

**GRID ALTERNATIVES**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

## GRID ALTERNATIVES

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### CONSOLIDATED FINANCIAL STATEMENTS WITH ADDITIONAL INFORMATION DECEMBER 31, 2018 AND 2017

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## INDEPENDENT AUDITORS' REPORT

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To the Board of Directors of  
GRID Alternatives

### REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of GRID Alternatives and its Affiliates (collectively, the Organization), which comprise the consolidated statements of financial position as of December 31, 2018 and 2017; the related consolidated statements of activities, of cash flows and of functional expenses for the years 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, which 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.

### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the Organization'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

To the Board of Directors of  
GRID Alternatives  
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of the Organization'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 the Organization as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

#### OTHER MATTERS - SUPPLEMENTAL INFORMATION

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subject to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

To the Board of Directors of  
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OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2019, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Lindquist LLP". The signature is written in a cursive, flowing style.

San Ramon, California  
September 24, 2019

## GRID ALTERNATIVES

### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 3,129,201	\$ 4,368,953
Grants and contracts receivable	11,207,592	12,399,151
Certificates of deposit	15,947	15,947
Investments	1,282,356	1,348,666
Construction-in-process	4,363,877	5,371,018
Prepaid expenses	2,646,111	2,870,467
Total current assets	<u>22,645,084</u>	<u>26,374,202</u>
<b>NON-CURRENT ASSETS</b>		
Grants and contracts receivable	2,500,000	-
Property and equipment, net of accumulated depreciation	742,510	676,584
Deposits	469,740	251,042
Total non-current assets	<u>3,712,250</u>	<u>927,626</u>
Total assets	<u>\$ 26,357,334</u>	<u>\$ 27,301,828</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and other accrued expenses	\$ 2,630,502	\$ 1,889,423
Accrued payroll liabilities	1,126,128	1,111,889
Deferred revenue	947,641	4,014,774
Line of credit	1,000,000	1,000,000
Total current liabilities	<u>5,704,271</u>	<u>8,016,086</u>
<b>NON-CURRENT LIABILITIES</b>		
Warranty liability	691,445	615,269
Total non-current liability	<u>691,445</u>	<u>615,269</u>
Total liabilities	<u>6,395,716</u>	<u>8,631,355</u>
<b>NET ASSETS</b>		
Without donor restrictions	10,425,415	10,077,071
With donor restrictions	9,536,203	8,593,401
Total net assets	<u>19,961,618</u>	<u>18,670,472</u>
Total liabilities and net assets	<u>\$ 26,357,334</u>	<u>\$ 27,301,827</u>

See accompanying notes to consolidated financial statements.



## GRID ALTERNATIVES

### CONSOLIDATED STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2018

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grants			
Government	\$ -	\$ 8,626,694	\$ 8,626,694
Foundation	1,365,868	6,443,444	7,809,312
Corporation	1,162,592	649,486	1,812,078
Donations - individual and events	602,166	-	602,166
Service contracts	32,384,488	-	32,384,488
In-kind revenue	3,037,108	-	3,037,108
Investment loss	(63,814)	-	(63,814)
Rental income	36,165	-	36,165
	<u>38,524,573</u>	<u>15,719,624</u>	<u>54,244,197</u>
Net assets released from restrictions			
Satisfaction of purpose restrictions	14,776,823	(14,776,823)	-
Total revenue and support	<u>53,301,396</u>	<u>942,801</u>	<u>54,244,197</u>
EXPENSES			
Program services	41,674,164	-	41,674,164
General and administrative	8,452,590	-	8,452,590
Fundraising	2,826,298	-	2,826,298
Total expenses	<u>52,953,052</u>	<u>-</u>	<u>52,953,052</u>
CHANGE IN NET ASSETS	348,344	942,801	1,291,145
NET ASSETS			
Beginning of year	<u>10,077,071</u>	<u>8,593,402</u>	<u>18,670,473</u>
End of year	<u>\$ 10,425,415</u>	<u>\$ 9,536,203</u>	<u>\$ 19,961,618</u>

See accompanying notes to consolidated financial statements.

## GRID ALTERNATIVES

### CONSOLIDATED STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2017

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grants			
Government	\$ -	\$ 15,857,961	\$ 15,857,961
Foundation	248,649	7,560,197	7,808,846
Corporation	956,107	1,338,832	2,294,939
Donations - individual and events	383,526	-	383,526
Service contracts	28,989,444	-	28,989,444
In-kind revenue	2,903,463	-	2,903,463
Dividend/interest income	275,215	-	275,215
Rent income	27,180	-	27,180
	<u>33,783,584</u>	<u>24,756,990</u>	<u>58,540,574</u>
Net assets released from restrictions			
Satisfaction of purpose restrictions	<u>19,912,766</u>	<u>(19,912,766)</u>	<u>-</u>
Total revenue and support	<u>53,696,350</u>	<u>4,844,224</u>	<u>58,540,574</u>
EXPENSES			
Program services	42,253,591	-	42,253,591
General and administrative	6,526,010	-	6,526,010
Fundraising	<u>3,023,655</u>	<u>-</u>	<u>3,023,655</u>
Total expenses	<u>51,803,256</u>	<u>-</u>	<u>51,803,256</u>
CHANGE IN NET ASSETS	1,893,094	4,844,224	6,737,318
NET ASSETS			
Beginning of year	<u>8,183,977</u>	<u>3,749,178</u>	<u>11,933,155</u>
End of year	<u>\$ 10,077,071</u>	<u>\$ 8,593,402</u>	<u>\$ 18,670,473</u>

See accompanying notes to consolidated financial statements.

## GRID ALTERNATIVES

### CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2018

	Program Activities	Supporting Activities			
	Program Services	General and Administrative Expenses	Fundraising	Total Supporting Activities	Total Expenses
Salaries and wages	\$ 13,493,692	\$ 3,997,414	\$ 1,762,219	\$ 5,759,633	\$ 19,253,325
Payroll taxes and fringe benefits	3,587,964	721,770	430,381	1,152,151	4,740,115
Travel and conferences	1,124,740	614,242	74,748	688,990	1,813,730
Printing	112,694	78,358	6,380	84,738	197,432
Bank charges	5,113	76,805	3,543	80,348	85,461
Program material - supplies and permits	13,026,349	50,122	26,050	76,172	13,102,521
Program consultants	3,304,049	-	-	-	3,304,049
Insurance	331,592	59,982	26,531	86,513	418,105
Telecommunication	287,725	82,657	29,407	112,064	399,789
Staff development	182,722	58,670	10,888	69,558	252,280
Facilities	1,078,314	175,815	123,285	299,100	1,377,414
Professional fees	2,120,138	1,200,395	249,914	1,450,309	3,570,447
Postage	84,813	17,368	2,660	20,028	104,841
Office expenses	89,492	183,679	9,054	192,733	282,225
Depreciation	242,989	8,890	3,668	12,558	255,547
Miscellaneous taxes and fees	172,163	86,989	1,720	88,709	260,872
Donations/awards	2,429,615	1,039,434	65,850	1,105,284	3,534,899
	<u>\$ 41,674,164</u>	<u>\$ 8,452,590</u>	<u>\$ 2,826,298</u>	<u>\$ 11,278,888</u>	<u>\$ 52,953,052</u>

See accompanying notes to consolidated financial statements.

## GRID ALTERNATIVES

### CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2017

	Program Activities	Supporting Activities			
	Program Services	General and Administrative Expenses	Fundraising	Total Supporting Activities	Total Expenses
Salaries and wages	\$ 12,494,391	\$ 3,326,781	\$ 1,949,967	\$ 5,276,748	\$ 17,771,139
Payroll taxes and fringe benefits	3,426,066	674,650	371,115	1,045,765	4,471,831
Travel and conferences	1,280,633	332,732	91,333	424,065	1,704,698
Printing	106,495	58,573	31,482	90,055	196,550
Bank charges	10,946	128,436	109	128,545	139,491
Program material - supplies and permits	13,947,647	135,922	28,604	164,526	14,112,173
Program consultants	3,803,973	-	-	-	3,803,973
Insurance	369,690	30,042	522	30,564	400,254
Telecommunication	265,683	61,702	36,306	98,008	363,691
Staff development	161,517	38,526	21,228	59,754	221,271
Facilities	957,653	168,863	129,265	298,128	1,255,781
Professional fees	1,994,576	963,052	308,976	1,272,028	3,266,604
Postage	34,115	26,265	2,116	28,381	62,496
Office expenses	66,382	223,669	17,914	241,583	307,965
Depreciation	324,448	54,717	33,461	88,178	412,626
Miscellaneous taxes and fees	397,116	10,879	1,257	12,136	409,252
Donations/awards	2,612,260	291,201	-	291,201	2,903,461
	<u>\$ 42,253,591</u>	<u>\$ 6,526,010</u>	<u>\$ 3,023,655</u>	<u>\$ 9,549,665</u>	<u>\$ 51,803,256</u>

See accompanying notes to consolidated financial statements.

