VOTE SOLAR

FINANCIAL STATEMENTS

December 31, 2018

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2017)

CROSBY & KANEDA

Certified Public Accountants
for 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, 2018, 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, 2018, and the changes in its net assets 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, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 4, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Crosby + Kaneda CPAs LLP

Oakland, California
May 31, 2019

VOTE SOLAR

Statement of Financial Position
December 31, 2018
(With Comparative Totals as of December 31, 2017)

		2018		2017
Assets				
Current Assets				
Cash and cash equivalents	$	6,182,375	$	5,372,498
Accounts receivable		15,430		-
Grants and pledges receivable		200,000		217,000
Prepaid expenses		44,285		43,008
Total Current Assets		6,442,090		5,632,506
Certificate of deposit (Note 3)		55,590		55,565
Deposits		12,746		14,730
Total Assets	$	6,510,426	$	5,702,801
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued expenses	$	66,276	$	94,342
Accrued paid time off		139,865		128,700
Accrued rent expense		57,861		3,935
Total Liabilities		264,002		226,977
Commitments and Contingencies (Notes 4 and 5)				
Net Assets				
Without donor restrictions (Note 6)		3,690,132		3,342,048
With donor restrictions (Note 7)		2,556,292		2,133,776
Total Net Assets		6,246,424		5,475,824
Total Liabilities and Net Assets	$	6,510,426	$	5,702,801

VOTE SOLAR

Statement of Activities
For the Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)

	Without Donor Restrictions	With Donor Restrictions	Total 2018	Total 2017
Support				
Support				
Individual	$ 150,743	$ 300,000	$ 450,743	$ 608,007
Foundation and corporate	1,100,247	4,363,000	5,463,247	4,300,835
Fundraising events, net (Note 8)	99,298		99,298	113,709
In-kind contributions (Note 13)	201,134		201,134	17,954
Total Support	1,551,422	4,663,000	6,214,422	5,040,505
Revenue				
Intervenor compensation			-	40,856
Other activity	1,144		1,144	11,525
Interest	11,474		11,474	2,575
Total Revenue	12,618	-	12,618	54,956
Support provided by expiring time and purpose restrictions	4,240,484	(4,240,484)	-	-
Total Support and Revenue	5,804,524	422,516	6,227,040	5,095,461
Expenses				
Program	4,209,729		4,209,729	3,132,201
Management and general	669,696		669,696	509,298
Fundraising	577,015		577,015	470,686
Total Expenses	5,456,440	-	5,456,440	4,112,185
Change in Net Assets	348,084	422,516	770,600	983,276
Net Assets, beginning of year	3,342,048	2,133,776	5,475,824	4,492,548
Net Assets, end of year	$ 3,690,132	$ 2,556,292	$ 6,246,424	$ 5,475,824

VOTE SOLAR

Statement of Cash Flows
For the Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)

	2018	2017
Cash flows from operating activities:		
Change in net assets	$ 770,600	$ 983,276
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Change in assets and liabilities:		
Accounts receivable	(15,430)	-
Grants and pledges receivable	17,000	558,984
Prepaid expenses	(1,277)	(5,895)
Deposits	1,984	(3,550)
Accounts payable and accrued expenses	(28,066)	19,216
Accrued paid time off	11,165	15,168
Accrued rent expense	53,926	(10,914)
Net cash provided (used) by operating activities	809,902	1,556,285
Cash flows from investing activities:		
Certificate of deposit, net	(25)	(34)
Net cash provided (used) by investing activities	(25)	(34)
Net change in cash and cash equivalents	809,877	1,556,251
Cash and cash equivalents, beginning of year	5,372,498	3,816,247
Cash and cash equivalents, end of year	$ 6,182,375	$ 5,372,498

VOTE SOLAR

Statement of Functional Expenses
For the Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)

