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Kopernik Solutions

Financial Statements & Audit Report
For the Year Ended December 31, 2017

JV CPA John Vazzana CPA PLLC

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JV CPA
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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, 2017, 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, 2017, 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

October 31, 2018

Kopernik Solutions
Statement of Financial Position
December 31, 2017

ASSETS

Cash and cash equivalents	$ 753,357
Grants receivable	366,086
Prepaid expenses	22,551
Investments	1,058,614
Fixed assets (net)	2,329
Other assets	500
Total Assets	**$ 2,203,437**

LIABILITIES & NET ASSETS

Accrued expenses	$ 30,407
Grants payable	39,467
Deferred revenue	2,539
Total Liabilities	**72,413**
Net Assets	
Unrestricted	1,764,938
Temporarily restricted	366,086
Permanently restricted	-
Total Net Assets	**2,131,024**
Total Liabilities and Net Assets	**$ 2,203,437**

Kopernik Solutions
Statement of Activities
For year ended December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and other support				
General contributions	$ 357,206	$ 366,086	$ -	$ 723,292
ENERGIA program grant	352,511	-	-	352,511
Program service revenue	177,638	-	-	177,638
Investment income	58,614	-	-	58,614
Interest income	436	-	-	436
In-kind support	11,250	-	-	11,250
Total revenues and other support	**957,655**	**366,086**	**-**	**1,323,741**
Net assets released from restrictions				
Satisfaction of time and purpose restrictions	**365,031**	**(365,031)**	**-**	**-**
Total revenues, other support and net assets released from restrictions	**1,322,686**	**1,055**	**-**	**1,323,741**
Expenses				
Program services	807,705	-	-	807,705
Management and general	87,297	-	-	87,297
Fundraising	40,240	-	-	40,240
Total expenses	935,242	-	-	935,242
Changes in net assets	**387,444**	**1,055**	**-**	**388,499**
Net assets at beginning of year	**1,377,494**	**365,031**	**-**	**1,742,525**
Net assets at end of year	**$ 1,764,938**	**$ 366,086**	**$ -**	**$2,131,024**

Kopernik Solutions
Statement of Cash Flows
For year ended December 31, 2017

CASH FLOW FROM OPERATING ACTIVITIES:	
Changes in Net Assets	$ 388,499
Adjustments to reconcile change in net assets to net cash provided (used) in operating activities:	
Unrealized (gain) loss on investments	(34,042)
Depreciation	1,165
Changes in operating assets and liabilities	
Decrease/(increase) in assets:	
Grants receivable	(1,316)
Accounts receivable	7,313
Prepaid expenses	(17,862)
Other assets	12,184
(Decrease)/increase in liabilities:	
Accrued expenses	10,665
Grants payable	39,467
Deferred revenue	(32,661)
Net cash provided by/(used in) operating activities	373,412
CASH FLOW FROM INVESTING ACTIVITIES:	
Purchase of fixed assets	(3,494)
Purchase of investments	(1,024,572)
Net cash provided by/(used in) investing activities	(1,028,066)
CASH FLOW FROM FINANCING ACTIVITIES:	
None	-
Net cash provided by/(used in) financing activities	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(654,654)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,408,011
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 753,357
SUPPLEMENTAL CASH FLOWS INFORMATION:	None

Kopernik Solutions
Statement of Functional Expenses
For year ended December 31, 2017

	Program Services	Management and General	Fundraising	Total
Grants	$ 599,529	$ -	$ -	$ 599,529
Compensation and benefits	121,158	37,014	13,186	171,358
Professional fees	-	22,160	-	22,160
Office expense	7,172	2,352	-	9,524
Information technology	843	1,996	422	3,261
Conference and travel	64,497	-	21,361	85,858
Depreciation	-	1,165	-	1,165
Insurance	-	1,476	-	1,476
Professional development	2,256	-	-	2,256
Foreign exchange loss	-	15,561	-	15,561
License, dues and fees	1,000	5,573	5,271	11,844
Expenses before in-kind	796,455	87,297	40,240	923,992
Services (in-kind)	11,250	-	-	11,250
Total Expenses	$ 807,705	$ 87,297	$ 40,240	$ 935,242

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 was formed for the charitable purpose of providing developmental assistance to poor and disadvantaged communities in the world through the use of technology or innovative products, services and solutions designed to improve the quality of their lives.