## GRID ALTERNATIVES

### CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,291,145	\$ 6,737,318
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation	255,547	412,626
Net gain/loss on investments	63,814	258,063
Changes in assets and liabilities		
Deposits	(218,698)	(155,238)
Current grants and contracts receivable	(1,308,441)	(4,246,944)
Construction-in-process	1,007,141	(2,881,893)
Prepaid expenses	224,356	(1,172,150)
Accounts payable and accrued expenses	741,079	(485,336)
Accrued payroll liabilities	14,239	330,288
Deferred revenue	(3,067,133)	3,398,378
Warranty liability	76,176	615,269
Net cash provided by (used in) operating activities	<u>(920,775)</u>	<u>2,810,381</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(321,473)	(302,900)
Net sale (purchase) of investments - reinvestments	<u>2,496</u>	<u>(537,750)</u>
Net cash used in investing activities	<u>(318,977)</u>	<u>(840,650)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(1,239,752)	1,969,731
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>4,368,953</u>	<u>2,399,222</u>
End of year	<u>\$ 3,129,201</u>	<u>\$ 4,368,953</u>
<b>SUPPLEMENTAL INFORMATION</b>		
Interest paid	<u>\$ 60,611</u>	<u>\$ 121,992</u>

No income taxes were paid in either year.

See accompanying notes to consolidated financial statements.

## GRID ALTERNATIVES

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

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#### NOTE 1. ORGANIZATION AND TAX STATUS

GRID Alternatives and its Affiliates (collectively, the Organization) is a non-profit, tax-exempt service organization that makes renewable energy technology and job training accessible to underserved communities. The Organization is exempt from federal and state income tax liability under Section 501(c)(3) of the Internal Revenue Code and relevant state codes. GRID Alternatives is a nationally recognized non-profit organization headquartered in Oakland, California. During 2017, it operated three regional branch offices under its entity, located in the Bay Area, Central Coast and Inland Empire regions of California. During the year ended December 31, 2018, these three branch offices spun-off as separate affiliates. The Organization also conducts work in tribal communities in North and South Dakota, Arizona, Montana, New Mexico, Washington, Nicaragua, and conducts work in Nepal and Mexico.

The Organization is affiliated with GRID Alternatives Colorado, Inc.; GRID Alternatives Greater Los Angeles, Inc.; GRID Alternatives Tri-State, Inc.; GRID Alternatives San Diego, Inc.; GRID Alternatives North Valley, Inc.; GRID Alternatives Mid-Atlantic, Inc.; GRID Alternatives Central Valley, Inc.; GRID Alternatives Bay Area, Inc.; GRID Alternatives Central Coast, Inc.; and GRID Alternatives Inland Empire, Inc. These affiliates install solar electric systems for low-income families and affordable housing providers throughout their region, providing families with needed savings and training workers for jobs in the growing solar industry. The financial activity of these organizations is included in the accompanying consolidated financial statements of the Organization. GRID Alternatives Tri-State, Inc. ceased operations during the year ended December 31, 2017.

Accounting principles generally accepted in the United States of America require management to evaluate the tax positions taken by the Organization and to recognize a tax liability if the Organization has taken an uncertain position that, more likely than not, would not be sustained upon examination by the Internal Revenue Service (IRS). Management has analyzed the tax positions taken by the Organization and has concluded that, as of December 31, 2018, there are no uncertain positions taken, or expected to be taken, that would require recognition of a liability or disclosure in the consolidated financial statements. The Organization is subject to routine audits by the taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

**NOTE 1. ORGANIZATION AND TAX STATUS (CONT'D)**

During the year ended December 31, 2016, the IRS revoked the tax-exempt status for the following three affiliates: GRID Alternatives Greater Los Angeles, GRID Alternatives Colorado, and GRID Alternatives Tri-State. The Organization has filed amended returns in addition to filing Form 1023 to reinstate the tax-exempt status. As of the date of issuance of the consolidated financial statements, GRID Alternatives Greater Los Angeles and GRID Alternatives Tri-State's tax status is in the process of reinstatement.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Method of Accounting** - The Organization's consolidated financial statements are prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Basis of Presentation** - The consolidated financial statements include the Organization and its affiliates: GRID Alternatives Colorado, Inc.; GRID Alternatives Greater Los Angeles, Inc.; GRID Alternatives Tri-State, Inc.; GRID Alternatives San Diego, Inc.; GRID Alternatives North Valley, Inc.; GRID Alternatives Mid-Atlantic, Inc.; GRID Alternatives Central Valley, Inc.; GRID Alternatives Bay Area, Inc.; GRID Alternatives Central Coast, Inc.; and GRID Alternatives Inland Empire, Inc. GRID Alternatives Tri-State, Inc., ceased operations during the year ended December 31, 2017. As part of the consolidated financial statements, all intercompany transactions have been eliminated.

**Net Asset Categories** - Resources are classified into two categories according to the existence or absence of donor-imposed restrictions. Descriptions of the two net asset categories and types of transactions affecting each category follow:

*Without donor restrictions:* These represent net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

*With donor restrictions:* These represent net assets that are subject to donor-imposed time or use restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

## **NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Accounting Pronouncement** - In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statement of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classifications, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The ASU is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. ASU 2016-14 requires retrospective application to the previous year, for comparative financial statements, with the exception of the analysis of expenses by both natural and functional classifications, as well as the liquidity disclosures. The Organization's management adopted the ASU for the year ended December 31, 2018, and elected to retroactively apply all provisions of ASU 2016-14.

### **Investment Valuation, Transactions and Income Recognition -**

*General* - Investments are carried at fair value, which is determined, presented and disclosed in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 820, *Fair Value Measurements and Disclosures*. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

FASB ASC 820 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumptions about inputs that market participants would use in pricing the investments developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels, based on the inputs, as follows:

Level 1 - Valuations based on quoted market prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 - Valuations based on quoted prices in markets that are not active, quoted prices for similar investments in active markets or model-based valuations for which all significant assumptions are observable and can be corroborated by observable market data.



## **NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Level 3 - Valuations based on unobservable inputs that are supported by little or no market activity and are significant to the overall fair value measurement. Values are determined using proprietary pricing models, discounted cash flow models that include the investment entities' own judgments and estimations, or some other pricing method using unobservable inputs.

*Inputs and Valuation Methods* - In determining fair value, FASB ASC 820 allows various valuation approaches. The specific methods used for the Organization's investment classes are presented below.

*Equity securities:* The fair value of equity securities is generally based on quoted prices in active markets (Level 1).

*Money market mutual funds:* Money market mutual funds are valued at cost, which approximates fair value (Level 2).

*Valuation Methods, Consistency* - The valuation techniques used in the accompanying consolidated financial statements have been consistently applied.

*Transactions and Income Recognition* - Purchases and sales are recorded on the settlement-date basis. Investment income is recorded when it is received. The Organization records investment income or losses on the Statement of Activities, which consist of the realized gains or losses and the unrealized appreciation or depreciation on those investments.

**Cash and Cash Equivalents** - Bank deposits are classified as cash and cash equivalents.

**Construction-in-Process** - Subcontractor fees and equipment purchases are captured in the construction-in-process account when purchased and are removed and recognized as an expense when a project meets sufficient criteria to be invoiced for the underlying revenue related to the respective project. The balance is composed of subcontractor fees and solar equipment for projects that have yet to be completed.

**Fair Value** - Substantially all of the assets (except furniture and equipment) and all of the liabilities of the Organization approximate fair value.

**Property, Equipment and Depreciation** - Property and equipment is reported at cost or donated value at the time it is received and is depreciated under the straight-line method over an estimated useful life of five years. The Organization's policy is to capitalize purchases over \$1,000.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**In-Kind Donations** - In-kind donations consist of materials and professional legal services. In-kind materials and equipment are recognized at fair value on the date of receipt. In-kind professional legal services are recognized based on amounts provided by the attorneys, which are calculated based on hours of services incurred and the attorney billing rates.

**Deferred Revenue** - The Organization records deferred revenue in connection with advance(s) provided by a funding source's contractual disbursement agreement. Deferred revenue is reclassified to revenue when it is earned. Advances at December 31, 2018 and 2017, are the administrative portion of the Single-Family Affordable Solar Homes (SASH) program and the Cap and Trade Incentives Program under an agreement with the State of California.

**Functional Allocation of Expenses** - The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statements of activities and the consolidated statements of functional expenses. Accordingly, certain expenses have been allocated among the program services and supporting services.

Expenses related to more than one function are allocated among program and supporting services based on a percentage of the employees' time and efforts. The percentage is estimated based on the employees' job responsibilities and has been consistently applied. The expenses that are allocated include salaries and related expenses, certain occupancy expenses, office and administrative expenses, grant expenses, and other expenses. Management and general activities include those expenses that are not directly identifiable with any other function but provide for the overall support and direction of the Organization.

**Warranties** - The Organization offers certain limited warranties on the installation of solar panel systems. These warranties include: a system warranty; roof warranty; and repair promise. The warranty period varies based on the type of warranty. The warranty liability is calculated based on the date of installation, system size, warranty period and other specific items and represents the amount of future payout to be incurred for the solar panels installations completed through December 31, 2018.

