

SOLAR SISTER, INC. AND AFFILIATES
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2016 AND 2015

**SOLAR SISTER, INC. AND AFFILIATES
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

Table of Contents

| | <u>Page</u> |
|---|--------------------|
| Independent Auditor's Report | 1 - 2 |
| Consolidated Financial Statements | |
| Consolidated Statements of Financial Position | 3 |
| Consolidated Statements of Activities and Changes in Net Assets | 4 |
| Consolidated Statements of Functional Expenses | 5 |
| Consolidated Statements of Cash Flows | 6 |
| Notes to Consolidated Financial Statements | 7 - 12 |
| Supplementary Information | |
| Independent Auditor's Report on Supplementary Information | 13 |
| Consolidating Statement of Financial Position by Location | 14 |
| Consolidating Statement of Activities and Changes in Net Assets | 15 |
| Uganda Statement of Financial Position | 16 |
| Uganda Statement of Activities | 17 |
| Tanzania Statement of Financial Position | 18 |
| Tanzania Statement of Activities | 19 |
| Nigeria Statement of Financial Position | 20 |
| Nigeria Statement of Activities | 21 |
| Notes to Supplementary Information | 22 |



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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of Solar Sister, Inc. and Affiliates (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2016, and the related consolidated statements of activities and changes in net assets, 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 2016 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, 2016, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The consolidated financial statements of Solar Sister, Inc. and Affiliates as of December 31, 2015, were audited by other auditors whose report dated September 12, 2016 expressed an unmodified opinion on those statements.


CERTIFIED PUBLIC ACCOUNTANTS

Braintree, Massachusetts
August 14, 2017

SOLAR SISTER, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

ASSETS

| | <u>2016</u> | <u>2015</u> |
|---|--------------------------|--------------------------|
| Current assets: | | |
| Cash | \$ 186,983 | \$ 410,183 |
| Inventory | 75,222 | 200,787 |
| Prepaid travel advances | 1,714 | 20,529 |
| Prepaid expenses | <u>9,927</u> | <u>14,103</u> |
| Total current assets | 273,846 | 645,602 |
| Furniture and equipment, net of accumulated depreciation of \$4,077 in 2016 and \$12,840 in 2015 | 10,297 | 32,732 |
| Intangible assets, net of accumulated amortization of \$683 in 2016 and \$488 in 2015 | <u>1,267</u> | <u>1,462</u> |
| TOTAL ASSETS | <u>\$ 285,410</u> | <u>\$ 679,796</u> |

LIABILITIES AND NET ASSETS

| | <u>2016</u> | <u>2015</u> |
|---|--------------------------|--------------------------|
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 25,471 | \$ 85,789 |
| Deferred revenue | <u>186,395</u> | <u>350,000</u> |
| Total current liabilities | <u>211,866</u> | <u>435,789</u> |
| Net assets: | | |
| Unrestricted | 5,093 | (273,233) |
| Temporarily restricted | <u>68,451</u> | <u>517,240</u> |
| Total net assets | <u>73,544</u> | <u>244,007</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 285,410</u> | <u>\$ 679,796</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, 2016 AND 2015