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

Unrestricted Net Assets: Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted 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. Board-designated funds represent unrestricted funds which may, from time to time, be designated by the board of directors for specific purposes.

Temporarily Restricted Net Assets: Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The organization's unspent contributions are classified in this class if the donor limited their use, as are the unspent appreciation of its donor-restricted endowment funds.

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 temporarily restricted to unrestricted net assets. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as temporarily restricted until the specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

Permanently Restricted Net Assets: Permanently restricted net assets are resources whose use by the organization is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. The portion of the organization's donor-restricted endowment funds that must be maintained in perpetuity are classified in this net asset class, as is the organization's beneficial interest in a perpetual charitable trust held by a bank trustee.

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. Net losses on endowment investments reduce temporarily restricted net assets to the extent that net gains of the fund from prior years are unspent and classified there; remaining losses are classified as decreases in unrestricted net assets. If an endowment fund has no net gains from prior years, such as when a fund is newly established, net losses are classified as decreases in unrestricted net assets.

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 (Pledges) Receivable: Contributions 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. Amortization of the resulting discount is recognized as additional contribution revenue. The allowance for uncollectible contributions receivable is determined based on management’s evaluation of the collectability of individual promises. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed. All pledges receivable are expected by management to be collected during the next year.

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.

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.

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.

New Accounting Pronouncements:

Revenue: In May 2014, the Financial Accounting Standards Board (“FASB”) issued a standard on Revenue from Contracts with Customers. This Standard implements a single framework for recognition of all revenue earned from customers. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The standard is effective for fiscal years beginning after December 15, 2017. The Organization is currently evaluating the impact this will have its financial statements.

Financial Statement Presentation*:* In August 2016, the FASB issued ASU 2016-14, Presentation of Financial Statements for Not for Profit Entities ("ASU 2016-14"). The new standard looks to improve the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. The main provisions of this update, which amend the requirements for financial statements and notes, require not-for-profit entities to present on the face of the statement of financial position amounts for two classes of net assets at the end of the period, rather than for the currently required three classes. Other amendments include improved quantitative and qualitative disclosures in the footnotes. The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. The Organization is evaluating the impact this will have on the financial statements.

Note 3 - Fixed Assets

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

Computer equipment (3 Years)	$ 3,494
Less: accumulated depreciation	1,165
Fixed assets (net)	$ 2,329

Note 4 - Grants Receivable

Pledges receivable are expected by management to be collected during the next year. Management has determined that the pledges and grants receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at December 31, 2017.

Note 5 - Restricted Net Assets

The organization had no permanently restricted net assets at December 31, 2017. The details for the temporarily restricted net assets for the year ending December 31, 2017 are as follows:

Name	Restriction Details	Balance beginning of year	Temporarily restricted contributions	Net assets released from restrictions	Balance end of year
Exxonmobil Foundation	These funds are restricted for use in a future period	$ 350,000	$ 350,000	$ (350,000)	$ 350,000
Light Up Aqaba	This project helps connect solar lights to Syrian refugees in Aqaba camp, Jordan, and ease their cost of living whilst providing clean and safe lighting.	15,031	-	(15,031)	-
Awareness Raising	Funds for awareness raising tour in Australia in a future period	-	16,086	-	16,086
Total		$ 365,031	$ 366,086	$ (365,031)	$ 366,086

Note 6 - 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, 2017, the Organization benefited from donated technology services which were valued by the organization at $11,250. The donated services were utilized in the Organization's program services.

Note 7 - 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 8 - Fair Value Measurements

The organization reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- *Level 1:* Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.
- *Level 2*: Inputs other than quoted prices included in level I that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include
    - quoted prices for similar assets or liabilities in active markets;
    - quoted prices for identical or similar assets in markets that are not active;
    - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
    - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- *Level 3*: Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

When available, the organization measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. However, level I inputs are not available for many of the assets and liabilities that a not-for-profit organization is required to measure at fair value (for example, unconditional promises to give and in-kind contributions). The primary uses of fair value measures in the organization's financial statements are the recurring measurement of investments.

Note 9 - ENERGIA Grant

In September 2014, Kopernik entered into a cooperation agreement with The ENERGIA International Network on Gender and Sustainable Energy ("ENERGIA") (part of ETC Foundation). The total award amount was $603,445 (EUR 546,301) for the Wonder Women East Indonesia project. The contract term was 36 months commencing on September 1, 2014 and ending on August 31, 2017.