**Estimates** - The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the consolidated financial statements. Actual results may differ from those estimates.

### NOTE 3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are as follows:

	<u>December 31,</u>	
	<u>2018</u>	<u>2017</u>
Accenture National	\$ 67,000	\$ -
All Points North Foundation	-	20,000
All Points North Rosebud Sioux	-	20,000
Bank of America	-	250,000
CBS Corporation / EcoMedia	47,785	47,785
IGS GRID Partnership Grant	100,000	200,000
JP Chase Morgan	-	25,000
Leonardo DiCaprio Foundation	185,000	-
Massachusetts Institute of Technology	-	8,000
Miranda Lux Foundation	5,000	-
Mitsubishi Electric America Foundation	25,000	25,000
MUFG Union Bank Foundation	50,000	1,250
New Belgium Brewery	-	100,000
Rabobank	-	2,500
Rexel Foundation	-	23,100
San Manuel Band of Mission Indians	-	50,000
SDG&E	-	20,900
Silicon Valley Community Foundation	-	87,700
Sills Family Foundation	-	15,000
Solar Career Pathways for Opportunity Youth Program	15,000	-
Southern California Edison - Greater Los Angeles	-	40,000
Southern California Edison - Riverside	-	35,000
SunRun National Partnership	-	100,000
The Community Foundation	1,000	-
The Community Foundation of Monterey	1,000	1,000
The Denver Foundation	33,000	-
The EACH Foundation	-	2,500
The Energy Coalition	3,250	-
The Grove Foundation	25,000	-
The JPB Foundation	3,666,667	5,666,666
The San Francisco Foundation	-	145,000
The Schmidt Family Foundation	129,000	-
United Way of San Luis Obispo	-	2,500
US Bank Community Development	10,000	10,000
US Bank National Association	25,000	32,000
US Bank Violet World Foundation	15,000	15,000
Walton Family Foundation	7,500	7,500
Wells Fargo Foundation	1,125,000	1,640,000
Wells Fargo Tribal	4,000,000	-
Total	<u>\$ 9,536,202</u>	<u>\$ 8,593,401</u>

**NOTE 4. DESIGNATED NET ASSETS**

The Organization maintains a reserve, designated from net assets without donor restrictions. Board designated net assets are included in net assets without donor restrictions, but are subject to conditions placed by the governing board, such as for future programs, investments, contingencies, purchases, construction of fixed assets, or other uses. As of December 31, 2018 and 2017, the designated net assets were \$1,500,000.

**NOTE 5. GRANTS AND CONTRACTS RECEIVABLE**

Generally accepted accounting principles require the recognition of unconditional promises to give in the period of the award, even if the donor has restricted the use and the restriction will not be met until a future reporting period. Grants receivable at December 31, 2018, consists of grants, contracts and unconditional promises to give, which management believes are fully collectible. Six funders represent 67% of the total receivable at December 31, 2018, and four funders represent 63% of the total receivable at December 31, 2017. The solvency of the funders is not of concern to management at this time.

**NOTE 6. AVAILABILITY OF FINANCIAL ASSETS**

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization's financial assets available for general expenditures within one year of December 31, 2018 and 2017, are as follows:

	<u>Years Ended December 31,</u>	
	<u>2018</u>	<u>2017</u>
Financial assets at year-end		
Cash and cash equivalents	\$ 3,129,201	\$ 4,368,953
Investments	1,282,356	1,348,666
Accounts and interest receivable	<u>11,207,592</u>	<u>12,399,151</u>
Subtotal	15,619,149	18,116,770
Less those unavailable for general expenditures within one year, due to donor-imposed restrictions or Board designations		
Board-designated reserve	(1,500,000)	(1,500,000)
Donor-restricted grants	<u>(9,536,203)</u>	<u>(8,593,401)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,582,946</u>	<u>\$ 8,023,369</u>

**NOTE 6. AVAILABILITY OF FINANCIAL ASSETS (CONT'D)**

The Organization has certain contractual arrangements, as described in Note 11. The amounts due as a result of these arrangements pertain to the general expenditures of the Organization and do not affect the availability of the Organization's financial assets.

The Organization's goal is generally to maintain financial assets to meet 30 days of operating expenses (approximately \$4 million). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit. The Organization has a \$8 million line of credit available to meet cash flow needs.

**NOTE 7. CASH AND CASH EQUIVALENTS**

The Organization places its cash and cash equivalents with financial institutions deemed to be creditworthy. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. Deposits may at times exceed the insured deposit limits.

**NOTE 8. INVESTMENTS**

The following summary presents the fair value for each of the Organization's investment categories as of December 31, 2018 and 2017:

	<u>December 31,</u>	
	<u>2018</u>	<u>2017</u>
Investments at fair value, as determined by quoted prices		
Equity securities	\$ 994,046	\$ 1,291,709
Investments at fair value, as otherwise determined		
Money market mutual funds	<u>288,310</u>	<u>56,957</u>
Total	<u>\$ 1,282,356</u>	<u>\$ 1,348,666</u>

**NOTE 9. INVESTMENTS AT FAIR VALUE HIERARCHY**

Assets measured at fair value on a recurring basis, based on their fair value hierarchy at December 31, 2018 and 2017, are as follows:

<u>Description</u>	<u>December 31,</u> <u>2018</u>	<u>Fair Value Measurements at Reporting Date Using:</u>	
		<u>Quoted Prices in</u> <u>Active Markets for</u> <u>Identical Assets</u> <u>(Level 1)</u>	<u>Significant</u> <u>Other Observable</u> <u>Inputs</u> <u>(Level 2)</u>
Equity securities			
Domestic equities	\$ 595,497	\$ 595,497	\$ -
International equities	398,549	398,549	-
Total equity securities	994,046	994,046	-
Money market mutual funds	288,310	-	288,310
Total	\$ 1,282,356	\$ 994,046	\$ 288,310

<u>Description</u>	<u>December 31,</u> <u>2017</u>	<u>Fair Value Measurements at Reporting Date Using:</u>	
		<u>Quoted Prices in</u> <u>Active Markets for</u> <u>Identical Assets</u> <u>(Level 1)</u>	<u>Significant</u> <u>Other Observable</u> <u>Inputs</u> <u>(Level 2)</u>
Equity securities			
Domestic equities	\$ 802,148	\$ 802,148	\$ -
International equities	489,561	489,561	-
Total equity securities	1,291,709	1,291,709	-
Money market mutual funds	56,957	-	56,957
Total	\$ 1,348,666	\$ 1,291,709	\$ 56,957

**NOTE 10. PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Property and equipment	\$ 1,435,220	\$ 1,213,513
Less: Accumulated depreciation	<u>(692,710)</u>	<u>(536,929)</u>
Total	<u>\$ 742,510</u>	<u>\$ 676,584</u>

Depreciation expense for the years ended December 31, 2018 and 2017, totaled \$255,547 and \$412,626, respectively.

**NOTE 11. LINE OF CREDIT**

The Organization's established maximum and available line of credit balance is \$8,000,000 and \$6,000,000 as of December 31, 2018 and 2017, respectively. The line of credit bears interest at the U.S. Prime Index Rate plus 1.25%. The interest rate at December 31, 2018 and 2017, was 6.25% and 4.25%, respectively. The Organization had an outstanding principal balance of \$1,000,000 as of December 31, 2018 and 2017. The line of credit is secured by assets of the Organization. The Organization was in compliance with all debt covenants as of December 31, 2018 and 2017. The line of credit matured in January 2019. New lines of credit totaling \$9 million were established in March 2019. Please refer to Note 18 for details.

**NOTE 12. OBLIGATIONS UNDER OPERATING LEASES**

The Organization leases various office spaces. Rental expense for the years ending December 31, 2018 and 2017, totaled \$1,063,949 and \$984,882, respectively. The following schedule reflects future minimum commitments associated with the leases.

<u>Years Ended</u> <u>December 31,</u>	<u>Amount</u>
2019	\$ 1,015,914
2020	926,514
2021	586,700
2022	230,251
2023	<u>67,530</u>
Total	<u>\$ 2,826,909</u>

**NOTE 13. IN-KIND REVENUE AND IN-KIND EXPENDITURES**

Donated materials, services performed, or expenditures paid by donors are recorded as in-kind revenues and are expensed in their natural classifications in off-set value in the year in which they occur. For the years ended December 31, 2018 and 2017, the in-kind revenue and in-kind expenditures are as follows:

	<u>Years Ended December 31,</u>	
	<u>2018</u>	<u>2017</u>
Construction materials	\$ 1,732,138	\$ 2,492,549
Legal services	1,057,178	297,371
Volunteer services	116,338	20,700
Other	131,454	92,843
Total	<u>\$ 3,037,108</u>	<u>\$ 2,903,463</u>

**NOTE 14. CONTINGENCY**

Grant awards require the fulfillment of certain conditions as set forth in the instruments of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote because, 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.

**NOTE 15. RETIREMENT PLAN**

The Organization offers a 403(b) retirement plan to all of its employees. The Organization offers Employer Contributions to employees who have established 18 months of employment. The Organization contributed \$83,375 and \$59,907 during the years ended December 31, 2018 and 2017, respectively.