| | 2016 | | | 2015 | | |
|--|------------------|---------------------------|------------------|---------------------|---------------------------|-------------------|
| | Unrestricted | Temporarily Restricted | Total | Unrestricted | Temporarily Restricted | Total |
| Revenues and other support: | | | | | | |
| Sales | \$ 500,443 | \$ - | \$ 500,443 | \$ 489,589 | \$ - | \$ 489,589 |
| Grants | - | 1,125,814 | 1,125,814 | 165,497 | 1,126,000 | 1,291,497 |
| Contributions | 104,543 | - | 104,543 | 137,221 | - | 137,221 |
| Donated goods and services | 7,754 | - | 7,754 | 25,698 | - | 25,698 |
| Other income | 118 | - | 118 | - | - | - |
| Interest income | 24 | - | 24 | 369 | - | 369 |
| Loss on disposal of furniture and equipment | (12,608) | - | (12,608) | - | - | - |
| Net assets released from restriction | <u>1,574,603</u> | <u>(1,574,603)</u> | <u>-</u> | <u>1,244,482</u> | <u>(1,244,482)</u> | <u>-</u> |
| Total revenues and other support | <u>2,174,877</u> | <u>(448,789)</u> | <u>1,726,088</u> | <u>2,062,856</u> | <u>(118,482)</u> | <u>1,944,374</u> |
| Expenses: | | | | | | |
| Program | 1,766,979 | - | 1,766,979 | 1,873,111 | - | 1,873,111 |
| Management and general | 111,512 | - | 111,512 | 184,272 | - | 184,272 |
| Fundraising | <u>12,871</u> | <u>-</u> | <u>12,871</u> | <u>33,860</u> | <u>-</u> | <u>33,860</u> |
| Total expenses | <u>1,891,362</u> | <u>-</u> | <u>1,891,362</u> | <u>2,091,243</u> | <u>-</u> | <u>2,091,243</u> |
| Changes in net assets before foreign currency translation loss | 283,515 | (448,789) | (165,274) | (28,387) | (118,482) | (146,869) |
| Foreign currency translation loss | <u>(5,189)</u> | <u>-</u> | <u>(5,189)</u> | <u>(49,868)</u> | <u>-</u> | <u>(49,868)</u> |
| Changes in net assets | 278,326 | (448,789) | (170,463) | (78,255) | (118,482) | (196,737) |
| Net assets (deficit) at beginning of year | <u>(273,233)</u> | <u>517,240</u> | <u>244,007</u> | <u>(194,978)</u> | <u>635,722</u> | <u>440,744</u> |
| NET ASSETS (DEFICIT) AT END OF YEAR | <u>\$ 5,093</u> | <u>\$ 68,451</u> | <u>\$ 73,544</u> | <u>\$ (273,233)</u> | <u>\$ 517,240</u> | <u>\$ 244,007</u> |

See accompanying notes to consolidated financial statements.

SOLAR SISTER, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

| | 2016 | | | |
|--|---------------------|---------------------------|------------------|---------------------|
| | Program | Management and General | Fundraising | Total Expenses |
| Personnel costs | \$ 816,656 | \$ 33,786 | \$ 12,871 | \$ 863,313 |
| Cost of sales | 485,433 | - | - | 485,433 |
| Travel | 183,313 | - | - | 183,313 |
| Consultants | 18,369 | 42,791 | - | 61,160 |
| Training and professional development | 60,866 | - | - | 60,866 |
| Rent | 49,567 | 3,819 | - | 53,386 |
| Website and computer | 31,131 | - | - | 31,131 |
| Miscellaneous | 13,049 | 16,835 | - | 29,884 |
| Advertising | 24,452 | - | - | 24,452 |
| Bank fees | 24,089 | - | - | 24,089 |
| Insurance | 17,820 | 1,332 | - | 19,152 |
| Communications | 18,937 | - | - | 18,937 |
| Office supplies | 15,616 | - | - | 15,616 |
| Professional fees | - | 12,949 | - | 12,949 |
| Depreciation and amortization | 7,681 | - | - | 7,681 |
| TOTAL EXPENSES | \$ 1,766,979 | \$ 111,512 | \$ 12,871 | \$ 1,891,362 |