	Program	Management and General	Fundraising	Total 2018	Total 2017
Salaries	$ 2,062,989	$ 229,583	$ 318,927	$ 2,611,499	$ 1,940,869
Retirement contributions	62,599	8,797	9,678	81,074	63,583
Other employee benefits	328,527	42,672	50,854	422,053	303,559
Payroll taxes	165,595	19,069	25,483	210,147	158,756
Total Personnel	2,619,710	300,121	404,942	3,324,773	2,466,767
Professional services	1,046,896	97,424	39,331	1,183,651	1,040,734
Advertising and promotion	5,136	5,000	65	10,201	19,091
Supplies and office expenses	22,877	18,458	7,221	48,556	40,255
Information technology	13,719	6,748	8,581	29,048	27,094
Occupancy	114,547	12,521	17,136	144,204	98,948
Travel and meals	282,261	20,029	43,129	345,419	310,018
Conferences and meetings	56,833	4,577	4,364	65,774	38,290
Insurance	2,757	545	424	3,726	3,175
Dues, licenses, service fees	30,478	4,054	32,180	66,712	23,762
Small furniture and equipment	8,274	5,239	1,189	14,702	15,097
In-kind legal	-	194,437	-	194,437	13,838
Miscellaneous	6,241	543	18,453	25,237	15,116
Total Expenses	$ 4,209,729	$ 669,696	$ 577,015	$ 5,456,440	$ 4,112,185
Expenses reported on a net basis on statement of activities					
Event expenses	-	-	95,977	95,977	95,959
Total Expenses	$ 4,209,729	$ 669,696	$ 672,992	$ 5,552,417	$ 4,208,144

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:

Rooftop Solar & Grid Modernization: Vote Solar 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 unjustified rate fees, and otherwise establishing fair, solar-friendly rate structures. Vote Solar also works to solve the challenges posed by high penetrations of variable renewables on the grid. A dynamic, clean and distributed grid requires redesigning regulatory regimes to effectively manage distributed and variable generation while minimizing costs and maximizing environmental benefits.

Utility Solar: Vote Solar advocates for policies that encourage utilities to increase the amount of renewable energy they procure and supply to their customers. These policies include Renewable Portfolio Standards, procurement programs, resource planning processes, incentives, and tax credits.

Community Solar & Access and Equity: The Community Solar program works to establish the policies and programs necessary to allow renters and millions of other American homes, schools and businesses who do not have access to traditional solar on their roofs to be able choose renewable energy. Well-designed shared solar energy programs solve for barriers of access and affordability, allowing ratepayers to invest in an off-site solar system, and receive the economic benefit of their investment. Our 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.

Other Solar Advocacy: Solar markets are complicated, and only as strong as the weakest link. Vote Solar takes on issues such as interconnection standards, financing solutions, consumer protection measures, zoning, tax policy, research and development, transmission, new regulatory models, and others not otherwise listed.

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).

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions – are resources available to support operations. The only limits on the use of the net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions – are resources that are restricted by a donor for use for a particular purpose or in a particular period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; there were no restrictions of this nature as of December 31, 2018.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor imposed restrictions. Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those net assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless the contributed assets are specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

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, 2018 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.

Contributions Receivable

Contributions receivable including grants and pledges receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. The Organization has evaluated the value of the discount and concluded that it was not material for recognition. The Organization considers all contributions receivable to be fully collectible at December 31, 2018. 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, 2018.

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, 2018.

Expense Recognition and Allocation

The cost of providing the organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, benefits, and payroll taxes are allocated based on hourly tracking on monthly timesheets prepared by each employee detailing time spent on each program and supporting activity.
- Occupancy is allocated based employee salary expenditures for each program and supporting activity.
- Telephone and internet services, insurance, and supplies and miscellaneous expenses that cannot be directly identified are allocated on the basis of employee salary expenditures for each program and supporting activity.

Management and general activities include the functions necessary to provide support for the organization's program activities. They include activities that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar functions that ensure an adequate working environment and an equitable employment program.

Fundraising activities include publicizing and conducting fundraising campaigns; maintaining donor lists; conducting special fundraising events; and other activities involved with soliciting contributions from corporations, foundations, individuals, and others. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

Changes in Accounting Principles

The Organization implemented FASB Accounting Standards Update (ASU) No. 2016-14 in the current year, applying the changes retrospectively. The new standards change the following aspects of the financial statements:

The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.

The unrestricted net asset class has been renamed net assets without donor restrictions.

The financial statements include a disclosure about liquidity and availability of resources.