**NOTE 16. RELATED PARTIES**

The Organization engaged in transactions with the employers of two members of the Organization's Board of Directors. The Organization received in-kind legal services with a value of \$92,520 and \$80,857 from law firms that employ members of the Board of Directors for the years ended December 31, 2018 and 2017, respectively.



**NOTE 17.           SUSPENSION OF ACTIVITIES OF GRID ALTERNATIVES TRI-STATE, INC.**

GRID Alternatives Tri-State, Inc. (an affiliate of GRID Alternatives) suspended operations during the year ended December 31, 2017. No proceeds were received as a result of the suspension of activities of GRID Alternatives Tri-State. All the assets and liabilities were absorbed by GRID Alternatives (the Parent Organization). Through intercompany transactions, GRID Alternatives absorbed a net liability of approximately \$3,200,000, which represents the net amount recorded by GRID Alternatives Tri-State and GRID Alternatives.

**NOTE 18.           SUBSEQUENT EVENTS**

In March 2019, two new lines of credit were established, with available balances of \$5,000,000 and \$4,000,000. The lines of credit bear interest at the U.S. Prime Index Rate plus 0.75%. The initial interest rates were 6.25%. Both lines of credit are scheduled to mature in March 2020.

Subsequent events were evaluated through the date on which the consolidated financial statements were available to be issued. This date is approximately the same as the independent auditors' report date.

## **ADDITIONAL INFORMATION**



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## INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

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To the Board of Directors of  
GRID Alternatives

We have audited the consolidated financial statements of GRID Alternatives and its Affiliates (collectively, the Organization) for the years ended December 31, 2018 and 2017, and have issued our reports thereon dated September 24, 2019, and August 29, 2018, respectively, which contained an unmodified opinion on those consolidated financial statements. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplementary information, which appears on pages 23 through 47, is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. The supplementary information referenced on page 47 is an analysis detailing expenditures, advances and incentives under the Single-family Affordable Solar Homes (SASH) program and is provided at the request of the California Public Utilities Commission as part of their monitoring and oversight of the SASH program.

Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

*Lindquist LLP*

San Ramon, California  
September 24, 2019

## GRID ALTERNATIVES

### CONSOLIDATING SCHEDULE OF FINANCIAL POSITION DECEMBER 31, 2018

	GRID <u>Alternatives</u>	GRID <u>Affiliates</u>	<u>Total</u>	Eliminating <u>Entries</u>	Consolidated <u>Totals</u>
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 2,200,200	\$ 929,001	\$ 3,129,201	\$ -	\$ 3,129,201
Grants and contracts receivable	7,137,921	4,816,359	11,954,280	(746,688)	11,207,592
Intercompany receivable	10,662,452	16,924,273	27,586,725	(27,586,725)	-
Certificates of deposit	15,947	-	15,947	-	15,947
Investments	1,282,356	-	1,282,356	-	1,282,356
Construction-in-process	1,468,846	2,895,031	4,363,877	-	4,363,877
Prepaid expenses	531,441	2,114,670	2,646,111	-	2,646,111
Total current assets	<u>23,299,163</u>	<u>27,679,334</u>	<u>50,978,497</u>	<u>(28,333,413)</u>	<u>22,645,084</u>
<b>NON-CURRENT ASSETS</b>					
Grants and contracts receivable	2,500,000	-	2,500,000	-	2,500,000
Property and equipment, net of accumulated depreciation	92,811	649,699	742,510	-	742,510
Deposits	78,567	391,173	469,740	-	469,740
Total non-current assets	<u>2,671,378</u>	<u>1,040,872</u>	<u>3,712,250</u>	<u>-</u>	<u>3,712,250</u>
Total assets	<u>\$ 25,970,541</u>	<u>\$ 28,720,206</u>	<u>\$ 54,690,747</u>	<u>\$ (28,333,413)</u>	<u>\$ 26,357,334</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable and other accrued expenses	\$ 246,443	\$ 3,130,747	\$ 3,377,190	\$ (746,688)	\$ 2,630,502
Accrued payroll liabilities	398,033	728,095	1,126,128	-	1,126,128
Deferred revenue	947,641	-	947,641	-	947,641
Intercompany payable	16,287,908	11,298,817	27,586,725	(27,586,725)	-
Line of credit	1,000,000	-	1,000,000	-	1,000,000
Total current liabilities	<u>18,880,025</u>	<u>15,157,659</u>	<u>34,037,684</u>	<u>(28,333,413)</u>	<u>5,704,271</u>
<b>NON-CURRENT LIABILITIES</b>					
Warranty liability	310,148	381,297	691,445	-	691,445
Total liabilities	<u>19,190,173</u>	<u>15,538,956</u>	<u>34,729,129</u>	<u>(28,333,413)</u>	<u>6,395,716</u>
<b>NET ASSETS</b>					
Without donor restrictions	(2,101,051)	12,526,466	10,425,415	-	10,425,415
With donor restrictions	8,881,419	654,784	9,536,203	-	9,536,203
Total net assets	<u>6,780,368</u>	<u>13,181,250</u>	<u>19,961,618</u>	<u>-</u>	<u>19,961,618</u>
Total liabilities and net assets	<u>\$ 25,970,541</u>	<u>\$ 28,720,206</u>	<u>\$ 54,690,747</u>	<u>\$ (28,333,413)</u>	<u>\$ 26,357,334</u>

## GRID ALTERNATIVES

### CONSOLIDATING SCHEDULE OF FINANCIAL POSITION DECEMBER 31, 2017

	<u>GRID Alternatives</u>	<u>GRID Affiliates</u>	<u>Total</u>	<u>Eliminating Entries</u>	<u>Consolidated Totals</u>
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 2,906,230	\$ 1,462,723	\$ 4,368,953	\$ -	\$ 4,368,953
Grants and contracts receivable	7,648,380	5,097,506	12,745,886	(346,735)	12,399,151
Intercompany receivable	11,264,185	6,114,698	17,378,883	(17,378,883)	-
Certificates of deposit	15,947	-	15,947	-	15,947
Investments	1,348,666	-	1,348,666	-	1,348,666
Construction-in-process	2,995,792	2,375,226	5,371,018	-	5,371,018
Prepaid expenses	1,308,266	1,562,201	2,870,467	-	2,870,467
Total current assets	<u>27,487,466</u>	<u>16,612,354</u>	<u>44,099,820</u>	<u>(17,725,618)</u>	<u>26,374,202</u>
<b>NON-CURRENT ASSETS</b>					
Property and equipment, net of accumulated depreciation	173,843	502,741	676,584	-	676,584
Deposits	55,198	195,844	251,042	-	251,042
Total non-current assets	<u>229,041</u>	<u>698,585</u>	<u>927,626</u>	<u>-</u>	<u>927,626</u>
Total assets	<u>\$ 27,716,507</u>	<u>\$ 17,310,939</u>	<u>\$ 45,027,446</u>	<u>\$ (17,725,618)</u>	<u>\$ 27,301,828</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable and other accrued expenses	\$ 729,150	\$ 1,507,008	\$ 2,236,158	\$ (346,735)	\$ 1,889,423
Accrued payroll liabilities	391,015	720,874	1,111,889	-	1,111,889
Deferred revenue	3,961,368	53,406	4,014,774	-	4,014,774
Intercompany payable	7,934,258	9,444,625	17,378,883	(17,378,883)	-
Line of credit	1,000,000	-	1,000,000	-	1,000,000
Total current liabilities	<u>14,015,791</u>	<u>11,725,913</u>	<u>25,741,704</u>	<u>(17,725,618)</u>	<u>8,016,086</u>
<b>NON-CURRENT LIABILITIES</b>					
Warranty liability	298,895	316,375	615,270	-	615,270
Total liabilities	<u>14,314,686</u>	<u>12,042,288</u>	<u>26,356,974</u>	<u>(17,725,618)</u>	<u>8,631,356</u>
<b>NET ASSETS</b>					
Without donor restrictions	5,012,103	5,064,967	10,077,070	-	10,077,070
With donor restrictions	8,389,718	203,684	8,593,402	-	8,593,402
Total net assets	<u>13,401,821</u>	<u>5,268,651</u>	<u>18,670,472</u>	<u>-</u>	<u>18,670,472</u>
Total liabilities and net assets	<u>\$ 27,716,507</u>	<u>\$ 17,310,939</u>	<u>\$ 45,027,446</u>	<u>\$ (17,725,618)</u>	<u>\$ 27,301,828</u>

