VOTE SOLAR

FINANCIAL STATEMENTS

December 31, 2017

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2016)

CROSBY & KANEDA
Certified Public Accountants

Dedicated to Nonprofit Organizations

VOTE SOLAR

Contents

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Vote Solar
Oakland, California

Report on the Financial Statements

We have audited the accompanying financial statements of Vote Solar, which comprise the statement of financial position as of December 31, 2017, and the related statements of activity, cash flows and functional expenses 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.

Auditors' 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 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 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 Vote Solar as of December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Vote Solar's December 31, 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 4, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Crosby & Kaneda CPAs LLP

Oakland, California
June 4, 2018

VOTE SOLAR

Statement of Financial Position
December 31, 2017
(With Comparative Totals as of December 31, 2016)

	2017	2016
Assets		
Current Assets		
Cash and cash equivalents	$ 5,372,498	$ 3,816,247
Grants and pledges receivable	217,000	775,984
Prepaid expenses	43,008	37,113
Total Current Assets	5,632,506	4,629,344
Certificate of deposit (Note 3)	55,565	55,531
Deposits	14,730	11,180
Total Assets	$ 5,702,801	$ 4,696,055
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$ 94,342	$ 75,126
Accrued vacation	128,700	113,532
Accrued rent expense	3,935	14,849
Total Liabilities	226,977	203,507
Commitments and Contingencies (Notes 4 and 5)		
Net Assets		
Unrestricted (Note 6)	3,342,048	3,332,425
Temporarily restricted (Note 7)	2,133,776	1,160,123
Total Net Assets	5,475,824	4,492,548
Total Liabilities and Net Assets	$ 5,702,801	$ 4,696,055

See Notes to the Financial Statements

VOTE SOLAR

Statement of Activities
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)

	Unrestricted	Temporarily Restricted	Total 2017	Total 2016
Support				
Support				
Individual	$ 308,007	$ 300,000	$ 608,007	$ 417,866
Foundation and corporate	544,095	3,756,740	4,300,835	3,871,130
Government	-		-	34,643
Fundraising events, net (Note 8)	113,709		113,709	153,075
In-kind service and supplies	17,954		17,954	2,352
Total Support	983,765	4,056,740	5,040,505	4,479,066
Revenue				
Group energy revenue	-		-	414,304
Intervenor compensation	40,856		40,856	406,011
Other activity	11,525		11,525	8,027
Interest	2,575		2,575	32
Total Revenue	54,956	-	54,956	828,374
Net assets released from restrictions (Note 7)	3,083,087	(3,083,087)	-	-
Total Support and Revenue	4,121,808	973,653	5,095,461	5,307,440
Expenses				
Program	3,132,201		3,132,201	2,765,164
Management and general	509,298		509,298	324,487
Fundraising	470,686		470,686	428,115
Total Expenses	4,112,185	-	4,112,185	3,517,766
Change in Net Assets	9,623	973,653	983,276	1,789,674
Net Assets, beginning of year	3,332,425	1,160,123	4,492,548	2,702,874
Net Assets, end of year	$ 3,342,048	$ 2,133,776	$ 5,475,824	$ 4,492,548

VOTE SOLAR

Statement of Cash Flows
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)

	2017	2016
Cash flows from operating activities:		
Change in net assets	$ 983,276	$ 1,789,674
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Change in assets and liabilities:		
Grants and pledges receivable	558,984	(277,506)
Prepaid expenses	(5,895)	(15,967)
Deposits	(3,550)	(4,500)
Accounts payable and accrued expenses	19,216	(9,670)
Accrued vacation	15,168	23,618
Accrued rent expense	(10,914)	(8,719)
Net cash provided (used) by operating activities	1,556,285	1,496,930
Cash flows from investing activities:		
Certificate of deposit, net	(34)	(31)
Net cash provided (used) by investing activities	(34)	(31)
Net change in cash and cash equivalents	1,556,251	1,496,899
Cash and cash equivalents, beginning of year	3,816,247	2,319,348
Cash and cash equivalents, end of year	$ 5,372,498	$ 3,816,247

See Notes to the Financial Statements

VOTE SOLAR

Statement of Functional Expenses
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)

