



Kopernik Solutions

Financial Statements & Audit Report
For the Year Ended December 31, 2014

TABLE OF CONTENTS

	<u>Page</u>
Independent Accountant's Audit Report	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Statement of Functional Expenses	5
Notes to Financial Statements	6



Independent Auditor's Report

To the Board of Directors
Kopernik Solutions

We have audited the accompanying financial statements of Kopernik Solutions, a Not-for-Profit Corporation, which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, functional expenses, and cash flows 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.

Auditor's 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 of 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 the organization as of December 31, 2014, 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.

John Vazzana CPA PLLC

Brooklyn, New York

September 25, 2015

Kopernik Solutions
Statement of Financial Position
December 31, 2014

ASSETS

Cash and cash equivalents	\$ 113,788
Grants receivable	600,000
Accounts receivable	6,372
Prepaid expenses	5,089
Fixed assets (net)	409
Total Assets	<u>\$ 725,658</u>

LIABILITIES & NET ASSETS

Accounts payable and accrued expenses	\$ 27,813
Deferred revenue	79,619
Total Liabilities	<u>107,432</u>
Net Assets	
Unrestricted	18,226
Temporarily restricted	600,000
Permanently restricted	-
Total Net Assets	<u>618,226</u>
Total Liabilities and Net Assets	<u>\$ 725,658</u>

Kopernik Solutions
Statement of Activities
For year ended December 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and other support				
Government grants	\$ 40,000	\$ -	\$ -	\$ 40,000
ENERGIA program grant	45,558	-	-	45,558
General contributions	228,567	600,000	-	828,567
Program service revenue	64,359	-	-	64,359
Interest income	99	-	-	99
In-kind support	13,570	-	-	13,570
Total revenues and other support	392,153	600,000	-	992,153
Net assets released from restrictions				
Satisfaction of time and purpose restrictions	400,000	(400,000)	-	-
Total revenues, other support and net assets released from restrictions	792,153	200,000	-	992,153
Expenses				
Program services	930,186	-	-	930,186
Management and general	23,814	-	-	23,814
Fundraising	40,124	-	-	40,124
Total expenses	994,124	-	-	994,124
Changes in net assets	(201,971)	200,000	-	(1,971)
Net assets at beginning of year	220,197	400,000	-	620,197
Net assets at end of year	\$ 18,226	\$ 600,000	\$ -	\$ 618,226

Kopernik Solutions
Statement of Cash Flows
For year ended December 31, 2014

CASH FLOW FROM OPERATING ACTIVITIES:

Changes in Net Assets	\$ (1,971)
Adjustments to reconcile change in net assets to net cash provided (used) in operating activities:	
Depreciation	1,147
Changes in operating assets and liabilities	
Decrease/(increase) in assets:	
Grants receivable	(200,000)
Accounts receivable	(1,889)
Prepaid expenses	11,500
(Decrease)/increase in liabilities:	
Accounts payable and accrued expenses	1,100
Deferred revenue	79,619
Net cash provided by/(used in) operating activities	(110,494)

CASH FLOW FROM INVESTING ACTIVITIES:

Decrease in fixed assets	21,402
Net cash provided by/(used in) investing activities	21,402

CASH FLOW FROM FINANCING ACTIVITIES:

None	-
Net cash provided by/(used in) financing activities	-

NET INCREASE IN CASH AND CASH EQUIVALENTS	(89,092)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	202,880
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 113,788

SUPPLEMENTAL CASH FLOWS INFORMATION:

None

Kopernik Solutions
Statement of Functional Expenses
For year ended December 31, 2014