## GRID ALTERNATIVES

### CONSOLIDATING SCHEDULE OF ACTIVITIES YEAR ENDED DECEMBER 31, 2018

	GRID Alternatives		GRID Affiliates				
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total	Eliminating Entries	Consolidated Total
REVENUE AND SUPPORT							
Grants							
Government	\$ -	2,853,744	\$ -	\$ 5,772,950	\$ 8,626,694	\$ -	\$ 8,626,694
Foundation	1,047,670	5,616,500	318,198	826,944	7,809,312	-	7,809,312
Corporation	595,383	530,986	567,209	118,500	1,812,078	-	1,812,078
Donations - individual and events	351,609	-	250,557	-	602,166	-	602,166
Service contracts	4,433,903	-	36,701,178	-	41,135,081	(8,750,593)	32,384,488
In-kind revenue	2,203,265	-	833,843	-	3,037,108	-	3,037,108
Investment income loss	(63,814)	-	-	-	(63,814)	-	(63,814)
Rent Income	36,165	-	-	-	36,165	-	36,165
	8,604,181	9,001,230	38,670,985	6,718,394	62,994,790	(8,750,593)	54,244,197
Net assets released from restrictions	8,509,529	(8,509,529)	6,267,294	(6,267,294)	-	-	-
Total revenue and support	17,113,710	491,701	44,938,279	451,100	62,994,790	(8,750,593)	54,244,197
EXPENSES							
Program services	16,978,750	-	32,227,728	-	49,206,478	(7,532,314)	41,674,164
General and administrative	5,520,761	-	3,277,138	-	8,797,899	(345,309)	8,452,590
Fundraising	1,727,353	-	1,971,915	-	3,699,268	(872,970)	2,826,298
Total expenses	24,226,864	-	37,476,781	-	61,703,645	(8,750,593)	52,953,052
CHANGE IN NET ASSETS	(7,113,154)	491,701	7,461,498	451,100	1,291,145	-	1,291,145
NET ASSETS							
Beginning of year	5,012,103	8,389,718	5,064,968	203,684	18,670,473	-	18,670,473
End of year	\$ (2,101,051)	\$ 8,881,419	\$ 12,526,466	\$ 654,784	\$ 19,961,618	\$ -	\$ 19,961,618

## GRID ALTERNATIVES

### CONSOLIDATING SCHEDULE OF ACTIVITIES YEAR ENDED DECEMBER 31, 2017

	GRID Alternatives		GRID Affiliates				
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total	Eliminating Entries	Consolidated Total
REVENUE AND SUPPORT							
Grants							
Government	\$ -	6,148,882	\$ -	\$ 9,709,079	\$ 15,857,961	\$ -	\$ 15,857,961
Foundation	149,150	7,135,800	99,499	424,397	7,808,846	-	7,808,846
Corporation	580,258	979,847	375,849	358,985	2,294,939	-	2,294,939
Donations - individual and events	240,023	-	143,503	-	383,526	-	383,526
Service contracts	13,196,426	-	24,468,667	-	37,665,093	(8,675,649)	28,989,444
In-kind revenue	1,955,292	-	948,171	-	2,903,463	-	2,903,463
Dividend/interest income	275,195	-	20	-	275,215	-	275,215
Rent income	27,180	-	-	-	27,180	-	27,180
	16,423,524	14,264,529	26,035,709	10,492,461	67,216,223	(8,675,649)	58,540,574
Net assets released from restrictions	9,518,989	(9,518,989)	10,393,777	(10,393,777)	-	-	-
Total revenue and support	25,942,513	4,745,540	36,429,486	98,684	67,216,223	(8,675,649)	58,540,574
EXPENSES							
Program services	21,082,867	-	29,034,015	-	50,116,882	(7,863,291)	42,253,591
General and administrative	4,082,699	-	2,820,722	-	6,903,421	(377,411)	6,526,010
Fundraising	2,026,849	-	1,431,753	-	3,458,602	(434,947)	3,023,655
Total expenses	27,192,415	-	33,286,490	-	60,478,905	(8,675,649)	51,803,256
CHANGE IN NET ASSETS	(1,249,902)	4,745,540	3,142,996	98,684	6,737,318	-	6,737,318
NET ASSETS							
Beginning of year	6,262,005	3,644,178	1,921,972	105,000	11,933,155	-	11,933,155
End of year	\$ 5,012,103	\$ 8,389,718	\$ 5,064,968	\$ 203,684	\$ 18,670,473	\$ -	\$ 18,670,473

## GRID ALTERNATIVES

### SCHEDULES OF FINANCIAL POSITION - GRID ALTERNATIVES GREATER LOS ANGELES, INC. DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 170,644	\$ 308,308
Grants and contracts receivable	554,639	390,701
Intercompany loan and receivable	420,747	521,277
Construction-in-process	332,927	515,741
Prepaid expenses	196,337	277,695
Total current assets	<u>1,675,294</u>	<u>2,013,722</u>
NON-CURRENT ASSETS		
Property and equipment, net of accumulated depreciation	57,742	74,075
Deposits	<u>17,366</u>	<u>17,366</u>
Total non-current assets	<u>75,108</u>	<u>91,441</u>
Total assets	<u>\$ 1,750,402</u>	<u>\$ 2,105,163</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and other accrued expenses	\$ 292,522	\$ 131,616
Accrued payroll liabilities	85,697	126,822
Deferred revenue	-	17,347
Intercompany loan and payable	<u>105,147</u>	<u>12,009</u>
Total current liabilities	<u>483,366</u>	<u>287,794</u>
LONG-TERM LIABILITIES		
Warranty liability	<u>38,664</u>	<u>51,881</u>
Total liabilities	<u>522,030</u>	<u>339,675</u>
NET ASSETS		
Without donor restrictions	716,587	1,637,703
With donor restrictions	<u>511,785</u>	<u>127,785</u>
Total net assets	<u>1,228,372</u>	<u>1,765,488</u>
Total liabilities and net assets	<u>\$ 1,750,402</u>	<u>\$ 2,105,163</u>



## GRID ALTERNATIVES

### SCHEDULES OF ACTIVITIES - GRID ALTERNATIVES GREATER LOS ANGELES, INC. YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Grants						
Government	\$ -	\$ 271,440	\$ 271,440	\$ -	\$ 2,564,350	\$ 2,564,350
Foundation	42,500	581,444	623,944	-	67,500	67,500
Corporation	166,273	-	166,273	66,485	240,000	306,485
Donations - individual and events	35,239	-	35,239	31,996	-	31,996
Service contracts	4,282,748	-	4,282,748	2,230,195	-	2,230,195
In-kind revenue	102,442	-	102,442	142,149	-	142,149
	<u>4,629,202</u>	<u>852,884</u>	<u>5,482,086</u>	<u>2,470,825</u>	<u>2,871,850</u>	<u>5,342,675</u>
Net assets released from restrictions	468,884	(468,884)	-	2,849,066	(2,849,066)	-
Total revenue and support	<u>5,098,086</u>	<u>384,000</u>	<u>5,482,086</u>	<u>5,319,891</u>	<u>22,784</u>	<u>5,342,675</u>
EXPENSES						
Program services	5,220,866	-	5,220,866	4,867,762	-	4,867,762
General and administrative	560,189	-	560,189	478,745	-	478,745
Fundraising	238,147	-	238,147	161,520	-	161,520
Total expenses	<u>6,019,202</u>	<u>-</u>	<u>6,019,202</u>	<u>5,508,027</u>	<u>-</u>	<u>5,508,027</u>
CHANGE IN NET ASSETS	(921,116)	384,000	(537,116)	(188,136)	22,784	(165,352)
NET ASSETS						
Beginning of year	<u>1,637,703</u>	<u>127,785</u>	<u>1,765,488</u>	<u>1,825,839</u>	<u>105,001</u>	<u>1,930,840</u>
End of year	<u>\$ 716,587</u>	<u>\$ 511,785</u>	<u>\$ 1,228,372</u>	<u>\$ 1,637,703</u>	<u>\$ 127,785</u>	<u>\$ 1,765,488</u>

## GRID ALTERNATIVES

### SCHEDULES OF FINANCIAL POSITION - GRID ALTERNATIVES COLORADO, INC. DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 156,989	\$ 405,225
Grants and contracts receivable	433,706	305,015
Intercompany loan and receivable	8,171	4,622
Construction-in-process	113,291	639,106
Prepaid expenses	13,037	44,280
Total current assets	<u>725,194</u>	<u>1,398,248</u>
NON-CURRENT ASSETS		
Property and equipment, net of accumulated depreciation	40,701	52,464
Deposits	97,052	152,053
Total non-current assets	<u>137,753</u>	<u>204,517</u>
Total assets	<u>\$ 862,947</u>	<u>\$ 1,602,765</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and other accrued expenses	\$ 140,951	\$ 420,693
Accrued payroll liabilities	64,054	99,703
Intercompany loan and payable	3,562,971	3,214,813
Total current liabilities	<u>3,767,976</u>	<u>3,735,209</u>
LONG-TERM LIABILITIES		
Warranty liability	73,020	70,246
Total liabilities	<u>3,840,996</u>	<u>3,805,455</u>
NET ASSETS		
Without donor restrictions	(3,011,049)	(2,202,690)
With donor restrictions	33,000	-
Total net assets	<u>(2,978,049)</u>	<u>(2,202,690)</u>
Total liabilities and net assets	<u>\$ 862,947</u>	<u>\$ 1,602,765</u>

