



COMMUNITY POWER NETWORK
REPORT AND FINANCIAL STATEMENTS
DECEMBER 31, 2016

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TABLE OF CONTENTS

Independent Auditor's Report	1
Statements of Financial Position	2
Statements of Activity and Changes in Net Assets	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6-11

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors/Trustees
Community Power Network
Washington, DC

Report on Financial Statements

We have audited the accompanying financial statements of Community Power Network (CPN) (a District of Columbia not-for-profit organization) which comprises the statements of financial position as of December 31, 2016 and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 CPN'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 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 financial statements referred to above present fairly, in all material respects, the financial position of Community Power Network as of December 31, 2016, and the changes in net assets, functional expenses, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

May 23, 2017

Nan Miller CPA

COMMUNITY POWER NETWORK
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2016

ASSETS:

Cash in bank and in interest bearing accounts	\$ 549,197
Accounts receivable - fee for services	135,500
Computer equipment, net of \$182 accumulated depreciation	2,010
Security deposit	<u>2,100</u>

TOTAL ASSETS	<u><u>\$ 688,807</u></u>
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LIABILITIES AND NET ASSETS:

Accounts payable and accrued expenses	<u>\$ 38,815</u>
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Net assets

Temporarily restricted	\$ 338,380
Unrestricted	<u>311,612</u>
	<u>649,992</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 688,807</u></u>
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COMMUNITY POWER NETWORK
STATEMENT OF ACTIVITIES AND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Total
Support, revenue and gains:			
Contributions, grants and contracts	\$ 420,143	\$ 906,902	\$ 1,327,045
Investment income (loss)	130	-	130
Other income	509	-	509
	<u>420,782</u>	<u>906,902</u>	<u>1,327,684</u>
Released from program restrictions	<u>802,895</u>	<u>(802,895)</u>	<u>-</u>
Expenses and losses:			
<i>Program Services:</i>			
Energy and environmental programs	<u>959,041</u>	<u>-</u>	<u>959,041</u>
<i>Support Services:</i>			
Management, general and administrative	51,398	-	51,398
Fundraising and promotions	<u>67,448</u>	<u>-</u>	<u>67,448</u>
	<u>118,846</u>	<u>-</u>	<u>118,846</u>
Total expenses	<u>1,077,887</u>	<u>-</u>	<u>1,077,887</u>
Change in net assets	145,790	104,007	249,797
Net assets, January 1	<u>165,822</u>	<u>234,373</u>	<u>400,195</u>
Net assets, December 31	<u><u>\$ 311,612</u></u>	<u><u>\$ 338,380</u></u>	<u><u>\$ 649,992</u></u>

COMMUNITY POWER NETWORK
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Program Expenses	Management, General and Administrative	Fundraising	Total
Salaries, benefits, and payroll taxes	\$ 678,576	\$ 17,812	\$ 36,652	\$ 733,040
Occupancy	21,454	4,735	1,378	27,567
Travel and meetings	63,652	3,947	-	67,599
Event expenses	11,099	1,742	-	12,841
Postage and delivery	-	-	1,767	1,767
Printing and publications	-	-	4,010	4,010
Professional fees and consultants	140,101	11,729	5,742	157,572
Office expenses	44,159	11,433	2,910	58,502
Communications and social media expenses	-	-	14,989	14,989
	<u>\$ 959,041</u>	<u>\$ 51,398</u>	<u>\$ 67,448</u>	<u>\$ 1,077,887</u>

See notes to financial statements.

COMMUNITY POWER NETWORK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

CASH FLOW FROM OPERATING ACTIVITIES:

Change in net assets	\$ 249,797
<i>Adjustments to reconcile to the change in net assets (used in) operating activities:</i>	
Depreciation expense	182
(Increase) decrease in accounts receivable - fee for services	(32,350)
(Increase) decrease in prepaid expenses	8,850
Increase (decrease) in accounts payable and accrued expenses	(15,884)
	<u>(39,202)</u>

CASH FLOW FROM INVESTING ACTIVITIES:

Purchase of computer equipment	<u>(2,192)</u>
 Total cash flow from operating activities	 208,403
 <i>Cash and cash equivalents, beginning of period</i>	 <u>340,794</u>
 <i>Cash and cash equivalents, end of period</i>	 <u><u>\$549,197</u></u>

There were no non-cash investing and/or financing activities for the year ended December 31, 2016.

