taken the necessary sanitation and social distancing protocols to operate safely within COVID-19 guidelines. Due to the uncertainty of the situation, long-term operational disruption and related financial impacts, if any, cannot be reasonably estimated at this time.

NOTE 13. SUBSEQUENT EVENT

In May 2021, the Organization was awarded a \$5 million multi-year pledge. The pledge is unrestricted and will be used to support the Organization's mission and operations.

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, 2020 and 2019, and our report thereon dated June 25, 2021, 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 15 through 21, 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
June 25, 2021

SOLAR SISTER, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION BY LOCATION
DECEMBER 31, 2020

ASSETS

	<u>USA</u>	<u>Tanzania</u>	<u>Nigeria</u>	<u>Eliminations</u>	<u>Total</u>
Current assets:					
Cash	\$ 228,317	\$ 42,964	\$ 79,239	\$ -	\$ 350,520
Accounts receivable	-	-	15,534	-	15,534
Grants receivable	150,605	-	-	-	150,605
Due from related party	645,000	-	-	(645,000)	-
Inventory	60,000	18,068	34,531	-	112,599
Prepaid expenses and other assets	<u>29,557</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,557</u>
Total current assets	1,113,479	61,032	129,304	(645,000)	658,815
Furniture and equipment, net of accumulated depreciation of \$4,861	<u>-</u>	<u>-</u>	<u>6,188</u>	<u>-</u>	<u>6,188</u>
TOTAL ASSETS	<u>\$ 1,113,479</u>	<u>\$ 61,032</u>	<u>\$ 135,492</u>	<u>\$ (645,000)</u>	<u>\$ 665,003</u>

LIABILITIES AND NET ASSETS

	<u>USA</u>	<u>Tanzania</u>	<u>Nigeria</u>	<u>Eliminations</u>	<u>Total</u>
Current liabilities:					
Accounts payable and accrued expenses	\$ 37,435	\$ -	\$ 1,303	\$ -	\$ 38,738
Loan payable	50,000	-	-	-	50,000
Note payable - Paycheck Protection Program	63,935	-	-	-	63,935
Due to related party	<u>-</u>	<u>409,000</u>	<u>236,000</u>	<u>(645,000)</u>	<u>-</u>
Total current liabilities	<u>151,370</u>	<u>409,000</u>	<u>237,303</u>	<u>(645,000)</u>	<u>152,673</u>
Net assets:					
Net assets without donor restrictions	645,888	(347,968)	(161,321)	-	136,599
Net assets with donor restrictions	<u>316,221</u>	<u>-</u>	<u>59,510</u>	<u>-</u>	<u>375,731</u>
Total net assets	<u>962,109</u>	<u>(347,968)</u>	<u>(101,811)</u>	<u>-</u>	<u>512,330</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,113,479</u>	<u>\$ 61,032</u>	<u>\$ 135,492</u>	<u>\$ (645,000)</u>	<u>\$ 665,003</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
YEAR ENDED DECEMBER 31, 2020

	USA			Tanzania			Nigeria			Total			
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Eliminations	Total
	Revenues and other support:												
Sales	\$ -	\$ -	\$ -	\$ 765,527	\$ -	\$ 765,527	\$ 565,760	\$ -	\$ 565,760	\$ 1,331,287	\$ -	\$ (681,643)	\$ 649,644
Grants	265,671	712,749	978,420	-	16,800	16,800	-	56,987	56,987	265,671	786,536	-	1,052,207
Contributions	496,374	10,000	506,374	-	-	-	-	-	-	496,374	10,000	-	506,374
Other income	18	-	18	62,284	-	62,284	24,039	-	24,039	86,341	-	-	86,341
Net assets released from donor restriction	709,578	(709,578)	-	16,800	(16,800)	-	97,387	(97,387)	-	823,765	(823,765)	-	-
Total revenues and other support	1,471,641	13,171	1,484,812	844,611	-	844,611	687,186	(40,400)	646,786	3,003,438	(27,229)	(681,643)	2,294,566
Expenses:													
Program	362,834	-	362,834	1,286,123	-	1,286,123	896,102	-	896,102	2,545,059	-	\$ (681,643)	1,863,416
Management and general	349,636	-	349,636	-	-	-	-	-	-	349,636	-	-	349,636
Fundraising	100,232	-	100,232	-	-	-	-	-	-	100,232	-	-	100,232
Total expenses	812,702	-	812,702	1,286,123	-	1,286,123	896,102	-	896,102	2,994,927	-	(681,643)	2,313,284
Change in net assets before foreign currency translation loss	658,939	13,171	672,110	(441,512)	-	(441,512)	(208,916)	(40,400)	(249,316)	8,511	(27,229)	-	(18,718)
Foreign currency translation loss	-	-	-	(222)	-	(222)	(2,538)	-	(2,538)	(2,760)	-	-	(2,760)
Change in net assets	658,939	13,171	672,110	(441,734)	-	(441,734)	(211,454)	(40,400)	(251,854)	5,751	(27,229)	-	(21,478)
Net assets at beginning of year	(13,051)	303,050	289,999	93,766	-	93,766	50,133	99,910	150,043	130,848	402,960	-	533,808
NET ASSETS (DEFICIT) AT END OF YEAR	<u>\$ 645,888</u>	<u>\$ 316,221</u>	<u>\$ 962,109</u>	<u>\$ (347,968)</u>	<u>\$ -</u>	<u>\$ (347,968)</u>	<u>\$ (161,321)</u>	<u>\$ 59,510</u>	<u>\$ (101,811)</u>	<u>\$ 136,599</u>	<u>\$ 375,731</u>	<u>\$ -</u>	<u>\$ 512,330</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, 2020

