VOTE SOLAR

FINANCIAL STATEMENTS

December 31, 2019

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2018)

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, 2019, 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, 2019, 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, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 31, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Crosby & Kaneda CPAs LLP

Oakland, California
June 25, 2020

VOTE SOLAR

Statement of Financial Position
December 31, 2019
(With Comparative Totals as of December 31, 2018)

	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	$ 7,225,565	$ 6,182,375
Accounts receivable	7,904	15,430
Grants and pledges receivable	65,015	200,000
Prepaid expenses	53,526	44,285
Total Current Assets	7,352,010	6,442,090
Certificate of deposit	-	55,590
Deposits	10,284	12,746
Total Assets	$ 7,362,294	$ 6,510,426
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$ 109,120	$ 66,276
Accrued paid time off	154,776	139,865
Accrued rent	53,758	57,861
Total Liabilities	317,654	264,002
Net Assets		
Without donor restrictions (Note 5)	4,686,627	3,690,132
With donor restrictions (Note 6)	2,358,013	2,556,292
Total Net Assets	7,044,640	6,246,424
Total Liabilities and Net Assets	$ 7,362,294	$ 6,510,426

VOTE SOLAR

Statement of Activities
For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)

	Without Donor Restrictions	With Donor Restrictions	Total 2019	Total 2018
Support				
Support				
Foundation and corporate	$ 1,076,480	$ 4,862,513	$ 5,938,993	$ 5,463,247
Individual	304,414	100,000	404,414	450,743
Fundraising events, net (Note 7)	82,909		82,909	99,298
In-kind contributions (Note 12)	490,799		490,799	201,134
Total Support	1,954,602	4,962,513	6,917,115	6,214,422
Revenue				
Contract program service fees	33,000		33,000	-
Other activity	7,894		7,894	1,144
Interest	15,067		15,067	11,474
Total Revenue	55,961	-	55,961	12,618
Support provided by expiring time and purpose restrictions	5,160,792	(5,160,792)	-	-
Total Support and Revenue	7,171,355	(198,279)	6,973,076	6,227,040
Expenses				
Program	5,067,846		5,067,846	4,209,729
Management and general	454,148		454,148	669,696
Fundraising	652,866		652,866	577,015
Total Expenses	6,174,860	-	6,174,860	5,456,440
Change in Net Assets	996,495	(198,279)	798,216	770,600
Net Assets, beginning of year	3,690,132	2,556,292	6,246,424	5,475,824
Net Assets, end of year	$ 4,686,627	$ 2,358,013	$ 7,044,640	$ 6,246,424

VOTE SOLAR

Statement of Cash Flows
For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)

	2019	2018
Cash flows from operating activities:		
Change in net assets	$ 798,216	$ 770,600
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Change in assets and liabilities:		
Accounts receivable	7,526	(15,430)
Grants and pledges receivable	134,985	17,000
Prepaid expenses	(9,241)	(1,277)
Deposits	2,462	1,984
Accounts payable and accrued expenses	42,844	(28,066)
Accrued paid time off	14,911	11,165
Accrued rent	(4,103)	53,926
Net cash provided (used) by operating activities	987,600	809,902
Cash flows from investing activities:		
Certificate of deposit, net	55,590	(25)
Net cash provided (used) by investing activities	55,590	(25)
Net change in cash and cash equivalents	1,043,190	809,877
Cash and cash equivalents, beginning of year	6,182,375	5,372,498
Cash and cash equivalents, end of year	$ 7,225,565	$ 6,182,375

VOTE SOLAR

Statement of Functional Expenses
For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)

	Program	Management and General	Fundraising	Total 2019	Total 2018
Salaries	$ 2,475,100	$ 208,606	$ 395,943	$ 3,079,649	$ 2,611,499
Retirement contributions	83,538	9,196	13,284	106,018	81,074
Other employee benefits	422,824	36,179	67,806	526,809	422,053
Payroll taxes	197,926	16,883	31,506	246,315	210,147
Total Personnel	3,179,388	270,864	508,539	3,958,791	3,324,773
Professional services	839,245	98,605	9,683	947,533	1,183,651
Advertising and promotion	4,191	6,500	894	11,585	10,201
Supplies and office expenses	33,617	16,011	10,995	60,623	63,258
Information technology	27,991	5,692	4,436	38,119	29,048
Occupancy	152,321	12,980	24,248	189,549	144,204
Travel and meals	255,046	21,299	45,742	322,087	345,419
Conferences and meetings	46,586	5,549	5,808	57,943	65,774
Insurance	2,184	1,806	-	3,990	3,726
Dues, licenses, service fees	41,294	1,537	28,728	71,559	66,712
In-kind services and rent	479,963	-	-	479,963	194,437
In-kind supplies	-	10,836	-	10,836	-
Miscellaneous	6,020	2,469	13,793	22,282	25,237
Expenses by Function	5,067,846	454,148	652,866	6,174,860	5,456,440
Expenses reported on a net basis on statement of activities					
Event expenses	-	-	96,534	96,534	95,977
Total Expenses	$ 5,067,846	$ 454,148	$ 749,400	$ 6,271,394	$ 5,552,417

See Notes to the Financial Statements

Notes to the Financial Statements
For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)

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.

Access & Equity and Community Solar: Our Access and Equity program seeks to ensure that as we transition to a renewable energy economy, all people across the U.S. have the opportunity to participate in and benefit from this energy revolution. We commit to advancing policies, partnerships, and internal practices that foster broad participation and equitable distribution of the benefits from clean energy, that reflect and honor the diverse communities that make up our society, and that enhance our collective interests through widely shared decision making power. The Community Solar program works to establish the policies and programs necessary to allow renters and millions of other 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.