**COMMUNITY POWER NETWORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

1. ORGANIZATION

Community Power Network (The Organization or CPN) was incorporated in the District of Columbia in 2013 as a national nonprofit organization that supports grassroots, local, state, and national organizations working to build, and promote locally based renewable energy projects & policies. CPN has provided technical assistance to hundreds of citizens and organizations around the country.

Community Power Network is currently supporting state projects in Washington, D.C. (DC SUN), Maryland, (MD SUN), Virginia (VA SUN), West Virginia (WV SUN), Ohio (OH SUN), and Florida (FL SUN) as well as policies and project models for bringing solar to low-income households.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements of CPN have been prepared on the accrual basis of accounting, in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, Not-for-Profit Entities.

Basis of presentation

The accompanying financial statements are presented in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Topic 958 accounting for contributions received and contributions made financial statements of not-for-profit organizations. Contributions are recognized as revenue when they are received or unconditionally pledged. FASB ASC Topic 958 eliminates the utilization of fund accounting for financial reporting purposes requires that net assets be classified as (1) unrestricted; (2) temporarily restricted; or (3) permanently restricted depending on limitations placed on the net assets by donors. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may be met or will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets - net assets subjected to donor imposed stipulations that these funds be maintained permanently by the Organization. Generally, donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. As of December 31, 2016, CPN has no permanently restricted net assets.

**COMMUNITY POWER NETWORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statement date and the reported amounts of revenues and expenses during the years then ended. Actual results could differ from those estimates.

Uncertain tax positions

In accordance with the disclosure provisions of FASB ASC Sub-Topic 740-19 "Accounting for Uncertainty in Income Taxes" as of and for the year ended December 31, 2016, CPN has no uncertain tax positions requiring disclosure or accrual. The open tax years are December 31, 2014, 2015 and 2016.

Functional expenses and allocations

The costs of providing the various programs and other operating activities have been summarized on a functional basis in the statement of functional expenses. Certain costs that benefit a given program, as permitted by the grantor approved budget, have been directly allocated to that program. Additionally, certain indirect general and administrative costs have been allocated amongst the programs based on the approved allowable indirect cost rates as determined by each grantor and as specified in each grant document.

Cash equivalents

For purposes of the statement of cash flows, the Organization considers highly liquid investments purchased with a maturity of three months or less to be cash equivalents

Revenue Recognition

The Organization's primary source of revenue is contributions from individuals and foundations. CPN reports unconditional contributions and grants of cash and other assets as unrestricted and available for general operations, unless specifically restricted by the donor. If contributions and grants are received with donor stipulations that limit the use of the donated funds or assets to a particular purpose or to specific time periods, the Organization reports the contributions and grants as temporarily restricted. When a stipulated time restriction ends or purpose restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions.

**COMMUNITY POWER NETWORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Unconditional contributions and grants that are expected to be collected in the future are recorded as pledges receivable when the promises are made. Unconditional pledge receivables that are expected to be collected within one year are reported at net realizable value. Unconditional pledge receivables that are expected to be collected beyond one year are reported at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-free interest rates applicable to the period over which the promises are to be received.

Non-cash contributions, such as marketable securities or other valuables easily converted into cash, are recorded at the fair market value on the date of the contribution. Any gain or loss on the subsequent sale is reported in the Statement of Activity as a realized gain/loss and is considered unrestricted revenue. For the years ended December 31, 2016, there were no non-cash donations received by CPN.

In-kind contributions

In accordance with FASB ASC Topic 958, in-kind contributions such as volunteer time, are recorded at their estimated fair market value for services that (a) create or enhance non-financial assets or (b) require specialized skills, and are performed by people with those skills, and would otherwise have to be paid for by CPN. In kind contributions are not included in the accompanying financial statements since the value of the donated services and materials can not be objectively measured.