## GRID ALTERNATIVES

### SCHEDULES OF ACTIVITIES - GRID ALTERNATIVES COLORADO, INC. YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Grants						
Government	\$ -	\$ 798,411	\$ 798,411	\$ -	\$ (32,469)	\$ (32,469)
Foundation	35,250	106,000	141,250	32,500	197,900	230,400
Corporation	157,635	-	157,635	115,040	18,200	133,240
Donations - individual and events	22,455	-	22,455	37,227	-	37,227
Service contracts	1,544,912	-	1,544,912	5,261,538	-	5,261,538
In-kind revenue	65,283	-	65,283	5,883	-	5,883
	1,825,535	904,411	2,729,946	5,452,188	183,631	5,635,819
Net assets released from restrictions	871,411	(871,411)	-	183,631	(183,631)	-
Total revenue and support	2,696,946	33,000	2,729,946	5,635,819	-	5,635,819
EXPENSES						
Program services	2,849,902	-	2,849,902	5,136,779	-	5,136,779
General and administrative	416,250	-	416,250	359,930	-	359,930
Fundraising	239,153	-	239,153	296,864	-	296,864
Total expenses	3,505,305	-	3,505,305	5,793,573	-	5,793,573
CHANGE IN NET ASSETS	(808,359)	33,000	(775,359)	(157,754)	-	(157,754)
NET ASSETS						
Beginning of year	(2,202,690)	-	(2,202,690)	(2,044,936)	-	(2,044,936)
End of year	<u>\$ (3,011,049)</u>	<u>\$ 33,000</u>	<u>\$ (2,978,049)</u>	<u>\$ (2,202,690)</u>	<u>\$ -</u>	<u>\$ (2,202,690)</u>

## GRID ALTERNATIVES

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### SCHEDULES OF FINANCIAL POSITION - GRID ALTERNATIVES TRI-STATE, INC. DECEMBER 31, 2018 AND 2017

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	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS	\$ -	\$ -
NON-CURRENT ASSETS	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES	\$ -	\$ -
LONG-TERM LIABILITIES	-	-
Total liabilities	<u>\$ -</u>	<u>\$ -</u>
NET ASSETS		
Without donor restrictions	-	-
With donor restrictions	-	-
Total net assets	<u>-</u>	<u>-</u>
Total liabilities and net assets	<u>\$ -</u>	<u>\$ -</u>

## GRID ALTERNATIVES

### SCHEDULES OF ACTIVITIES - GRID ALTERNATIVES TRI-STATE, INC. YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Grants						
Government	\$ -	\$ -	\$ -	\$ -	\$ 46,405	\$ 46,405
Corporation	-	-	-	10,547	-	10,547
Donations - individual and events	-	-	-	8,965	-	8,965
Service contracts	-	-	-	3,867,939	-	3,867,939
In-kind revenue	-	-	-	97,930	-	97,930
	-	-	-	3,985,381	46,405	4,031,786
Net assets released from restrictions	-	-	-	46,405	(46,405)	-
Total revenue and support	-	-	-	4,031,786	-	4,031,786
EXPENSES						
Program services	-	-	-	1,233,739	-	1,233,739
General and administrative	-	-	-	277,337	-	277,337
Fundraising	-	-	-	98,377	-	98,377
Total expenses	-	-	-	1,609,453	-	1,609,453
CHANGE IN NET ASSETS	-	-	-	2,422,333	-	2,422,333
NET ASSETS						
Beginning of year	-	-	-	(2,422,333)	-	(2,422,333)
End of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

## GRID ALTERNATIVES

### SCHEDULES OF FINANCIAL POSITION - GRID ALTERNATIVES SAN DIEGO, INC. DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 86,958	\$ 240,299
Grants and contracts receivable	473,545	387,197
Intercompany loan and receivable	93,422	4,918
Construction-in-process	170,319	179,993
Prepaid expenses	279,069	175,836
Total current assets	<u>1,103,313</u>	<u>988,243</u>
NON-CURRENT ASSETS		
Property and equipment, net of accumulated depreciation	32,225	18,489
Deposits	<u>8,250</u>	<u>8,250</u>
Total non-current assets	<u>40,475</u>	<u>26,739</u>
Total assets	<u>\$ 1,143,788</u>	<u>\$ 1,014,982</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and other accrued expenses	\$ 153,954	\$ 101,342
Accrued payroll liabilities	61,180	85,185
Deferred revenue	-	6,143
Intercompany loan and payable	<u>651,025</u>	<u>568,330</u>
Total current liabilities	<u>866,159</u>	<u>761,000</u>
LONG-TERM LIABILITIES		
Warranty liability	<u>32,012</u>	<u>35,293</u>
Total liabilities	<u>898,171</u>	<u>796,293</u>
NET ASSETS		
Without donor restrictions	245,617	197,789
With donor restrictions	<u>-</u>	<u>20,900</u>
Total net assets	<u>245,617</u>	<u>218,689</u>
Total liabilities and net assets	<u>\$ 1,143,788</u>	<u>\$ 1,014,982</u>

## GRID ALTERNATIVES

### SCHEDULES OF ACTIVITIES - GRID ALTERNATIVES SAN DIEGO, INC. YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Grants						
Government	\$ -	\$ 745,709	\$ 745,709	\$ -	\$ 924,599	\$ 870,395
Foundation	33,300	42,500	75,800	51,999	49,955	51,218
Corporation	28,573	22,500	51,073	42,314	20,900	54,500
Donations - individual and events	47,540	-	47,540	15,347	-	16,722
Service contracts	2,083,741	-	2,083,741	1,544,313	-	1,639,963
In-kind revenue	20,536	-	20,536	93,134	-	227,781
	2,213,690	810,709	3,024,399	1,747,107	995,454	2,860,579
Net assets released from restrictions	831,609	(831,609)	-	974,554	(974,554)	-
Total revenue and support	3,045,299	(20,900)	3,024,399	2,721,661	20,900	2,742,561
EXPENSES						
Program services	2,674,958	-	2,674,958	2,514,421	-	2,514,421
General and administrative	218,686	-	218,686	224,484	-	224,484
Fundraising	103,827	-	103,827	170,990	-	170,990
Total expenses	2,997,471	-	2,997,471	2,909,895	-	2,909,895
CHANGE IN NET ASSETS	47,828	(20,900)	26,928	(188,234)	20,900	(167,334)
NET ASSETS						
Beginning of year	197,789	20,900	218,689	386,023	-	386,023
End of year	\$ 245,617	\$ -	\$ 245,617	\$ 197,789	\$ 20,900	\$ 218,689

## GRID ALTERNATIVES

### SCHEDULES OF FINANCIAL POSITION - GRID ALTERNATIVES NORTH VALLEY, INC. DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 30,020	\$ 205,990
Grants and contracts receivable	437,756	1,242,187
Intercompany loan and receivable	384,027	149,274
Construction-in-process	422,876	287,464
Prepaid expenses	465,658	478,938
Total current assets	<u>1,740,337</u>	<u>2,363,853</u>
NON-CURRENT ASSETS		
Property and equipment, net of accumulated depreciation	136,432	96,573
Deposits	19,695	6,865
Total non-current assets	<u>156,127</u>	<u>103,438</u>
Total assets	<u>\$ 1,896,464</u>	<u>\$ 2,467,291</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and other accrued expenses	\$ 459,375	\$ 207,347
Accrued payroll liabilities	136,770	181,778
Deferred revenue	-	29,916
Intercompany loan and payable	1,679,513	1,804,197
Total current liabilities	<u>2,275,658</u>	<u>2,223,238</u>
LONG-TERM LIABILITIES		
Warranty liability	61,456	51,791
Total liabilities	<u>2,337,114</u>	<u>2,275,029</u>
NET ASSETS		
Without donor restrictions	(520,650)	137,262
With donor restrictions	80,000	55,000
Total net assets	<u>(440,650)</u>	<u>192,262</u>
Total liabilities and net assets	<u>\$ 1,896,464</u>	<u>\$ 2,467,291</u>



## GRID ALTERNATIVES

### SCHEDULES OF ACTIVITIES - GRID ALTERNATIVES NORTH VALLEY, INC. YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Grants						
Government	\$ -	\$ 1,629,489	\$ 1,629,489	\$ -	\$ 2,643,876	\$ 2,643,876
Foundation	38,999	82,000	120,999	-	91,542	91,542
Corporation	30,385	25,000	55,385	47,497	53,500	100,997
Donations - individual and events	46,875	-	46,875	11,676	-	11,676
Service contracts	3,857,630	-	3,857,630	3,226,802	-	3,226,802
In-kind revenue	102,821	-	102,821	215,496	-	215,496
	4,076,710	1,736,489	5,813,199	3,501,471	2,788,918	6,290,389
Net assets released from restrictions	1,766,489	(1,766,489)	-	2,733,918	(2,733,918)	-
Total revenue and support	5,843,199	(30,000)	5,813,199	6,235,389	55,000	6,290,389
EXPENSES						
Program services	5,359,586	-	5,359,586	5,251,413	-	5,251,413
General and administrative	624,827	-	624,827	562,087	-	562,087
Fundraising	461,698	-	461,698	441,107	-	441,107
Total expenses	6,446,111	-	6,446,111	6,254,607	-	6,254,607
CHANGE IN NET ASSETS	(602,912)	(30,000)	(632,912)	(19,218)	55,000	35,782
NET ASSETS						
Beginning of year	137,262	55,000	192,262	156,480	-	156,480
End of year	\$ (465,650)	\$ 25,000	\$ (440,650)	\$ 137,262	\$ 55,000	\$ 192,262

