



## Kopernik Solutions

Financial Statements & Audit Report  
For the Year Ended December 31, 2016

## 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, 2016, 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, 2016, 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  
November 03, 2017

**Kopernik Solutions**  
**Statement of Financial Position**  
December 31, 2016

**ASSETS**

Cash and cash equivalents	\$ 1,408,011
Grants receivable	364,770
Accounts receivable	7,313
Prepaid expenses	4,689
Fixed assets (net)	-
Other assets	12,684
<b>Total Assets</b>	<b><u><u>\$ 1,797,467</u></u></b>

**LIABILITIES & NET ASSETS**

Accrued expenses	\$ 19,742
Deferred revenue	35,200
<b>Total Liabilities</b>	<b><u><u>54,942</u></u></b>
Net Assets	
Unrestricted	1,377,494
Temporarily restricted	365,031
Permanently restricted	-
<b>Total Net Assets</b>	<b><u><u>1,742,525</u></u></b>
<b>Total Liabilities and Net Assets</b>	<b><u><u>\$ 1,797,467</u></u></b>

**Kopernik Solutions**  
**Statement of Activities**  
For year ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues and other support</b>				
General contributions	\$ 1,597,402	\$ 365,031	\$ -	\$1,962,433
ENERGIA program grant	154,246	-	-	154,246
Program service revenue	31,933	-	-	31,933
Interest income	1,118	-	-	1,118
In-kind support	11,250	-	-	11,250
Total revenues and other support	<u>1,795,949</u>	<u>365,031</u>	<u>-</u>	<u>2,160,980</u>
<b>Net assets released from restrictions</b>				
Satisfaction of time and purpose restrictions	<u>625,000</u>	<u>(625,000)</u>	<u>-</u>	<u>-</u>
<b>Total revenues, other support and net assets released from restrictions</b>	<u>2,420,949</u>	<u>(259,969)</u>	<u>-</u>	<u>2,160,980</u>
<b>Expenses</b>				
Program services	1,040,443	-	-	1,040,443
Management and general	108,228	-	-	108,228
Fundraising	36,859	-	-	36,859
Total expenses	<u>1,185,530</u>	<u>-</u>	<u>-</u>	<u>1,185,530</u>
<b>Changes in net assets</b>	<u>1,235,419</u>	<u>(259,969)</u>	<u>-</u>	<u>975,450</u>
<b>Net assets at beginning of year</b>	<u>142,075</u>	<u>625,000</u>	<u>-</u>	<u>767,075</u>
<b>Net assets at end of year</b>	<u>\$ 1,377,494</u>	<u>\$ 365,031</u>	<u>\$ -</u>	<u>\$1,742,525</u>

**Kopernik Solutions**  
**Statement of Cash Flows**  
For year ended December 31, 2016

<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>	
Changes in Net Assets	\$ 975,450
Adjustments to reconcile change in net assets to net cash provided (used) in operating activities:	
Changes in operating assets and liabilities	
Decrease/(increase) in assets:	
Grants receivable	(364,770)
Accounts receivable	6,871
Prepaid expenses	(2,081)
Other assets	(884)
(Decrease)/increase in liabilities:	
Accrued expenses	4,136
Deferred revenue	(38,941)
Net cash provided by/(used in) operating activities	<u>579,781</u>
 <b>CASH FLOW FROM INVESTING ACTIVITIES:</b>	
None	-
Net cash provided by/(used in) investing activities	<u>-</u>
 <b>CASH FLOW FROM FINANCING ACTIVITIES:</b>	
None	-
Net cash provided by/(used in) financing activities	<u>-</u>
 <b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	 579,781
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>828,230</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 1,408,011</u></u>
 <b>SUPPLEMENTAL CASH FLOWS INFORMATION:</b>	
	None