| | 2015 | | | |
|--|---------------------|---------------------------|------------------|---------------------|
| | Program | Management and General | Fundraising | Total Expenses |
| Consultants | \$ 694,054 | \$ 126,077 | \$ 17,064 | \$ 837,195 |
| Cost of sales | 437,910 | - | - | 437,910 |
| Travel | 244,751 | - | - | 244,751 |
| Training and professional development | 156,305 | - | - | 156,305 |
| Rent | 90,488 | - | 2,640 | 93,128 |
| Consultants | 57,907 | 8,218 | - | 66,125 |
| Professional fees | 41,949 | 4,588 | 13,765 | 60,302 |
| Miscellaneous | 39,708 | 6,205 | 391 | 46,304 |
| Rent | 35,893 | 750 | - | 36,643 |
| Professional fees | 5,630 | 25,191 | - | 30,821 |
| Communications | 28,157 | - | - | 28,157 |
| Office supplies | 27,241 | - | - | 27,241 |
| Insurance | - | 12,347 | - | 12,347 |
| Bank fees | 7,379 | - | - | 7,379 |
| Depreciation and amortization | 5,739 | 896 | - | 6,635 |
| TOTAL EXPENSES | \$ 1,873,111 | \$ 184,272 | \$ 33,860 | \$ 2,091,243 |

See accompanying notes to consolidated financial statements.

SOLAR SISTER, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

| | <u>2016</u> | <u>2015</u> |
|---|--------------------------|--------------------------|
| Operating activities: | | |
| Change in net assets | \$ (165,274) | \$ (146,869) |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 7,681 | 6,635 |
| Loss on disposal of furniture and equipment | 12,976 | - |
| Changes in assets and liabilities: | | |
| (Increase) decrease in: | | |
| Accounts receivable | - | 1,126 |
| Grants receivable | - | 144,000 |
| Inventory | 105,054 | (115,334) |
| Prepaid travel advances | 17,184 | (6,318) |
| Prepaid expenses | 4,107 | (11,209) |
| Increase (decrease) in: | | |
| Account payable and accrued expenses | (59,313) | 75,318 |
| Deferred revenue | <u>(163,605)</u> | <u>350,000</u> |
| Net cash provided by (used in) operating activities | <u>(241,190)</u> | <u>297,349</u> |
| Investing activities: | | |
| Purchase of property and equipment | <u>-</u> | <u>(26,164)</u> |
| Net cash used in investing activities | <u>-</u> | <u>(26,164)</u> |
| Effect of exchange rates on cash flows | <u>17,990</u> | <u>(27,838)</u> |
| Net increase (decrease) in cash | (223,200) | 243,347 |
| Cash, beginning of year | <u>410,183</u> | <u>166,836</u> |
| CASH, END OF YEAR | \$ <u>186,983</u> | \$ <u>410,183</u> |

See accompanying notes to consolidated financial statements.

SOLAR SISTER, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1. ORGANIZATION

Solar Sister, Inc. (the "Solar Sister") is a non-profit organization located in Washington, D.C. and operates its programs in Uganda, Tanzania and Nigeria. The Organization 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. The Organization recruits, trains and launches grassroots green collar businesses. The program has provided this opportunity to over 3,000 Solar Sister Entrepreneurs who sell the Organization's clean energy products to service 1.6 million African residents. The Organization's sales are derived entirely from its programs in foreign countries.

The Organization is required to maintain certain corporate structures in the countries in which they do business. Solar Sister, Inc. 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 2016 and 2015. 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 Organization follows the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") Subtopic *Presentation of Financial Statements* for not-for-profit entities. Therefore, the Organization reports information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

- Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions. The Organization may designate portions of its unrestricted net assets as board-designated for various purposes.
- Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may be met either by actions of the Organization and/or the passage of time.

SOLAR SISTER, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (continued)

- Permanently restricted net assets – Net assets subject to donor-imposed stipulations that must be maintained permanently by the Organization. Generally, the donors of these assets permit the use of all or part of the income earned on related investments for general or specific purposes. At December 31, 2016 and 2015, the Organization did not have permanently restricted net assets.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value.

Contributions and grants received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the temporarily restricted net asset category, and a reclassification to unrestricted net assets is made to reflect the expiration of such restrictions.

Contributions of services are reported as revenues and expenses of the unrestricted net asset 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 if not provided by individuals with those specialized skills. Donated services totaled \$7,754 in 2016 and \$25,698 in 2015.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 federally 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 believes it is not exposed to any significant credit risk on cash and cash equivalents. At December 31, 2016 and 2015, cash held in foreign bank accounts totaled \$26,698 and \$29,761, respectively.

