



# ***GivePower Foundation***

*Consolidated Financial Statements  
December 31, 2019 and December 31, 2018*



# GIVEPOWER FOUNDATION

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
GivePower Foundation  
San Francisco, CA

We have audited the accompanying consolidated financial statements of GivePower Foundation (a nonprofit organization) and subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of GivePower Foundation and subsidiaries as of December 31, 2019, and the changes in their net assets and their cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### ***Report on Summarized Comparative Information***

We have previously audited GivePower Foundation's 2018 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated June 13, 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 consolidated financial statements from which it was derived.

*Hmedsmoth, Russo & Company, P.C.*

Las Vegas, Nevada  
May 26, 2020

# GivePower Foundation

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2019 AND 2018

	2019	2018
<u>ASSETS</u>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 725,938	\$ 570,308
Cash and cash equivalents, restricted	452,540	475,199
Accounts receivable	4,655	-
Pledges receivable	500,758	15,500
Deposits	47,275	-
Prepaid expenses	2,862	-
	<u>1,734,028</u>	<u>1,061,007</u>
<b>OTHER ASSETS</b>		
Property and equipment, net	815,005	526,533
Work in progress	<u>1,438,456</u>	<u>376,010</u>
Total assets	<u>\$ 3,987,489</u>	<u>\$ 1,963,550</u>
<u>LIABILITIES AND NET ASSETS</u>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 409,508	\$ 171,067
<b>NET ASSETS</b>		
Without donor restrictions	2,624,683	1,301,784
With donor restrictions	<u>953,298</u>	<u>490,699</u>
Total net assets	<u>3,577,981</u>	<u>1,792,483</u>
Total liabilities and net assets	<u>\$ 3,987,489</u>	<u>\$ 1,963,550</u>

See accompanying notes to consolidated financial statements.

# GivePower Foundation

## CONSOLIDATED STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenue, gains, and other support:		
Contributions and grants	\$ 3,603,185	\$ 1,878,370
Program revenue	10,098	-
Interest income	3,554	2,856
Net assets released from restrictions	302,120	260,797
	3,918,957	2,142,023
Expenses and losses:		
Program services	1,537,150	838,023
Supporting services:		
Management and general	198,412	153,053
Fundraising	860,496	509,936
	2,596,058	1,501,012
Increase in net assets without donor restrictions	1,322,899	641,011
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions and grants	764,719	-
Net assets released from restrictions	(302,120)	(260,797)
Increase (decrease) in net assets with donor restrictions	462,599	(260,797)
INCREASE IN NET ASSETS	1,785,498	380,214
NET ASSETS AT BEGINNING OF YEAR	1,792,483	1,412,269
NET ASSETS AT END OF YEAR	\$ 3,577,981	\$ 1,792,483

See accompanying notes to consolidated financial statements.

## GivePower Foundation

### CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

DECEMBER 31, 2019

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018)

		Supporting Services			
	Program Services	Management and General	Fundraising	2019 Totals	2018 Totals
Advertising	\$ -	\$ -	\$ 26,704	\$ 26,704	\$ 8,164
Bank fees	-	16,555	-	16,555	3,958
Donations	-	-	-	-	2,310
Depreciation	42,290	-	-	42,290	17,122
Dues and subscriptions	4,421	1,195	8,178	13,794	8,037
Insurance	7,452	3,599	-	11,051	3,752
Professional fees	695,803	109,299	716,499	1,521,601	861,988
Project costs and materials	735,709	-	-	735,709	497,657
Office expenses and supplies	10,281	2,803	11,981	25,065	4,090
Travel and entertainment	40,198	4,961	95,585	140,744	50,722
Rental and facilities expenses	996	60,000	1,549	62,545	43,212
	<u>\$ 1,537,150</u>	<u>\$ 198,412</u>	<u>\$ 860,496</u>	<u>\$ 2,596,058</u>	<u>\$ 1,501,012</u>

See accompanying notes to consolidated financial statements.

# GivePower Foundation

## CONSOLIDATED STATEMENTS OF CASH FLOWS DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 1,785,498	\$ 380,214
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	42,290	17,122
Changes in operating assets:		
Accounts receivable	(4,655)	4,447
Pledges receivable	(485,258)	(10,060)
Deposits	(47,275)	-
Prepaid expenses	(2,862)	-
Changes in operating liabilities:		
Accounts payable	238,440	26,191
Net cash provided by operating activities	1,526,178	417,914
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(330,761)	(339,415)
Purchase of work in progress	(1,062,446)	(376,010)
Net cash used in investing activities	(1,393,207)	(715,425)
NET INCREASE (DECREASE) IN CASH	132,971	(297,511)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,045,507	1,343,018
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,178,478	\$ 1,045,507
Cash and cash equivalents	\$ 725,938	\$ 570,308
Cash and cash equivalents, restricted	452,540	475,199
	\$ 1,178,478	\$ 1,045,507

See accompanying notes to consolidated financial statements.

# GIVEPOWER FOUNDATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Nature of Activities*

GivePower Foundation (the Foundation) was incorporated in the State of Delaware and began operations in June 2014. The Foundation uses solar energy to power basic necessities for communities who need it most. The Foundation's volunteer trekkers install microgrids to power villages, schools, food production, clinics, and other healthcare facilities. The Foundation builds and deploys solar water farms, which are self-sustaining solar-powered desalination systems that provide low-cost purified drinking water to at risk communities. In working with governments, non-governmental organizations, and private donors the Foundation builds microgrids to protect vulnerable populations, promote conservation, and protect endangered species. The Foundation has provided relief for over 300,000 people in 17 countries.

