

GivePower Foundation

*Consolidated Financial Statements as of
December 31, 2018 and
Independent Auditor's Report*



HOULDSWORTH, RUSSO & COMPANY

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GIVEPOWER FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
GivePower Foundation
San Francisco, CA

We have audited the accompanying consolidated financial statements of GivePower Foundation (a nonprofit organization) and subsidiary, which comprise the consolidated statement of financial position as of December 31, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated 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 consolidated 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 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 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 GivePower Foundation and subsidiary as of December 31, 2018, and the changes in their net assets and their cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Holdsworth, Russo & Company, P.C.

Las Vegas, Nevada
June 13, 2019

Certified Public Accountants
20 YEARS & COUNTING

GivePower Foundation

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2018

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 570,308
Cash and cash equivalents, restricted	475,199
Pledges receivable	<u>15,500</u>
	1,061,007

OTHER ASSETS

Property and equipment, net	<u>902,543</u>
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Total assets	<u>\$ 1,963,550</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 171,067
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NET ASSETS

Without donor restrictions	1,301,784
With donor restrictions	<u>490,699</u>

Total net assets	<u>1,792,483</u>
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Total liabilities and net assets	<u>\$ 1,963,550</u>
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See accompanying notes to consolidated financial statements.

GivePower Foundation

CONSOLIDATED STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2018

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	
Revenue, gains, and other support:	
Contributions and grants	\$ 1,878,370
Interest income	2,856
Net assets released from restrictions	<u>260,797</u>
	2,142,023
Expenses and losses:	
Program services	838,023
Supporting services:	
Management and general	153,053
Fundraising	<u>509,936</u>
	<u>1,501,012</u>
	641,011
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS	
Net assets released from restrictions	<u>(260,797)</u>
Decrease in net assets with donor restrictions	<u>(260,797)</u>
INCREASE IN NET ASSETS	380,214
NET ASSETS AT BEGINNING OF YEAR	1,208,030
PRIOR PERIOD ADJUSTMENT	<u>204,239</u>
NET ASSETS AT BEGINNING OF YEAR, RESTATED	<u>1,412,269</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,792,483</u>

See accompanying notes to consolidated financial statements.

GivePower Foundation

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES DECEMBER 31, 2018

	Supporting Services			Total
	Program Services	Management and General	Fundraising	
Advertising	\$ -	\$ -	\$ 8,164	\$ 8,164
Bank fees	-	3,363	595	3,958
Donations	2,310	-	-	2,310
Depreciation	17,122	-	-	17,122
Dues and subscriptions	743	648	6,646	8,037
Insurance	-	3,752	-	3,752
Professional fees	308,599	104,866	448,523	861,988
Project costs and materials	497,657	-	-	497,657
Office expenses and supplies	1,582	100	2,408	4,090
Travel and entertainment	9,362	-	41,360	50,722
Rental and facilities expenses	648	40,324	2,240	43,212
	<u>\$ 838,023</u>	<u>\$ 153,053</u>	<u>\$ 509,936</u>	<u>\$ 1,501,012</u>

See accompanying notes to consolidated financial statements.

GivePower Foundation

CONSOLIDATED STATEMENT OF CASH FLOWS DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 380,214
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	17,122
Changes in operating assets:	
Accounts receivable	4,447
Pledges receivable	(10,060)
Changes in operating liabilities:	
Accounts payable	<u>26,191</u>
 Net cash provided by operating activities	 417,914

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	<u>(715,425)</u>
 Net cash used in investing activities	 <u>(715,425)</u>

NET DECREASE IN CASH (297,511)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 1,343,018

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 1,045,507

Cash and cash equivalents	\$ 570,308
Cash and cash equivalents, restricted	<u>475,199</u>

\$ 1,045,507

See accompanying notes to consolidated financial statements.

GIVEPOWER FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

GivePower Foundation (the Foundation) was incorporated in the State of Delaware and began operations in June 2014. The Foundation uses solar energy to power basic necessities for communities who need it most. The Foundation has provided solutions for over 300,000 people worldwide through clean energy innovation. The Foundation's microgrids power villages, schools, food production, wildlife conservation centers, and desalination systems.