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, 2019.

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.

Accounting for Revenue

The Organization recognizes revenue as performance obligations are satisfied.

Revenue is recognized over time when any of the following conditions are met: The customer receives and consumes the benefits provided by the Organization's performance as the Organization performs; the Organization's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or the work does not create an asset with an alternative use to the Organization and the entity has a right to payment for performance completed to date. Revenue is recognized over time for cost reimbursement contracts as eligible expenses are incurred if other conditions of the contract are satisfied. Revenue from agreements that include milestones and milestone payments are recognized as milestones are reached. Revenue from agreements based on hourly rates are recognized as time is expended if the Organization expects it will have an enforceable right to payment for such amounts. Revenue is recognized based on estimated progress towards complete satisfaction of a performance obligation if the Organization can reasonably measure such progress and the Organization has a right to payment for performance completed to date. If the Organization's efforts are expended evenly throughout the performance period the Organization may recognize revenue on a straight-line basis over such a period.

Revenue is recognized at a point in time when goods or services are provided to customers and the Organization is not required to provide additional goods or services or if the above criteria are not met. Revenue from the sales of goods or merchandise are recognized at the point in time when the goods or merchandise are provided to the customer.

The Organization tracks contract assets representing earned amounts that are not yet receivable separately from accounts receivable, if any. As a practical expedient the Organization disregards the effects of potential financing components if the period between payment and performance is one year or less.

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 IRC 501(c)(3) and California RTC 23701(d). The Organization has evaluated its current tax positions as of December 31, 2019 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.

Accounts Receivable

Accounts receivable are primarily unsecured non-interest bearing amounts due from on performance contracts. The Organization considers all accounts receivable to be fully collectible at December 31, 2019. 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.

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, 2019. 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, 2019.

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.

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 and other services and the Organization presents these amounts according to their underlying natural classification on the statement of functional expense. The PEO is the employer of record for staff employed under this arrangement.

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, 2019.

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 adopted FASB ASC 606 using the modified retrospective method applied to those contracts that were not complete as of December 31, 2018. No material adjustment to net assets was necessary as a result of the adoption of FASB ASC 606. The comparative information is reported under the accounting standards in effect in those reporting periods.

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, 2018, 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.

NOTE 3: COMMITMENTS

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:

2020	$ 144,094
2021	148,417
2022	152,870
2023	117,608
Total	$ 562,989

Rent for the years ended December 31, 2019 and 2018, excluding donated use of space, was $189,235 and $142,563, respectively

NOTE 4: 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.

Notes to the Financial Statements
For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)

NOTE 5: NET ASSETS WITHOUT DONOR RESTRICTIONS

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

	2019	2018
Undesignated	$ 1,686,627	$ 890,132
Board designated reserve	3,000,000	2,800,000
Total	$ 4,686,627	$ 3,690,132

NOTE 6: NET ASSETS WITH DONOR RESTRICTIONS

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

	2019	2018
Purpose restricted	$ 708,268	$ 896,313
Time restricted	1,649,745	1,659,979
Total	$ 2,358,013	$ 2,556,292

NOTE 7: 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:

	2019	2018
Admissions, donations and sponsorships	$ 179,443	$ 195,275
Less: Costs of direct donor benefit	(96,534)	(95,977)
Total	$ 82,909	$ 99,298

NOTE 8: 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 $106,018 and $81,074 for the years ended December 31, 2019 and 2018, respectively.

NOTE 9: CONCENTRATIONS

Revenue Concentration

During the year ended December 31, 2019 the Organization received approximately 57% of its support and revenue from four 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 10: 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, 2019 are:

Financial assets:	
Cash and cash equivalents	$ 7,225,565

Accounts receivable	7,904
Contributions and grants receivable	65,015
Total financial assets	7,298,484
Less financial assets held to meet donor-imposed restrictions:	
Purpose-restricted net assets	(708,268)
Amount available for general expenditures within one year	$ 6,590,216

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 11: 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 years ended December 31, 2019 and 2018 the Organization received reimbursement from the Fund of approximately $39,439 and $62,805 for personnel expenses and $21,692 and $51,610 for other operating expenses, respectively.

NOTE 12: IN-KIND CONTRIBUTIONS

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

	2019	2018
Legal services and expenses	$ 459,503	$ 194,437
Rent	20,460	-
Software	10,836	6,697
Total	$ 490,799	$ 201,134

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 853 hours of time valued at $424 per hour and approximately $98,000 in donated legal expenses.

NOTE 13: 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, 2019, conditional grants outstanding consisted of the following:

Grant	Award	Recognized	Remaining	Condition
Grant I	$300,000	$150,000	$150,000	Program performance
Grant II	$200,000	$100,000	$100,000	Program performance

The Organization expects to meet the conditions of the above grants during the year ended December 31, 2020.

NOTE 14: PASS THROUGH ACTIVITY

In addition to the activity reflected in the financial statements the Organization partnered with another nonprofit as part of a collaborative program. $280,000 in funds received and disbursed as a result of this program partnership were accounted for on a pass through basis during the year ended December 31, 2019.

NOTE 14: SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and has concluded that as of June 25, 2020 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose beyond the following:

Public Health Order - Coronavirus

In March 2020 the Organization and the area it operates in was subject to a public health order related to COVID-19 coronavirus, which may have affected activities of the Organization.