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Compensation and benefits	\$ 114,643	\$ 5,060	\$ 29,216	\$ 148,919
Professional fees	-	10,215	-	10,215
Professional development	6,911	-	-	6,911
Telephone and internet	-	1,511	-	1,511
Postage and delivery	-	1,303	-	1,303
License, dues and fees	-	125	-	125
Information technology	-	3,925	1,638	5,563
Service charges	6,422	528	-	6,950
Promotion and marketing	-	-	2,479	2,479
Depreciation	-	1,147	-	1,147
Conference and travel	35,408	-	6,791	42,199
Technical assistance	27,336	-	-	27,336
Other program expenses	1,043	-	-	1,043
Grants	<u>724,853</u>	<u>-</u>	<u>-</u>	<u>724,853</u>
Expenses before in-kind	916,616	23,814	40,124	980,554
Services (in-kind)	13,570	-	-	13,570
Total Expenses	<u><u>\$ 930,186</u></u>	<u><u>\$ 23,814</u></u>	<u><u>\$ 40,124</u></u>	<u><u>\$ 994,124</u></u>

Kopernik Solutions
Notes to Financial Statements
December 31, 2014

Note 1 - Description of Organization

Kopernik Solutions (the "Organization") is a not-for-profit organization incorporated on September 18, 2009 in New York State.

The organization's mission is to reduce poverty and suffering by connecting disadvantaged people in developing world countries with life changing technologies. Through the organization, a wide range of appropriate technologies, primarily in the areas of energy, water and sanitation, have reached people in need in developing countries. Since inception the organization has reached more than 140,000 people by facilitating the distribution of more than 25,000 units of technology.

Support for the organization's programs is derived from foundation grants and general contributions. The Organization is exempt from federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c) (3) of the Internal Revenue Code. Donors may deduct contributions made to the Organization within Internal Revenue Code requirements.

Note 2 - Significant Accounting Policies

The organization prepares its financial statements on the accrual basis in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit organizations. The significant accounting and reporting policies used by the organization are described below.

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

Unrestricted Net Assets: Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary objectives of the Organization.

Temporarily Restricted Net Assets: Net assets that are subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying financial statements as net assets released from restrictions.

Permanently Restricted Net Assets: Net assets that are subject to donor-imposed stipulations that neither expire by passage of time, nor can be fulfilled or removed by actions of the Organization.

Kopernik Solutions
Notes to Financial Statements
December 31, 2014

All revenues and net gains are reported as increases in unrestricted net assets in the statement of activities unless the use of the related resources is subject to temporary or permanent donor restrictions. All expenses and net losses other than losses on endowment investments are reported as decreases in unrestricted net assets. The organization currently has no endowments.

Cash Equivalents: Cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital or endowment nature.

Contributions (Grants) Receivable: Unconditional promises to give that are expected to be collected within one year are recorded as grants receivable at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. If amounts become uncollectible, they will be charged to operations when that determination is made.

Land, Buildings, Property and Equipment: Land, buildings, property and equipment are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. All land and buildings are capitalized. Equipment is capitalized if it has a cost of \$3,000 or more and a useful life when acquired of more than 1 year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Accounting for Contributions: Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in unrestricted net assets unless use of the contributed assets is 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 either temporarily restricted or permanently restricted net assets, consistent with the nature of the restriction. 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 temporarily restricted until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with permanent restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets.

Gifts-in-Kind (Non-Cash Contributions): The organization periodically receives contributions in a form other than cash or investments. If the organization receives a non-cash contribution, the contributed asset is recognized as an asset at its estimated fair value at the date of gift, provided that the value of the asset and its estimated useful life meets the organization's capitalization policy. Donated supplies are recorded as contributions at the date of gift and as expenses when the donated items are placed into service or distributed.

Kopernik Solutions
Notes to Financial Statements
December 31, 2014

Use of Estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The organization's management believes that the estimates and assumptions are reasonable; however, the actual results could differ from those estimates.

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. General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization. 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.

Tax Status: The organization is incorporated exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). The three prior periods are still open to audit for both federal and state purposes. Contributions to the organization are tax deductible to donors under Section 170 of the IRC. The organization is not classified as a private foundation. The organization recognizes the tax effects from an uncertain tax position in the financial statements only if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. Management has determined that the Organization has no uncertain tax positions that would require financial statement recognition or disclosure.