## GRID ALTERNATIVES

### SCHEDULES OF FINANCIAL POSITION - GRID ALTERNATIVES MID-ATLANTIC, INC. DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 97,468	\$ 208,285
Grants and contracts receivable	1,359,703	1,178,659
Intercompany loan and receivable	47,697	48,212
Construction-in-process	477,498	99,732
Prepaid expenses	33,176	13,434
Total current assets	<u>2,015,542</u>	<u>1,548,322</u>
NON-CURRENT ASSETS		
Property and equipment, net of accumulated depreciation	29,867	45,349
Deposits	237,500	-
Total non-current assets	<u>267,367</u>	<u>45,349</u>
Total assets	<u>\$ 2,282,909</u>	<u>\$ 1,593,671</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and other accrued expenses	\$ 603,906	\$ 149,778
Accrued payroll liabilities	76,959	94,870
Intercompany loan and payable	5,101,441	3,806,229
Total current liabilities	<u>5,782,306</u>	<u>4,050,877</u>
LONG-TERM LIABILITIES		
Warranty liability	66,947	7,918
Total liabilities	<u>5,849,253</u>	<u>4,058,795</u>
NET ASSETS		
Without donor restrictions	<u>(3,566,344)</u>	<u>(2,465,124)</u>
Total net assets	<u>(3,566,344)</u>	<u>(2,465,124)</u>
Total liabilities and net assets	<u>\$ 2,282,909</u>	<u>\$ 1,593,671</u>

## GRID ALTERNATIVES

### SCHEDULES OF ACTIVITIES - GRID ALTERNATIVES MID-ATLANTIC, INC. YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Grants						
Government	\$ -	\$ 1,442,704	\$ 1,442,704	\$ -	\$ 424,273	\$ 424,273
Foundation	2,000	-	2,000	15,000	15,000	30,000
Corporation	67,696	-	67,696	79,155	10,385	89,540
Donations - individual and events	52,599	-	52,599	35,105	-	35,105
Service contracts	1,653,676	-	1,653,676	2,275,768	-	2,275,768
In-kind revenue	271,068	-	271,068	100,159	-	100,159
	<u>2,047,039</u>	<u>1,442,704</u>	<u>3,489,743</u>	<u>2,505,187</u>	<u>449,658</u>	<u>2,954,845</u>
Net assets released from restrictions	<u>1,442,704</u>	<u>(1,442,704)</u>	<u>-</u>	<u>449,658</u>	<u>(449,658)</u>	<u>-</u>
Total revenue and support	<u>3,489,743</u>	<u>-</u>	<u>3,489,743</u>	<u>2,954,845</u>	<u>-</u>	<u>2,954,845</u>
EXPENSES						
Program services	3,455,662	-	3,455,662	2,804,586	-	2,804,586
General and administrative	889,105	-	889,105	676,243	-	676,243
Fundraising	246,196	-	246,196	117,758	-	117,758
Total expenses	<u>4,590,963</u>	<u>-</u>	<u>4,590,963</u>	<u>3,598,587</u>	<u>-</u>	<u>3,598,587</u>
CHANGE IN NET ASSETS	(1,101,220)	-	(1,101,220)	(643,742)	-	(643,742)
NET ASSETS						
Beginning of year	<u>(2,465,124)</u>	<u>-</u>	<u>(2,465,124)</u>	<u>(1,821,382)</u>	<u>-</u>	<u>(1,821,382)</u>
End of year	<u>\$ (3,566,344)</u>	<u>\$ -</u>	<u>\$ (3,566,344)</u>	<u>\$ (2,465,124)</u>	<u>\$ -</u>	<u>\$ (2,465,124)</u>

## GRID ALTERNATIVES

### SCHEDULES OF FINANCIAL POSITION - GRID ALTERNATIVES CENTRAL VALLEY, INC. DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 86,732	\$ 94,616
Grants and contracts receivable	219,301	1,593,747
Intercompany loan and receivable	8,537,459	5,386,395
Construction-in-process	382,553	653,190
Prepaid expenses	498,503	572,018
Total current assets	<u>9,724,548</u>	<u>8,299,966</u>
NON-CURRENT ASSETS		
Property and equipment, net of accumulated depreciation	189,140	215,791
Deposits	<u>11,310</u>	<u>11,310</u>
Total non-current assets	<u>200,450</u>	<u>227,101</u>
Total assets	<u>\$ 9,924,998</u>	<u>\$ 8,527,067</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and other accrued expenses	\$ 421,774	\$ 496,232
Accrued payroll liabilities	105,968	132,516
Intercompany loan and payable	<u>140,993</u>	<u>39,047</u>
Total current liabilities	<u>668,735</u>	<u>667,795</u>
LONG-TERM LIABILITIES		
Warranty liability	<u>108,020</u>	<u>99,245</u>
Total liabilities	<u>776,755</u>	<u>767,040</u>
NET ASSETS		
Without donor restrictions	<u>9,148,243</u>	<u>7,760,027</u>
Total net assets	<u>9,148,243</u>	<u>7,760,027</u>
Total liabilities and net assets	<u>\$ 9,924,998</u>	<u>\$ 8,527,067</u>

## GRID ALTERNATIVES

### SCHEDULES OF ACTIVITIES - GRID ALTERNATIVES CENTRAL VALLEY, INC. YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT						
Grants						
Government	\$ -	\$ 655,165	\$ 655,165	\$ -	\$ 3,138,045	\$ 3,138,045
Foundation	10,000	-	10,000	-	2,500	2,500
Corporation	47,750	1,000	48,750	14,811	16,000	30,811
Donations - individual and events	1,475	-	1,475	3,187	-	3,187
Service contracts	8,352,406	-	8,352,406	6,062,112	-	6,062,112
In-kind revenue	151,246	-	151,246	293,420	-	293,420
Interest income	-	-	-	20	-	20
	<u>8,562,877</u>	<u>656,165</u>	<u>9,219,042</u>	<u>6,373,550</u>	<u>3,156,545</u>	<u>9,530,095</u>
Net assets released from restrictions	<u>656,165</u>	<u>(656,165)</u>	<u>-</u>	<u>3,156,545</u>	<u>(3,156,545)</u>	<u>-</u>
Total revenue and support	<u>9,219,042</u>	<u>-</u>	<u>9,219,042</u>	<u>9,530,095</u>	<u>-</u>	<u>9,530,095</u>
EXPENSES						
Program services	7,438,308	-	7,438,308	7,225,315	-	7,225,315
General and administrative	225,578	-	225,578	241,896	-	241,896
Fundraising	166,940	-	166,940	145,137	-	145,137
Total expenses	<u>7,830,826</u>	<u>-</u>	<u>7,830,826</u>	<u>7,612,348</u>	<u>-</u>	<u>7,612,348</u>
CHANGE IN NET ASSETS	1,388,216	-	1,388,216	1,917,747	-	1,917,747
NET ASSETS						
Beginning of year	<u>7,760,027</u>	<u>-</u>	<u>7,760,027</u>	<u>5,842,280</u>	<u>-</u>	<u>5,842,280</u>
End of year	<u>\$ 9,148,243</u>	<u>\$ -</u>	<u>\$ 9,148,243</u>	<u>\$ 7,760,027</u>	<u>\$ -</u>	<u>\$ 7,760,027</u>

## GRID ALTERNATIVES

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### SCHEDULE OF FINANCIAL POSITION - GRID ALTERNATIVES BAY AREA, INC. DECEMBER 31, 2018

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#### ASSETS

##### CURRENT ASSETS

Cash and cash equivalents	\$ 104,029
Grants and contracts receivable	717,195
Intercompany loan and receivable	2,647,886
Construction-in-process	401,801
Prepaid expenses	<u>165,442</u>
Total current assets	<u>4,036,353</u>

##### NON-CURRENT ASSETS

Property and equipment, net of accumulated depreciation	<u>87,583</u>
Total non-current assets	<u>87,583</u>
Total assets	<u><u>\$ 4,123,936</u></u>

#### LIABILITIES AND NET ASSETS

##### CURRENT LIABILITIES

Accounts payable and other accrued expenses	\$ 375,091
Accrued payroll liabilities	85,378
Intercompany loan and payable	<u>31,229</u>
Total current liabilities	<u>491,698</u>

##### LONG-TERM LIABILITIES

Warranty liability	<u>1,178</u>
Total liabilities	<u>492,876</u>

##### NET ASSETS

Without donor restrictions	3,616,060
With donor restrictions	<u>15,000</u>
Total net assets	<u>3,631,060</u>
Total liabilities and net assets	<u><u>\$ 4,123,936</u></u>

GRID Alternatives Bay Area, Inc., became an affiliate in 2018.  
There is no schedule for 2017.