Inventory

Inventory is stated at the lower of cost or market. Cost is determined on a first-in, first-out basis. Inventory consists of solar-powered devices sold to the general population by Solar Sister entrepreneurs.

SOLAR SISTER, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

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 useful lives ranging from five to seven years. Depreciation expense totaled \$7,486 in 2016 and \$6,440 in 2015.

Intangible Assets

Intangible assets consist of a registered trademark. Intangible assets with finite lives are amortized on a straight-line basis over their estimated useful lives. The estimated useful life of the trademark is ten years and 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 2016 and 2015. Amortization expense will be \$195 per year over the next five years and thereafter.

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, 2016 and 2015, the Organization has determined that long-lived assets are not impaired.

Deferred Revenue

The Organization records deferred revenue for grants in which the funds are considered refundable advances until the exchange transaction takes place. Deferred revenue consisted of \$186,395 and \$350,000 at December 31, 2016 and 2015, respectively. The exchange transactions which represent deferred revenue at December 31, 2016 are expected to occur in 2017.

Allocation of Expenses

The Organization allocates general expenses to program services from management and general expenses, utilizing estimates and judgements as to how programs and supporting services benefited from such expenses.

Advertising Costs

The Organization uses advertising to promote its programs within the communities it serves. The Organization's advertising expenses totaled \$24,452 in 2016 and \$93,128 in 2015.

Shipping and Handling Costs

The Organization expenses shipping and handling costs when incurred and such costs are included in cost of sales.

SOLAR SISTER, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2016 and 2015.

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 Uganda, 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 Uganda, Tanzania and Nigeria are the Ugandan shilling ("UGX"), Tanzanian shilling ("TZS"), and the Naira ("NGN"), respectively.

Recently Issued But Not Yet Effective Accounting Pronouncements

Financial statement presentation - In August 2016, the FASB issued Accounting Standards Update "ASU" No. 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities* ("ASU 2016-14"), which reduces the number of net asset classes from three to two and increases disclosures about liquidity risks, among other changes. This ASU is effective for years beginning after December 15, 2017. The effect of adopting ASU 2016-14 on the Academy's financial statements has not yet been determined.

Revenue - In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"), which requires an entity to recognize revenue to depict the transfer of promised good or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU will replace most existing revenue recognition guidance in US GAAP, including industry specific guidance, when it becomes effective. This new guidance is effective for years beginning after December 15, 2018. The standard permits the use of either the retrospective or cumulative effect transition method. The Foundation is evaluating the effect that ASU 2014-09 will have on its financial statements and related disclosures.

SOLAR SISTER, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued But Not Yet Effective Accounting Pronouncements (continued)

Leases - 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 the disclosure of key information pertaining to leasing arrangements. This new guidance is effective for years beginning after December 15, 2019, with early adoption permitted. The Foundation is evaluating the effect that ASU 2016-02 will have on its financial statements and related disclosures.

Reclassifications

Certain amounts in the 2015 consolidated financial statements have been reclassified to conform to 2016 classifications. These reclassifications do not have a material effect on the prior year consolidated financial statements.

Subsequent Events

The Organization has evaluated all events subsequent to the consolidated statement of financial position date of December 31, 2016, through the date which the consolidated financial statements were available to be issued, August 14, 2017, and has determined that there are no subsequent events that require disclosure under FASB ASC Topic *Subsequent Events* other than disclosed in Note 6.

NOTE 3. TEMPORARILY RESTRICTED NET ASSETS

The Organization had temporarily restricted net assets of \$68,451 and \$517,240 at December 31, 2016 and 2015, respectively. These net assets were restricted by grantors for use and expansion into specified countries in which the Organization operates its programs.