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC). Under FASB ASC, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Income Tax Status

The Foundation is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes on related income pursuant to the appropriate section of the Internal Revenue Code. The Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The subsidiary, Cannonball Community Solar Farm, LLC, is a limited liability company and a disregarded entity for income tax purposes.

Use of Estimates

Timely preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures, some of which may need revision in future periods.

Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, the Foundation considers all unrestricted highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

GIVEPOWER FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges Receivable

Unconditional pledges are recognized as revenues in the period the pledge is made. There is no allowance as of December 31, 2018, as the pledges are determined to be collectible and due within one year.

Property and Equipment

The Foundation capitalizes all acquisitions of property and equipment in excess of \$25,000 with a useful life of over one year. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation.

Depreciation is computed using the straight-line method over the estimated useful lives.

Impairment of Long-Lived Assets

The Foundation reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted 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 which the carrying amount of the assets exceeds the fair value of the assets.

Revenue Recognition

Contributions received are recorded as increases in net assets with or without restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Advertising

The Foundation uses advertising to promote its programs. The production costs of advertising are expensed as incurred.

GIVEPOWER FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expense Allocation

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

Principles of Consolidation

The consolidated financial statements include the financial information of the GivePower Foundation (GivePower) and Cannonball Community Solar Farm, LLC, a North Dakota Limited Liability Company (Cannonball), (collectively, the Foundation). Cannonball is consolidated under the principles of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as GivePower is the sole member of Cannonball. All material inter-organizational transactions have been eliminated.

New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses. The Organization has adopted the provisions of ASU-2016-14 during the year ended December 31, 2018 and has adjusted the presentation of these statements accordingly.

NOTE 2. CONCENTRATIONS

The Foundation maintains its balance of cash in a single financial institution. The balance at the financial institution is insured by the Federal Deposit Insurance Corporation up to \$250,000. As of December 31, 2018, the Foundation had uninsured balances of \$795,507.

During the year ended December 31, 2018, the Foundation received 45% of its contributions from a single donor.

Pledges receivable for the year ended December 31, 2018 are due from a single donor.

GIVEPOWER FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2018

NOTE 3. INFORMATION REGARDING LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, consist of the following:

Cash and cash equivalents	\$	570,308
Pledges receivable		<u>15,500</u>
	\$	<u>585,808</u>

As part of the liquidity management plan, the Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 4. PROPERTY AND EQUIPMENT

As of December 31, 2018, property and equipment consist of the following:

Land	\$	30,000
Desalination plant		513,655
Work in progress		<u>376,010</u>
		919,665
Less accumulated depreciation		<u>(17,122)</u>
	\$	<u>902,543</u>

NOTE 5. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2018, the Foundation paid expenses totaling \$529,660 to a company for which a board member is the founder.

The Foundation received contributions of \$316,500 from board members during the year ended December 31, 2018.

NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2018, net assets with donor restrictions are available for the following:

Desalination plants	\$	136,272
Project materials and costs		257,427
Treks		<u>97,000</u>
	\$	<u>490,699</u>

GIVEPOWER FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2018

NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2018:

Satisfaction of purpose restrictions:

Desalination plants	\$	248,537
Project materials and costs		9,260
Treks		<u>3,000</u>
	\$	<u>260,797</u>

As of December 31, 2018, net assets with donor restrictions consist of the following:

Cash and cash equivalents	\$	475,199
Pledges receivable		<u>15,500</u>
	\$	<u>490,699</u>

NOTE 7. SUBSEQUENT EVENTS

On January 17, 2019, Pesa Za Maja Limited was incorporated as a Private Limited Company with the Department of Register Nairobi. GivePower Foundation is the sole member of Pesa Za Maja Limited.

Subsequent events have been evaluated through June 13, 2019, which is the date the financial statements were available to be issued.

NOTE 8. PRIOR PERIOD ADJUSTMENT

Due to a change in circumstances relating to subsidiaries of GivePower, it was determined that certain completed projects will be temporarily retained by GivePower. During the year ended December 31, 2018, GivePower determined that it had expensed costs related to projects that should have been recognized as assets during the year ended December 31, 2017, as they will be retained by GivePower until transferred to subsidiaries at a future date. The prior period adjustment increased beginning net assets by \$204,239 and required a restatement as reflected in the consolidated statement of activities.