ASSETS

Current assets:		
Cash	\$	42,964
Inventory		<u>18,068</u>
TOTAL ASSETS	\$	<u>61,032</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Due to related party	\$	<u>409,000</u>
Net assets:		
Net assets without donor restrictions		(347,968)
Net assets with donor restrictions		<u>-</u>
Total net assets (deficit)		<u>(347,968)</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>61,032</u>

**SOLAR SISTER, INC. AND AFFILIATES
TANZANIA STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues and other support:			
Sales	\$ 765,527	\$ -	\$ 765,527
Grants	-	16,800	16,800
Other income	62,284	-	62,284
Net assets released from donor restriction	<u>16,800</u>	<u>(16,800)</u>	<u>-</u>
Total revenues and other support	844,611	-	844,611
Expenses:			
Program expenses	<u>1,286,123</u>	<u>-</u>	<u>1,286,123</u>
Change in net assets before foreign currency translation loss	(441,512)	-	(441,512)
Foreign currency translation loss	<u>(222)</u>	<u>-</u>	<u>(222)</u>
Change in net assets	(441,734)	-	(441,734)
Net assets at beginning of year	<u>93,766</u>	<u>-</u>	<u>93,766</u>
NET ASSETS (DEFICIT) AT END OF YEAR	<u><u>\$ (347,968)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (347,968)</u></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, 2020

ASSETS

Current assets:	
Cash	\$ 79,239
Accounts receivable	15,534
Inventory	<u>34,531</u>
Total current assets	129,304
Furniture and equipment, net	<u>6,188</u>
TOTAL ASSETS	\$ <u>135,492</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable and accrued expenses	\$ 1,303
Due to related parties	<u>236,000</u>
Total current liabilities	<u>237,303</u>
Net assets:	
Net assets without donor restrictions	(161,321)
Net assets with donor restrictions	<u>59,510</u>
Total net assets (deficit)	<u>(101,811)</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>135,492</u>

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

**SOLAR SISTER, INC. AND AFFILIATES
NIGERIA STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues and other support:			
Sales	\$ 565,760	\$ -	\$ 565,760
Grants	-	56,987	56,987
Other income	24,039	-	24,039
Net assets released from donor restriction	<u>97,387</u>	<u>(97,387)</u>	<u>-</u>
Total revenues and other support	687,186	(40,400)	646,786
Expenses:			
Program expenses	<u>896,102</u>	<u>-</u>	<u>896,102</u>
Change in net assets before foreign currency translation loss	(208,916)	(40,400)	(249,316)
Foreign currency translation loss	<u>(2,538)</u>	<u>-</u>	<u>(2,538)</u>
Change in net assets	(211,454)	(40,400)	(251,854)
Net assets at beginning of year	<u>50,133</u>	<u>99,910</u>	<u>150,043</u>
NET ASSETS (DEFICIT) AT END OF YEAR	<u><u>\$ (161,321)</u></u>	<u><u>\$ 59,510</u></u>	<u><u>\$ (101,811)</u></u>

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

SOLAR SISTER, INC. AND AFFILIATES
NOTES TO SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2020

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 USA 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.