Net assets were released from donor restrictions in 2016 and 2015 by incurring expenses satisfying the restricted purposes established by donors. Net assets released from restrictions totaled \$1,574,603 in 2016 and \$1,244,482 in 2015.

NOTE 4. FOREIGN CURRENCY TRANSLATION ADJUSTMENTS

Foreign currency translation losses for 2016 and 2015 consist of foreign currency translation adjustments associated with the operations in Uganda, 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 unrestricted net assets at December 31, 2016 and 2015 in the consolidated statements of financial position. The changes in accumulated translation adjustments in 2016 and 2015 are as follows:

| | <u>2016</u> | <u>2015</u> |
|--|--------------------|--------------------|
| Balance at beginning of year | \$ (89,523) | \$ (39,655) |
| Foreign currency translation adjustments | <u>(5,189)</u> | <u>(49,868)</u> |
| Balance at end of year | <u>\$ (94,712)</u> | <u>\$ (89,523)</u> |

SOLAR SISTER, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 5. SIGNIFICANT GRANTORS

During 2016 and 2015, three grantors accounted for approximately 88% of total grants received by the Organization and 57% of total revenue.

In 2016, significant grants include two grants with Hivos Hoofdkantoor for a women's economic empowerment program and a gender and energy advocacy program. The Organization received \$583,611 for the women's economic empowerment program in 2016, of which \$106,130 relates to 2017 and is included in deferred revenue at December 31, 2016. Remaining funds pertaining to the women's economic empowerment program grant total \$54,008 as of December 31, 2016. The Organization received \$168,478 for the gender and energy advocacy program in 2016, of which \$28,505 relates to 2017 and is included in deferred revenue at December 31, 2016. Remaining funds pertaining to the women's economic empowerment program grant total \$19,680 as of December 31, 2016.

NOTE 6. STATUS OF OPERATIONS

Subsequent to December 31, 2016, the Organization withdrew from operations in Uganda. The Organization is still affiliated with an unrelated organization that will continue to provide similar services in Uganda in 2017.

SUPPLEMENTARY INFORMATION



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

Board of Directors and Stockholders
Solar Sister, Inc. and Affiliates
Washington, D.C.

We have audited the consolidated financial statements of Solar Sister, Inc. and Affiliates as of and for the year ended December 31, 2016, and our report thereon dated August 14, 2017, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1 - 2. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplemental information included on pages 14 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.


CITRIN COOPERMAN & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Braintree, Massachusetts
August 14, 2017

SOLAR SISTER, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION BY LOCATION
DECEMBER 31, 2016