	Program	Management and General	Fundraising	Total 2017	Total 2016
Salaries	$ 1,473,720	$ 219,904	$ 247,245	$ 1,940,869	$ 1,476,388
Retirement contributions	46,637	9,106	7,840	63,583	55,008
Employee benefits	230,817	34,291	38,451	303,559	214,776
Payroll taxes	120,642	17,934	20,180	158,756	113,426
Total Personnel	1,871,816	281,235	313,716	2,466,767	1,859,598
Legal	40,371	28,623	-	68,994	400,502
Accounting	-	49,816	-	49,816	55,125
Other professional services	821,328	62,305	52,129	935,762	580,104
Advertising and promotion	10,386	5,500	3,205	19,091	122,342
Supplies and office expenses	20,032	7,187	8,920	36,139	31,311
Information technology	14,139	9,020	8,051	31,210	25,985
Occupancy	75,208	11,229	12,511	98,948	88,618
Travel and meals	227,943	38,911	43,164	310,018	277,166
Conferences and meetings	25,873	6,453	5,964	38,290	29,669
Insurance	2,408	360	407	3,175	3,255
Dues, licenses, service fees	8,219	1,949	13,594	23,762	26,621
Small furniture and equipment	12,559	1,141	1,397	15,097	10,624
Miscellaneous	1,919	5,569	7,628	15,116	6,846
Total Expenses	$ 3,132,201	$ 509,298	$ 470,686	$ 4,112,185	$ 3,517,766

See Notes to the Financial Statements

Notes to the Financial Statements
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)

NOTE 1: NATURE OF ACTIVITIES

Vote Solar (the Organization) is a California nonprofit public benefit corporation incorporated in 2013.

The Organization works to foster economic opportunity, promote energy security and fight climate change by making solar a mainstream energy resource. The Organization engages in advocacy campaigns to remove regulatory barriers and implement key policies needed to bring solar to scale. The Organization's key programs include:

Rate Design, Net Metering & Grid Integration: The Organization works to keep the way clear for Americans to produce their own solar power by ensuring customer access to net metering, helping regulators properly value distributed solar power, opposing unsupported rate fees, and otherwise establishing fair, solar-friendly rate structures. The Organization also works to redesign regulatory regimes to effectively manage high amounts of distributed and variable generation.

Solar Market Drivers: The Organization advocates for policies that encourage utilities to increase the amount of renewable energy they procure and supply to their customers, including Renewable Portfolio Standards, procurement programs, resource planning processes, and tax reform.

Community Solar & Low-Income Access: The Organization's Community Solar program works to establish the policies and programs necessary to allow renters and other homes, schools and businesses who do not have access to traditional solar on their roofs to be able to invest in an off-site solar system, and receive the economic benefit of their investment. The Organization's Low Income Solar program seeks to ensure that as we transition to a renewable energy economy, all Americans, especially those with low-incomes, have the opportunity to participate in and benefit from this energy revolution.

Finance: The Organization advocates for financing options such as third-party financing, leases, PACE and on-bill financing that can make solar an economic option for many more consumers.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation

The Organization presents information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The three classes are differentiated by donor restrictions.

Unrestricted net assets – consist of resources which have not been specifically restricted by a donor. Unrestricted net assets may be designated for specific purposes by the Organization or may be limited by contractual agreements with outside parties.

Temporarily restricted net assets – represent contributions and other inflows of assets whose use is limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Permanently restricted net assets – represent contributions and other inflows of assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization, other asset enhancements and diminishments subject to the same kinds of stipulations or reclassifications from or to other classes of net assets as a consequence of donor-imposed stipulations. There were no permanently restricted net assets as of December 31, 2017.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Unrestricted contributions and grants are recorded as unrestricted revenue when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the California Revenue and Taxation Code Section 23701(d). The Organization has evaluated its current tax positions as of December 31, 2017 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively after they are filed.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization recognized $13,838 in donated legal services that met this criteria during the year ended December 31, 2017.

Grants and Pledges Receivable

The Organization considers all grants and pledges receivable to be fully collectible as of December 31, 2017. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Estimates

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

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 **-** Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 **-** Inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly.

Level 3 **-** Unobservable inputs for the assets or liability.