Note 3 - Grants Receivable

Grants receivable at December 31, 2014 consist of a pledge for \$600,000 from the ExxonMobil Foundation that was subsequently received in January of 2015.

Note 4 - Fixed Assets

The details of fixed assets and useful life are as follows:

Website (5 Years)	\$ 9,830
Less accumulated depreciation	<u>(9,421)</u>
Net	<u>\$ 409</u>

Kopernik Solutions
Notes to Financial Statements
December 31, 2014

Note 5 - ENERGIA Grant

In September 2014, Kopernik entered into a cooperation agreement with The ENERGIA International Network on Gender and Sustainable Energy (part of ETC Foundation). Based on the specifications, management has determined this agreement to a cost reimbursement award. For grants determined to be cost reimbursement awards, grant revenue is recognized as costs are incurred and funds received in excess of costs incurred are recorded as deferred revenue. The total award amount is \$585,000 and will fund the organization's implementation of the Wonder Women East Indonesia Project, a project empowering women through clean energy technology. The contract term is 36 months commencing on September 1, 2014 and ending on August 31, 2017.

For the year ending the December 31, 2014 the details for the award are as follows:

Funds received	\$125,177
Project expenditures	<u>45,558</u>
Deferred revenue	<u>\$79,619</u>

Note 6 - Restricted Net Assets

On December 31, 2014, temporarily restricted net assets in the amount of \$600,000 consist of grants receivable which are restricted for use in future years. The organization has no permanently restricted net assets.

Note 7 - Major Contributor

During 2014 the Organization had one major contributor that accounted for approximately 60% of the Organization's total contributions. Management believes that the Organization is not exposed to any significant concentration risk in the near term.

Note 8 - In-kind Services

In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. For the year ending December 31, 2014, the Organization benefited from donated technology services which were valued by the organization at \$13,570. The donated services were utilized in the Organization's program services.

Note 9 - Affiliated Organizations

Kopernik Solutions works with affiliated organizations in Indonesia and Japan, which are governed by separate boards of directors in those countries. These affiliates, although not commonly controlled, share an overall mission to reduce poverty through the distribution of simple technology to people in need in developing countries.

Kopernik Solutions
Notes to Financial Statements
December 31, 2014

Yayasan Kopernik is registered as an Indonesian Foundation (Yayasan) with the Indonesian Ministry of Law and Human Rights. Kopernik Japan is registered as a General Incorporated Association in Japan. Neither affiliate is controlled by the Organization and therefore the accompanying financial statements do not include the accounts of Yayasan Kopernik or Kopernik Japan. Transactions with Yayasan Kopernik and Kopernik Japan are included as part of operations as program activities. See the note below – *Related Party Transactions*.

Note 10 - Related Party Transactions

The Organization's Indonesian affiliate, Yayasan Kopernik, is a legally separate entity. The Organization has made grants to Yayasan Kopernik to further the Organization's mission. Grants in the amount of \$724,853 were made for the year ending December 31, 2014. The Organization's Japanese affiliate, Kopernik Japan, is a legally separate entity. The Organization received grants from Kopernik Japan in the amount of \$72,834.

Note 11 - Volunteer Services

The volunteer services the Organization receives are essential to helping fulfill its mission. Although substantial, these services do not meet the criteria for recording as revenue and expense under accounting principles generally accepted in the United States of America.

Note 12 - Contingencies

The Organization receives funds from a cost reimbursement contract that has a co-finance (matching) provision, which are subject to audit by the grantee. Management believes these matters will not have a significant effect on the organization's financial position.

Note 13 - Concentrations of Risk

The Organization maintains its cash deposits with quality financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to limits set by law. As of December 31, 2014 there were no uninsured balances.

Note 14 - Subsequent Events

Subsequent events have been evaluated through September 25, 2015, which is the date the financial statements were available to be issued.