Accounts payable and accrued expenses

As of December 31, accounts payable and accrued expenses consisted of:

Description	
Vendors and other accrued expenses	\$ 11,513
Payroll tax liabilities	2,072
Accrued vacation and other employee benefits	25,230
Total	\$ 38,815

Furniture, fixtures and equipment

Furniture, fixtures and equipment are recorded at cost and depreciated over the estimated useful lives of the asset between 3-5 years, using the straight-line method. Depreciation expense for the year ended December 31, 2016 totaled \$182.

**COMMUNITY POWER NETWORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants, contributions, and other accounts receivable

As of December 31, 2016, accounts receivable consists of fees for services due to CPN, held in the short-term, and are recorded at their estimated realizable value. All accounts receivable - fees for services are considered fully collectible by the Organization therefore no allowance for doubtful accounts was recorded by CPN. As of December 31, accounts receivable -fees for services consisted of the following:

Bid D Electric	\$ 2,500
Brevard Solar	25,200
Covert Solar	2,000
EDGE Energy	28,500
Environmental Protection Division	12,000
ESA Renewables	13,200
Independent Solar Solutions	1,000
Metro Washington Council of Governments	11,350
Ohio Power solutions	2,500
Shockoe Solar	3,000
Sigora Solar	3,500
Solar Solutions LLC	6,200
Sustainable Energy Systems	13,000
Sustainable Technology Institute	1,000
Third Sun Solar	3,000
Yellowlite	7,000
Others under \$1,000	550
Total	\$ 135,500

**COMMUNITY POWER NETWORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

3. RELEASED FROM DONOR RESTRICTIONS

During the year ended December 31, 2016, the following temporarily restricted net assets were released from donor imposed restrictions:

Donor	
Rockefeller Family Fund	\$ 48,752
Ethical Electric, Inc.	5,096
Town Creek Foundation	110,249
Energy Foundation	170,954
One Foundation	55,000
Blue Moon Fund, Inc.	50,000
All Points North Foundation	35,000
Oak Hill Fund	85,000
Westwind Foundation	15,000
Adiuvans Foundation	10,000
Appalachian Stewardship Foundation	32,500
Barancik Foundation	30,000
The William & Flora Hewlett Foundation	17,670
Others	137,674
Total	\$ 802,895

4. NET ASSETS

The aggregate amount of temporarily restricted net assets as of December 31:

Donor	
Claude Worthington Benedum Foundation	\$ 100,000
Energy Foundation	80,917
The William and Flora Hewlett Foundation	62,630
Energy Foundation	8,633
The David and Lucile Packard Foundation	10,000
Others	76,200
Total	\$ 338,380

**COMMUNITY POWER NETWORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

5. COMMITMENTS AND CONTINGENCIES

The Organization is committed under an operating lease, renewable for one additional year, for office space located in Washington, DC commencing on February 1, 2015 and terminated on January 31, 2016. CPN is obligated to pay \$25,200 per year, payable in installments of \$2,100 per month for the first year under the lease term. If the option to renew is exercised by both parties for the second year of the term, commencing February 1, 2016, rent of \$25,956 per year, shall be payable in installments of \$2,163 per month, and for the third year of the term commencing February 1, 2017, rent of \$26,735 per year, shall be payable in installments of \$2,228 per month. Each installment payment shall be due in advance on the first day of each calendar month during the lease term. For the year ended December 31, 2016 rent expense under this operating lease totaled \$27,567.

During the ordinary course of business, CPN enters into various agreements and contracts with individuals and companies to perform programmatic and other contractual services. These contracts usually have a term of one year or less. For the year ended December 31, 2016 contractual professional fees totaled \$157,572.

6. CONCENTRATIONS

At times during the year it is possible for CPN to maintain cash balances, at a single financial institution, in excess of the Federal Deposit Insurance Corporation (FDIC) limits of \$250,000. As of December 31, 2016, balances exceeding FDIC insurance limits totaled \$299,197. Management considers the risk of loss relating to these bank accounts to be minimal.

7. SUBSEQUENT EVENTS

Subsequent events have been reviewed through May 23, 2017 and no additional transactions were noted requiring adjustment to or disclosure in the financial statements as of and for the year ended December 31, 2016.