| | <u>ASSETS</u> | | | | | |
|--|-----------------------------------|-------------------------|-------------------------|--------------------------|---------------------|--------------------------|
| | <u>USA</u> | <u>Uganda</u> | <u>Tanzania</u> | <u>Nigeria</u> | <u>Eliminations</u> | <u>Total</u> |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$ 90,451 | \$ 621 | \$ 16,735 | \$ 79,176 | \$ - | \$ 186,983 |
| Inventory | - | 21,374 | 23,105 | 30,743 | - | 75,222 |
| Prepaid travel advances | - | - | 1,043 | 671 | - | 1,714 |
| Prepaid expenses | <u>7,193</u> | <u>844</u> | <u>1,890</u> | <u>-</u> | <u>-</u> | <u>9,927</u> |
| Total current assets | 97,644 | 22,839 | 42,773 | 110,590 | - | 273,846 |
| Furniture and equipment, net of accumulated depreciation of \$4,077 in 2016 and \$12,840 in 2015 | 1,688 | 8,609 | - | - | - | 10,297 |
| Intangible assets, net of accumulated amortization of \$683 in 2016 and \$488 in 2015 | <u>1,267</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,267</u> |
| TOTAL ASSETS | <u>\$ 100,599</u> | <u>\$ 31,448</u> | <u>\$ 42,773</u> | <u>\$ 110,590</u> | <u>\$ -</u> | <u>\$ 285,410</u> |
| | <u>LIABILITIES AND NET ASSETS</u> | | | | | |
| | <u>USA</u> | <u>Uganda</u> | <u>Tanzania</u> | <u>Nigeria</u> | <u>Eliminations</u> | <u>Total</u> |
| Current liabilities: | | | | | | |
| Accounts payable and accrued expenses | \$ 17,271 | \$ - | \$ 4,110 | \$ 4,090 | \$ - | \$ 25,471 |
| Deferred revenue | <u>134,634</u> | <u>-</u> | <u>-</u> | <u>51,761</u> | <u>-</u> | <u>186,395</u> |
| Total current liabilities | <u>151,905</u> | <u>-</u> | <u>4,110</u> | <u>55,851</u> | <u>-</u> | <u>211,866</u> |
| Net assets: | | | | | | |
| Unrestricted | (102,442) | 31,448 | 21,348 | 54,739 | - | 5,093 |
| Temporarily restricted | <u>51,136</u> | <u>-</u> | <u>17,315</u> | <u>-</u> | <u>-</u> | <u>68,451</u> |
| Total net assets | <u>(51,306)</u> | <u>31,448</u> | <u>38,663</u> | <u>54,739</u> | <u>-</u> | <u>73,544</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 100,599</u> | <u>\$ 31,448</u> | <u>\$ 42,773</u> | <u>\$ 110,590</u> | <u>\$ -</u> | <u>\$ 285,410</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, 2016

| | USA | | | Uganda | | | Tanzania | | | Nigeria | | | Eliminations | | | Total | | |
|---|---------------------|------------------|--------------------|------------------|-------------|------------------|------------------|------------------|------------------|------------------|-------------|------------------|------------------|-------------|------------------|------------------|------------------|------------------|
| | Unrestricted | Temporarily | Total | Unrestricted | Temporarily | Total | Unrestricted | Temporarily | Total | Unrestricted | Temporarily | Total | Unrestricted | Temporarily | Total | Unrestricted | Temporarily | Total |
| | | restricted | | | restricted | | | restricted | | | restricted | | | restricted | | | restricted | |
| Revenues and other support: | | | | | | | | | | | | | | | | | | |
| Sales | \$ - | \$ - | \$ - | \$ 261,267 | \$ - | \$ 261,267 | \$ 405,771 | \$ - | \$ 405,771 | \$ 269,727 | \$ - | \$ 269,727 | \$ (436,322) | \$ - | \$ (436,322) | \$ 500,443 | \$ - | \$ 500,443 |
| Grants | - | 1,082,064 | 1,082,064 | - | - | - | - | 43,750 | 43,750 | - | - | - | - | - | - | - | 1,125,814 | 1,125,814 |
| Contributions | 104,543 | - | 104,543 | - | - | - | - | - | - | - | - | - | - | - | - | 104,543 | - | 104,543 |
| Donated goods and services | 7,754 | - | 7,754 | - | - | - | - | - | - | - | - | - | - | - | - | 7,754 | - | 7,754 |
| Other income | - | - | - | 118 | - | 118 | - | - | - | - | - | - | - | - | - | 118 | - | 118 |
| Interest income | 24 | - | 24 | - | - | - | - | - | - | - | - | - | - | - | - | 24 | - | 24 |
| Loss on disposal of assets | - | - | - | (5,049) | - | (5,049) | (4,581) | - | (4,581) | (2,978) | - | (2,978) | - | - | - | (12,608) | - | (12,608) |
| Transfer of grants | (541,101) | - | (541,101) | 181,000 | - | 181,000 | 226,761 | - | 226,761 | 133,340 | - | 133,340 | - | - | - | - | - | - |
| Net assets released from restriction | 1,548,168 | (1,548,168) | - | - | - | - | 26,435 | (26,435) | - | - | - | - | - | - | - | 1,574,603 | (1,574,603) | - |
| Total revenues and other support | 1,119,388 | (466,104) | 653,284 | 437,336 | - | 437,336 | 654,386 | 17,315 | 671,701 | 400,089 | - | 400,089 | (436,322) | - | (436,322) | 2,174,877 | (448,789) | 1,726,088 |
| Expenses: | | | | | | | | | | | | | | | | | | |
| Program | 555,622 | - | 555,622 | 488,704 | - | 488,704 | 724,033 | - | 724,033 | 434,942 | - | 434,942 | (436,322) | - | (436,322) | 1,766,979 | - | 1,766,979 |
| Management and general* | 111,512 | - | 111,512 | - | - | - | - | - | - | - | - | - | - | - | - | 111,512 | - | 111,512 |
| Fundraising | 12,871 | - | 12,871 | - | - | - | - | - | - | - | - | - | - | - | - | 12,871 | - | 12,871 |
| Total expenses | 680,005 | - | 680,005 | 488,704 | - | 488,704 | 724,033 | - | 724,033 | 434,942 | - | 434,942 | (436,322) | - | (436,322) | 1,891,362 | - | 1,891,362 |
| Change in net assets before foreign currency translation loss | 439,383 | (466,104) | (26,721) | (51,368) | - | (51,368) | (69,647) | 17,315 | (52,332) | (34,853) | - | (34,853) | - | - | - | 283,515 | (448,789) | (165,274) |
| Foreign currency translation loss | - | - | - | (3,883) | - | (3,883) | 1,467 | - | 1,467 | (2,773) | - | (2,773) | - | - | - | (5,189) | - | (5,189) |
| Change in net assets | 439,383 | (466,104) | (26,721) | (55,251) | - | (55,251) | (68,180) | 17,315 | (50,865) | (37,626) | - | (37,626) | - | - | - | 278,326 | (448,789) | (170,463) |
| Net assets (deficit) at beginning of year | (541,825) | 517,240 | (24,585) | 86,699 | - | 86,699 | 89,528 | - | 89,528 | 92,365 | - | 92,365 | - | - | - | (273,233) | 517,240 | 244,007 |
| NET ASSETS (DEFICIT) AT END OF YEAR | \$ (102,442) | \$ 51,136 | \$ (51,306) | \$ 31,448 | \$ - | \$ 31,448 | \$ 21,348 | \$ 17,315 | \$ 38,663 | \$ 54,739 | \$ - | \$ 54,739 | \$ - | \$ - | \$ - | \$ 5,093 | \$ 68,451 | \$ 73,544 |