In January 2015, Kopernik entered into a second cooperation agreement with ENERGIA for the Advocacy program. The total award amount was $ 154,544 (EUR 144,139). The contract term was 32 months from January 1, 2015 to August 31, 2017.

Based on the specifications, management has determined these agreements to cost reimbursement awards. 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.

Kopernik has an unspent balance of $ 6,552 (EUR 5,460) for the Advocacy project at the end of contract period of August 31, 2017. After August 31, 2017 Kopernik was granted additional funding (bridging funds). The following schedules contain the details for the original award and the bridging funds through December 31, 2017:

	Wonder Women East Indonesia Project	Advocacy Project	Wonder Women East Indonesia Bridging Fund	Total
Balance 01/01/2014	-	-		-
Funds received	125,177	-		125,177
Project expenditures	(45,558)	-		(45,558)
Balance 12/31/2014	79,619	-		79,619
Balance 01/01/2015	79,619	-		79,619
Funds received	153,781	119,956		273,737
Project expenditures	(213,332)	(65,883)		(279,215)
Balance 12/31/2015	20,068	54,073		74,141
Balance 01/01/2016	20,068	54,073		74,141
Funds received	134,297	19,949		154,246
Project expenditures	(145,085)	(60,464)		(205,549)
Exchange gain (loss)	8,123	4,239		12,362
Balance 12/31/2016	17,403	17,797		35,200
Balance 01/01/2017	17,403	17,797		35,200
Balance 09/01/2017			6,552	6,552
Funds received	190,190	14,639	99,419	304,248
Project expenditures	(216,769)	(27,638)	(108,104)	(352,511)
Exchange gain (loss)	9,176	1,754	4,672	15,602
Balance 08/31/2017	-	6,552		
Balance 12/31/2017	-	-	2,539	

Note 10 - Investments

Investments consist of the following at December 31, 2017:

	Fair Value
US Bonds	592,823
International Bonds	253,009
US Securities	130,210
International Securities	82,572
Total investments	$1,058,614

As discussed in the above note to these financial statements, the organization is required to report its fair value measurements in one of three levels, which are based on the ability to observe in the marketplace the inputs to the organization's valuation techniques.

- *Level 1:* This, the most observable level of inputs, is for investments measured at quoted prices in active markets for identical investments as of the measurement date. An open-ended mutual fund that produces a daily NAV that has a sufficient level of observable activity (i.e., purchases and sales at NAV) will support classification of the fair value measurement as Level 1 in the fair value hierarchy. In this case, the NAV represents the exit value of the security at the measurement date.

- *Level 2:* This is for investments measured using inputs such as quoted prices for similar assets, quoted prices for the identical asset in inactive markets, and for investments measured at net asset value that can be redeemed in the near term.

- *Level 3:* This is for investments measured using inputs that are unobservable, and is used in situations for which there is little, if any, market activity for the investment.

There were no significant transfers between the levels during the year. The following table summarizes the levels in the fair value hierarchy of the organization's investments at December 31, 2017:

	Total	Level I	Level II	Level III
US Bonds	592,823	592,823	-	-
International Bonds	253,009	253,009	-	-
US Securities	130,210	130,210	-	-
International Securities	82,572	82,572	-	-
Total	$1,058,614	$1,058,614	$ -	$ -

The composition of the investment return reported in the statement of activities is as follows:

Investment income	24,572
Net realized gains (losses)	-
Net unrealized gains (losses)	34,042
Total investment return	$ 58,614

Note 11 - 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.

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, or in control of, 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 12 - Related Party Transactions

The Organization's Indonesian affiliate, Yayasan Kopernik, is a legally separate entity and not under common control. The Organization has made grants to Yayasan Kopernik to further the Organization's mission. Grants in the amount of $ $563,496 were made for the year ending December 31, 2017.

Note 13 - 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 14 - Concentrations of Risk

The Organization maintains its cash deposits with quality financial institutions which are insured by the Federal Deposit Insurance Corporation up to limits set by law. As of December 31, 2017, the uninsured portion of this balance was $ 503,357. Management believes the organization is not exposed to significant credit risk on amounts in these institutions.

Note 15 - Subsequent Events

Subsequent events have been evaluated through October 31, 2018, which is the date the financial statements were available to be issued.