#### *Basis of Accounting*

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

#### *Financial Statement Presentation*

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

#### *Income Tax Status*

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

#### *Use of Estimates*

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



# GIVEPOWER FOUNDATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2019 AND 2018

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Cash and Cash Equivalents*

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

#### *Accounts Receivable*

Receivables are stated at unpaid balances. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Foundation's policy to charge off uncollectible receivables when management determines the receivable will not be collected. Management believes the entire receivables balances at December 31, 2019 and 2018 to be collectible.

#### *Pledges Receivable*

Unconditional pledges are recognized as revenues in the period the pledge is made. There is no allowance or discount as of December 31, 2019 or 2018, as the pledges are determined to be collectible and due within one year.

#### *Property and Equipment*

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

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

#### *Impairment of Long-Lived Assets*

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

#### *Revenue Recognition*

Contributions received are recorded as increases in net assets with or without restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature

# GIVEPOWER FOUNDATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2019 AND 2018

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Program revenue is recognized when the services have been provided to the customer.

#### *Advertising*

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

#### *Expense Allocation*

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

#### *Principles of Consolidation*

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

#### *Comparative Financial Information*

The financial statements include certain prior year summarized comparative information in total but not by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

#### *New Accounting Pronouncements*

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2014-09 (ASU 2014-09), *Revenue from Contracts with Customers* (Topic 606), which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in U.S. generally accepted accounting principles. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive.

# GIVEPOWER FOUNDATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2019 AND 2018

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Foundation adopted this pronouncement with a date of the initial application of January 1, 2019, using the full retrospective method. Due to the nature of the revenues earned by the Foundation, this adoption is not expected to have a material impact on recognition of revenues or financial results.

On June 21, 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting for Contributions Made and Contributions Received*, which intends to clarify and improve the scope and accounting guidance for contributions received and made, primarily by not-for-profit organizations. The amendments in the ASU provide a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. To accomplish this, the ASU clarifies how a not-for-profit determines whether a resource provider is participating in an exchange transaction by applying select criteria. This ASU also provides expanded guidance on how to determine whether a contribution (non-exchange) revenue is conditional or unconditional. It is expected that this ASU will reduce the diversity noted in practice. During the year ended December 31, 2019, the Foundation adopted the provisions of this ASU. This adoption is not expected to have a material impact on the financial results of the Foundation.

### NOTE 2. CONCENTRATIONS

The Foundation maintains its balance of cash in multiple financial institutions. The balances at each financial institution are insured by the Federal Deposit Insurance Corporation or the Securities Investor Protection Corporation up to \$250,000. As of December 31, 2019, the Foundation had uninsured balances of \$433,964.

During the year ended December 31, 2019 the Foundation received 24% of its contributions from two donors. During the year ended December 31, 2018, the Foundation received 45% of its contributions from a single donor.

### NOTE 3. INFORMATION REGARDING LIQUIDITY AND AVAILABILITY

The Foundation receives contribution and program revenues, and considers contributions restricted for programs which are ongoing, major, and central to its operations to be available to meet cash needs for general expenditures. The Foundation manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

# GIVEPOWER FOUNDATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### DECEMBER 31, 2019 AND 2018

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#### NOTE 3. INFORMATION REGARDING LIQUIDITY AND AVAILABILITY (CONTINUED)

The following table reflects the Foundation's financial assets as of December 31, 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date:

	2019	2018
Cash and cash equivalents	\$ 1,178,478	\$ 1,045,507
Accounts receivable	4,655	-
Pledges receivable	<u>500,758</u>	<u>15,500</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,683,891</u>	<u>\$ 1,061,007</u>

#### NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2019	2018
Land	\$ 30,000	\$ 30,000
Desalination plant	513,655	513,655
Solar system	<u>330,762</u>	<u>-</u>
	847,417	543,655
Less accumulated depreciation	<u>(59,412)</u>	<u>(17,122)</u>
	<u>\$ 815,005</u>	<u>\$ 526,533</u>

During the years ended December 31, 2019 and 2018, there was work in progress of \$1,438,456 and \$376,010, respectively.

#### NOTE 5. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2019 and 2018, the Foundation paid expenses totaling \$443,515 and \$529,660, respectively, to a company for which a board member is the founder.

The Foundation received contributions of \$474,000 and \$316,500 from board members during the years ended December 31, 2019 and 2018, respectively.

#### NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at December 31:

	2019	2018
Desalination plants	\$ 152,022	\$ 136,272
Project materials and costs	114,004	257,427

# GIVEPOWER FOUNDATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2019 AND 2018

### NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Treks	186,514	81,500
Time restricted	<u>500,758</u>	<u>15,500</u>
	<u>\$ 953,298</u>	<u>\$ 490,699</u>

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

	2019	2018
Desalination plants	\$ -	\$ 248,537
Project materials and costs	205,120	9,260
Treks	81,500	3,000
Passage of time and/or receipts on pledges receivable	<u>15,500</u>	<u>-</u>
	<u>\$ 302,120</u>	<u>\$ 260,797</u>

Net assets with donor restrictions consisted of the following assets at December 31:

	2019	2018
Cash and equivalents	\$ 452,540	\$ 475,199
Pledges receivable	<u>500,758</u>	<u>15,500</u>
	<u>\$ 953,298</u>	<u>\$ 490,699</u>

### NOTE 7. SUBSEQUENT EVENTS

As of May 26, 2020, the date these financial statements were able to be issued, in connection with the Coronavirus (COVID-19) pandemic, there have been significant global, federal, state, and local developments. As a result of this worldwide pandemic, which is driving economic uncertainty, the Foundation may experience volatility that may impact results and/or impede general operations. The Foundation continues to monitor this unprecedented situation and evaluate the impact of this pandemic on their results.