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

SOLAR SISTER, INC. AND AFFILIATES
UGANDA STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

ASSETS

| | | |
|---------------------------|-----------|----------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ | 621 |
| Inventory | | 21,374 |
| Prepaid expenses | | <u>844</u> |
| Total current assets | | <u>22,839</u> |
| Furniture and equipment | | 8,609 |
| TOTAL ASSETS | \$ | <u>31,448</u> |

LIABILITIES AND NET ASSETS

| | | |
|--------------------------------------|-----------|----------------------|
| TOTAL UNRESTRICTED NET ASSETS | \$ | <u>31,448</u> |
|--------------------------------------|-----------|----------------------|

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

**SOLAR SISTER, INC. AND AFFILIATES
UGANDA STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016**

| | Unrestricted | Temporarily Restricted | Total |
|--|-------------------------|---------------------------|-------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Revenues and other support: | | | |
| Sales | \$ 261,267 | \$ - | \$ 261,267 |
| Other income | 118 | - | 118 |
| Loss on disposal of assets | (5,049) | - | (5,049) |
| Transfer of grants | <u>181,000</u> | <u>-</u> | <u>181,000</u> |
| Total revenues and other support | 437,336 | - | 437,336 |
| Program expenses | <u>488,704</u> | <u>-</u> | <u>488,704</u> |
| Change in net assets before foreign currency translation loss | (51,368) | - | (51,368) |
| Foreign currency translation loss | <u>(3,883)</u> | <u>-</u> | <u>(3,883)</u> |
| Change in net assets | (55,251) | - | (55,251) |
| Net assets at beginning of year | <u>86,699</u> | <u>-</u> | <u>86,699</u> |
| NET ASSETS AT END OF YEAR | <u>\$ 31,448</u> | <u>\$ -</u> | <u>\$ 31,448</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, 2016