The Organization had no assets or liabilities recorded at fair value on December 31, 2017.

Concentration of Credit Risk

At times the Organization may have deposits in excess of federally insured limits. The Organization manages this credit risk by monitoring the financial strength of the financial institutions in which such funds are maintained.

Property and Equipment

Property and equipment purchased by the Organization is recorded at cost. The Organization capitalizes all expenditures for property and equipment over $5,000; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment. The Organization had no property and equipment that met this capitalization policy at December 31, 2017.

Functional Allocation of Expenses

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

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

Reclassifications

Certain accounts in the prior year's summarized information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of June 4, 2018 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: CERTIFICATE OF DEPOSIT

As of December 31, 2017 the Organization maintained a certificate of deposit with a value of $55,565. The certificate of deposit secures the credit cards issued for the Organization's use and as a result, use of the certificate of deposit is restricted and may not be available for the Organization's immediate operational use.

NOTE 4: COMMITMENTS

Operating Leases

The Organization is party to a lease for its Oakland office which expires in May 2018. Future minimum lease payments are as follows for the years ended December 31:

2018	$ 54,753
2019	139,897
2020	144,094
2021	148,417
2022	152,869
Thereafter	117,608
Total	$ 757,638

Total rent for the years ending December 31, 2017 and 2016 was $97,953 and $82,326, respectively.

Notes to the Financial Statements
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)

NOTE 5: CONTINGENCIES

Grant Awards

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

Intervenor Compensation

The Organization intervenes in proceedings before the CPUC on cases in which the Organization has an interest, and sometimes engages outside counsel and/or expert consultants to assist. In some instances, the Organization pays for these services regardless of the outcome of the intervention, and in others the Organization negotiates contracts in which fees are contingent on the approval of an intervenor compensation award.

NOTE 6: UNRESTRICTED NET ASSETS

Unrestricted net assets consisted of the following as of December 31:

	2017	2016
Undesignated	$ 753,002	$ 3,332,425
Board designated – reserve	2,589,046	-
Total	$ 3,342,048	$ 3,332,425

NOTE 7: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available as follows as of December 31:

	2017	2016
Southeast Region	$ 655,239	$ 342,215
New England/Northeast Region	65,307	95,609
Programmatic – Community Solar	344,767	8,678
For future periods	1,068,463	713,621
Total	$ 2,133,776	$ 1,160,123

Temporarily restricted net assets were released as follows for the year ended December 31:

	2017	2016
Southeast Region	$ 466,976	$ 326,629
New England/Northeast Region	205,303	190,354
Programmatic – Rates & Net Metering	-	26,137
Programmatic – Community Solar	228,910	241,322
Passage of time	2,181,898	2,315,791
Total	$ 3,083,087	$ 3,100,233

NOTE 8: FUNDRAISING EVENTS

The Organization held two fundraising events during the year. Activity related to the events was as follows during the years ended December 31:

	2017	2016
Ticket sales	$ 67,894	$ 72,028
Donations and sponsorships	141,774	184,100
Less: Costs of direct donor benefit	(95,959)	(103,053)
Total	$ 113,709	$ 153,075

NOTE 9: RETIREMENT PLAN

The Organization began offering a defined contribution retirement plan (the Plan) under section 403(b) of the Internal Revenue Code in the year ended December 31, 2015. The Plan covers all employees who meet plan eligibility requirements. The Organization makes matching contributions of up to 3.5% of participating employees' compensation to the Plan. Employer contributions were $63,583 and $55,008 for the years ended December 31, 2017 and 2016, respectively.

NOTE 10: CONDITIONAL PROMISE TO GIVE

In addition to the amounts recognized on the financial statements the Organization received an additional conditional promise to give of $100,000 during the year ended December 31, 2017. Receipt of funds under the grant is conditioned on the Organization's success meeting certain program performance and reporting objectives. The Organization's policy is to defer recognition of such amounts until the conditions necessary to recognize such grant funds have been met.

NOTE 11: CONCENTRATIONS

Revenue Concentration

During the year ended December 31, 2017 the Organization received approximately 28% of its support and revenue from two grant funders which included grants intended for future period activities. A significant reduction in the level of this support may have an effect on the Organization's program and activities.