The changes have the following effect on net assets at December 31, 2017:

Net Asset Class:	As Originally Presented	After Adoption of ASU 2016-14
Unrestricted net assets	$ 3,342,048	$ -
Temporarily restricted net assets	2,133,776	-
Net assets without donor restrictions	-	3,342,048
Net assets with donor restrictions	-	2,133,776
Total	$ 5,475,824	$ 5,475,824

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, 2017, 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 May 31, 2019 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, 2018, the Organization maintained a certificate of deposit with a value of $55,590. 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 office space in Oakland, California which expires in September 2023 with an option to renew for 5 years. Future minimum lease payments are as follows for the years ended December 31:

2019	$ 139,897
2020	144,094
2021	148,417
2022	152,870
2023	117,608
Total	$ 702,886

Total rent for the years ending December 31, 2018 and 2017 was $142,563 and $97,953, respectively.

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.

NOTE 6: NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consisted of the following as of December 31:

	2018	2017
Undesignated	$ 890,132	$ 753,002
Board designated reserve	2,800,000	2,589,046
Total	$ 3,690,132	$ 3,342,048

Notes to the Financial Statements
For the Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)

NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available as follows as of December 31:

	2018	2017
Purpose restricted	$ 896,313	$ 1,065,313
Time restricted	1,659,979	1,068,463
Total	$ 2,556,292	$ 2,133,776

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:

	2018	2017
Ticket sales	$ 49,775	$ 67,894
Donations and sponsorships	145,500	141,774
Less: Costs of direct donor benefit	(95,977)	(95,959)
Total	$ 99,298	$ 113,709

NOTE 9: RETIREMENT PLAN

The Organization offers a defined contribution retirement plan (the Plan) under section 403(b) of the Internal Revenue Code which 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 $81,074 and $63,583 for the years ended December 31, 2018 and 2017, respectively.

NOTE 10: CONCENTRATIONS

Revenue Concentration

During the year ended December 31, 2018 the Organization received approximately 48% of its support and revenue from three 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.

NOTE 11: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2018 are:

Financial assets:	
Cash and cash equivalents	$ 6,182,375
Accounts and grants receivable	15,430
Contributions and grants receivable	200,000
Total financial assets	6,397,805
Less financial assets held to meet donor-imposed restrictions:	
Purpose-restricted net assets	(896,313)
Amount available for general expenditures within one year	$ 5,501,492

As part of the Organization's liquidity management plan, the Organization invests cash in excess of immediate requirements in an insured cash sweep service.

NOTE 12: RELATED PARTY ACTIVITY

Vote Solar Action Fund

The Organization shares office space, related operational expenses and staff with the Vote Solar Action Fund (the Fund), a sponsored project of an Internal Revenue Code Section 501(c)(4) nonprofit. During the year ended December 31, 2018 the Organization received reimbursement from the Fund of $62,805 for personnel expenses and $51,610 for other operating expenses.

NOTE 13: IN-KIND CONTRIBUTIONS

The Organization received the benefit of the following donated in-kind goods and services during the years ended December 31:

	2018	2017
Legal services and expenses	$ 194,437	$ 13,838
Software	6,697	4,116
Total	$ 201,134	$ 17,954

Donated legal services consisted of services from firm and individual attorneys delivered as part of the Organization's programs. The Organization developed their estimate of the value of donated legal services based on approximately 317 hours of time valued at $400 per hour and approximately $66,908 in donated legal expenses.

NOTE 14: CONDITIONAL PROMISES TO GIVE

In addition to the activity on the financials, the Organization may receive grants with future payments subject to certain conditions, performance barriers or rights of revocation. It is the Organization's policy to defer revenue recognition of conditional amounts until such conditions have been satisfied. As of December 31, 2018, conditional grants outstanding consisted of the following:

Grant	Award	Recognized	Remaining	Condition
Grant I	$1,000,000	$500,000	$500,000	Program performance

The Organization expects to meet the conditions of the above grants during the year ended December 31, 2019.

NOTE 15: PROFESSIONAL EMPLOYER ORGANIZATION

The Organization contracts for staffing services using a professional employer organization (PEO). The PEO bills the Organization for the costs of staffing, benefits and other services and the Organization presents these amounts according to their underlying natural classification on the statement of functional expense.