**Kopernik Solutions**  
**Statement of Functional Expenses**  
For year ended December 31, 2016

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Grants	\$ 931,564	\$ -	\$ -	\$ 931,564
Compensation and benefits	76,068	51,984	18,066	146,118
Professional fees	-	20,531	-	20,531
Office expense	40	623	879	1,542
Information technology	-	434	434	868
Conference and travel	13,429	13,429	11,940	38,798
Staff Development	2,293	-	-	2,293
Communications	4,724	2,835	1,890	9,449
Foreign exchange loss	-	12,252	-	12,252
License, dues and fees	1,075	6,140	3,650	10,865
<b>Expenses before in-kind</b>	<u>1,029,193</u>	<u>108,228</u>	<u>36,859</u>	<u>1,174,280</u>
Services (in-kind)	11,250	-	-	11,250
<b>Total Expenses</b>	<u><u>\$ 1,040,443</u></u>	<u><u>\$ 108,228</u></u>	<u><u>\$ 36,859</u></u>	<u><u>\$ 1,185,530</u></u>

**Kopernik Solutions**  
**Notes to Financial Statements**  
**December 31, 2016**

**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.

**Kopernik Solutions**  
**Notes to Financial Statements**  
**December 31, 2016**

*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

**Kopernik Solutions**  
**Notes to Financial Statements**  
**December 31, 2016**

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.

**Kopernik Solutions**  
**Notes to Financial Statements**  
December 31, 2016

**Note 3 - Fixed Assets**

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

Website (5 Years)	\$ 9,830
Less accumulated depreciation	<u>(9,830)</u>
Net	<u>\$ -0-</u>

**.Note 4 - 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. The contract term is 36 months commencing on September 1, 2014 and ending on August 31, 2017.

The details for the award are as follows:

	Wonder Women East Indonesia Project	Advocacy Project	Total
Balance 01/01/2014	-	-	-
Funds received	125,177	-	125,177
Project expenditures	<u>(45,558)</u>	-	<u>(45,558)</u>
Balance 12/31/2014	<u>79,619</u>	<u>-</u>	<u>79,619</u>
Balance 01/01/2015	79,619	-	79,619
Funds received	153,781	119,956	273,737
Project expenditures	<u>(213,332)</u>	<u>(65,883)</u>	<u>(279,215)</u>
Balance 12/31/2015	<u>20,068</u>	<u>54,073</u>	<u>74,141</u>
Balance 01/01/2016	20,068	54,073	74,141
Funds received	134,297	19,949	154,246
Project expenditures	<u>(145,085)</u>	<u>(60,464)</u>	<u>(205,549)</u>
Exchange gain (loss)	8,123	4,239	12,362
Balance 12/31/2016	<u>17,403</u>	<u>17,797</u>	<u>35,200</u>

**Kopernik Solutions**  
**Notes to Financial Statements**  
**December 31, 2016**

**Note 5 - Major Contributor**

During 2016, the Organization had one major contributor that accounted for approximately 69% of the Organization's total revenues. Management believes that the Organization is not exposed to any significant concentration risk in the near term.

**Note 6 - Restricted Net Assets**

The organization had no permanently restricted net assets at December 31, 2016. The details for the temporarily restricted net assets for the year ending December 31, 2016 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	\$ 500,000	\$ 350,000	\$ (500,000)	\$ 350,000
Ford Foundation	These funds were restricted for use in a future period	125,000	-	(125,000)	-
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
Total		\$ 625,000	\$ 365,031	\$ (625,000)	\$ 365,031

**Note 7 - 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, 2016, 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 8 - 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

**Kopernik Solutions**  
**Notes to Financial Statements**  
**December 31, 2016**

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 9 - 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 \$ \$853,766 were made for the year ending December 31, 2016.

**Note 10 - 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 11 - 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 12 - 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, 2016, the uninsured portion of this balance was \$1,157,711. Management believes the organization is not exposed to significant credit risk on amounts in these institutions.

**Note 13 - Subsequent Events**

Subsequent events have been evaluated through November 03, 2017, which is the date the financial statements were available to be issued.