ASSETS

| | | |
|---------------------------|-----------|-----------------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ | 16,735 |
| Inventory | | 23,105 |
| Prepaid travel advances | | 1,043 |
| Prepaid expenses | | <u>1,890</u> |
| TOTAL ASSETS | \$ | <u><u>42,773</u></u> |

LIABILITIES AND NET ASSETS

| | | |
|---|-----------|-----------------------------|
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ | <u>4,110</u> |
| Net assets: | | |
| Unrestricted | | 21,348 |
| Temporarily restricted | | <u>17,315</u> |
| Total net assets | | <u>38,663</u> |
| TOTAL LIABILITIES AND NET ASSETS | \$ | <u><u>42,773</u></u> |

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, 2016**

| | Unrestricted | Temporarily Restricted | Total |
|--|-------------------------|---------------------------|-------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Revenues and other support: | | | |
| Sales | \$ 405,771 | \$ - | \$ 405,771 |
| Grants | - | 43,750 | 43,750 |
| Loss on disposal of assets | (4,581) | - | (4,581) |
| Transfer of grants | 226,761 | - | 226,761 |
| Net assets released from restriction | <u>26,435</u> | <u>(26,435)</u> | <u>-</u> |
| Total revenues and other support | 654,386 | 17,315 | 671,701 |
| Program expenses | <u>724,033</u> | <u>-</u> | <u>724,033</u> |
| Change in net assets before foreign currency translation loss | (69,647) | 17,315 | (52,332) |
| Foreign currency translation loss | <u>1,467</u> | <u>-</u> | <u>1,467</u> |
| Change in net assets | (68,180) | 17,315 | (50,865) |
| Net assets at beginning of year | <u>89,528</u> | <u>-</u> | <u>89,528</u> |
| NET ASSETS AT END OF YEAR | <u>\$ 21,348</u> | <u>\$ 17,315</u> | <u>\$ 38,663</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, 2016

ASSETS

| | | |
|---------------------------|-----------|-----------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ | 79,176 |
| Inventory | | 30,743 |
| Prepaid travel advances | | <u>671</u> |
| TOTAL ASSETS | \$ | <u>110,590</u> |

LIABILITIES AND NET ASSETS

| | | |
|---|-----------|-----------------------|
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ | 4,090 |
| Deferred revenue | | <u>51,761</u> |
| Total current liabilities | | 55,851 |
| Unrestricted net assets | | <u>54,739</u> |
| TOTAL LIABILITIES AND NET ASSETS | \$ | <u>110,590</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, 2016**

| | Unrestricted | Temporarily Restricted | Total |
|---|-------------------------|---------------------------|-------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Revenues and other support: | | | |
| Sales | \$ 269,727 | \$ - | \$ 269,727 |
| Loss on disposal of assets | (2,978) | - | (2,978) |
| Transfer of grants | <u>133,340</u> | <u>-</u> | <u>133,340</u> |
| Total revenues and other support | 400,089 | - | 400,089 |
| Program expenses | <u>434,942</u> | <u>-</u> | <u>434,942</u> |
| Change in net assets before foreign currency translation loss | (34,853) | - | (34,853) |
| Foreign currency translation loss | <u>(2,773)</u> | <u>-</u> | <u>(2,773)</u> |
| Change in net assets | (37,626) | - | (37,626) |
| Net assets at beginning of year | <u>92,365</u> | <u>-</u> | <u>92,365</u> |
| NET ASSETS AT END OF YEAR | <u>\$ 54,739</u> | <u>\$ -</u> | <u>\$ 54,739</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, 2016

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