## GRID ALTERNATIVES

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### SCHEDULE OF ACTIVITIES - GRID ALTERNATIVES BAY AREA, INC. YEAR ENDED DECEMBER 31, 2018

---

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grants			
Government	\$ -	\$ 198,497	\$ 198,497
Foundation	153,649	15,000	168,649
Corporation	33,681	-	33,681
Donations - individual and events	38,439	-	38,439
Service contracts	5,709,029	-	5,709,029
In-kind revenue	<u>85,940</u>	<u>-</u>	<u>85,940</u>
	6,020,738	213,497	6,234,235
Net assets released from restrictions	<u>198,497</u>	<u>(198,497)</u>	<u>-</u>
Total revenue and support	<u>6,219,235</u>	<u>15,000</u>	<u>6,234,235</u>
EXPENSES			
Program services	2,369,823	-	2,369,823
General and administrative	117,269	-	117,269
Fundraising	<u>116,083</u>	<u>-</u>	<u>116,083</u>
Total expenses	<u>2,603,175</u>	<u>-</u>	<u>2,603,175</u>
CHANGE IN NET ASSETS	3,616,060	15,000	3,631,060
NET ASSETS			
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ 3,616,060</u>	<u>\$ 15,000</u>	<u>\$ 3,631,060</u>

GRID Alternatives Bay Area, Inc., became an affiliate in 2018.  
There is no schedule for 2017.

## GRID ALTERNATIVES

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### SCHEDULE OF FINANCIAL POSITION - GRID ALTERNATIVES CENTRAL COAST, INC. DECEMBER 31, 2018

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#### ASSETS

##### CURRENT ASSETS

Cash and cash equivalents	\$ 96,291
Grants and contracts receivable	343,385
Intercompany loan and receivable	646,323
Construction-in-process	245,756
Prepaid expenses	<u>204,666</u>
Total current assets	<u>1,536,421</u>

##### NON-CURRENT ASSETS

Property and equipment, net of accumulated depreciation	<u>40,080</u>
Total non-current assets	<u>40,080</u>
Total assets	<u>\$ 1,576,501</u>

#### LIABILITIES AND NET ASSETS

##### CURRENT LIABILITIES

Accounts payable and other accrued expenses	\$ 68,209
Accrued payroll liabilities	46,558
Intercompany loan and payable	<u>5,673</u>
Total current liabilities	<u>120,440</u>

##### NET ASSETS

Without donor restrictions	<u>1,456,061</u>
Total net assets	<u>1,456,061</u>
Total liabilities and net assets	<u>\$ 1,576,501</u>

GRID Alternatives Central Coast, Inc., became an affiliate in 2018.  
There is no schedule for 2017.



## GRID ALTERNATIVES

### SCHEDULE OF ACTIVITIES - GRID ALTERNATIVES CENTRAL COAST, INC. YEAR ENDED DECEMBER 31, 2018

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grants			
Government	\$ -	\$ 24,158	\$ 24,158
Foundation	2,500	-	2,500
Corporation	34,315	-	34,315
Donations - individual and events	3,812	-	3,812
Service contracts	2,695,852	-	2,695,852
In-kind revenue	1,400	-	1,400
	<u>2,737,879</u>	<u>24,158</u>	<u>2,762,037</u>
Net assets released from restrictions	<u>24,158</u>	<u>(24,158)</u>	<u>-</u>
Total revenue and support	<u>2,762,037</u>	<u>-</u>	<u>2,762,037</u>
EXPENSES			
Program services	1,130,196	-	1,130,196
General and administrative	108,631	-	108,631
Fundraising	67,149	-	67,149
Total expenses	<u>1,305,976</u>	<u>-</u>	<u>1,305,976</u>
CHANGE IN NET ASSETS	1,456,061	-	1,456,061
NET ASSETS			
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ 1,456,061</u>	<u>\$ -</u>	<u>\$ 1,456,061</u>

GRID Alternatives Central Coast, Inc., became an affiliate in 2018.  
There is no schedule for 2017.

## GRID ALTERNATIVES

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### SCHEDULE OF FINANCIAL POSITION - GRID ALTERNATIVES INLAND EMPIRE, INC. DECEMBER 31, 2018

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#### ASSETS

##### CURRENT ASSETS

Cash and cash equivalents	\$ 99,870
Grants and contracts receivable	277,129
Intercompany loan and receivable	4,138,541
Construction-in-process	348,010
Prepaid expenses	<u>258,782</u>
Total current assets	<u>5,122,332</u>

##### NON-CURRENT ASSETS

Property and equipment, net of accumulated depreciation	<u>35,929</u>
Total non-current assets	<u>35,929</u>
Total assets	<u>\$ 5,158,261</u>

#### LIABILITIES AND NET ASSETS

##### CURRENT LIABILITIES

Accounts payable and other accrued expenses	\$ 614,965
Accrued payroll liabilities	65,531
Intercompany loan and payable	<u>20,825</u>
Total current liabilities	<u>701,321</u>

##### NET ASSETS

Without donor restrictions	4,386,940
With donor restrictions	<u>70,000</u>
Total net assets	<u>4,456,940</u>
Total liabilities and net assets	<u>\$ 5,158,261</u>

GRID Alternatives Inland Empire, Inc., became an affiliate in 2018.  
There is no schedule for 2017.

## GRID ALTERNATIVES

### SCHEDULE OF ACTIVITIES - GRID ALTERNATIVES INLAND EMPIRE, INC. YEAR ENDED DECEMBER 31, 2018

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grants			
Government	\$ -	\$ 7,377	\$ 7,377
Foundation	-	-	-
Corporation	901	70,000	70,901
Donations - individual and events	2,123	-	2,123
Service contracts	6,521,184	-	6,521,184
In-kind revenue	33,107	-	33,107
	<u>6,557,315</u>	<u>77,377</u>	<u>6,634,692</u>
Net assets released from restrictions	<u>7,377</u>	<u>(7,377)</u>	<u>-</u>
Total revenue and support	<u>6,564,692</u>	<u>70,000</u>	<u>6,634,692</u>
EXPENSES			
Program services	1,728,427	-	1,728,427
General and administrative	116,603	-	116,603
Fundraising	332,722	-	332,722
Total expenses	<u>2,177,752</u>	<u>-</u>	<u>2,177,752</u>
CHANGE IN NET ASSETS	4,386,940	70,000	4,456,940
NET ASSETS			
Beginning of year	-	-	-
End of year	<u>\$ 4,386,940</u>	<u>\$ 70,000</u>	<u>\$ 4,456,940</u>

GRID Alternatives Inland Empire, Inc., became an affiliate in 2018.  
There is no schedule for 2017.

# GRID ALTERNATIVES

## CALIFORNIA PUBLIC UTILITIES COMMISSION - SINGLE-FAMILY AFFORDABLE SOLAR HOMES PROGRAM SASH EXPENDITURES, ADVANCES AND INCENTIVES YEARS ENDED DECEMBER 31, 2018 AND 2017

BUDGET					
CONTRACT PERIOD: 12/12/08-12/31/2022					
ADMINISTRATION	TASK 1				
	TASK 2				
	TASK 4				
	SASH Program Administrative Services				
	Marketing & Outreach (M&O)				
	TOTAL				
		16,230,000			
		6,480,000			
		\$ 22,720,000			

ADMINISTRATION		ADMINISTRATION EXPENSE			
TASK 1					
TASK 2					
TASK 4					
SASH Program Administrative Services					
Marketing & Outreach (M&O)					
TOTAL					
		16,230,000			
		6,480,000			
		\$ 22,720,000			

ADMINISTRATION		ADMINISTRATION EXPENSE			
TASK 1					
TASK 2					
TASK 4					
SASH Program Administrative Services					
Marketing & Outreach (M&O)					
TOTAL					
		16,230,000			
		6,480,000			
		\$ 22,720,000			

ADMINISTRATION		ADMINISTRATION EXPENSE			
TASK 1					
TASK 2					
TASK 4					
SASH Program Administrative Services					
Marketing & Outreach (M&O)					
TOTAL					
		16,230,000			
		6,480,000			
		\$ 22,720,000			

ADMINISTRATION		ADMINISTRATION EXPENSE			
TASK 1					
TASK 2					
TASK 4					
SASH Program Administrative Services					
Marketing & Outreach (M&O)					
TOTAL					
		16,230,000			
		6,480,000			
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ADMINISTRATION		ADMINISTRATION EXPENSE			
TASK 1					
TASK 2					
TASK 4					
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Marketing & Outreach (M&O)					
TOTAL					
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ADMINISTRATION		ADMINISTRATION EXPENSE			
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TASK 4					
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Marketing & Outreach (M&O)					
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Marketing & Outreach (M&O)					
TOTAL					

## **SUPPLEMENTAL INFORMATION**



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

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To the Board of Directors of  
GRID Alternatives

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of GRID Alternatives and its Affiliates (collectively, the Organization) (a non-profit organization), which comprise the statements of financial position as of December 31, 2018 and 2017; the related statements of activities, of functional expenses and of cash flows for the years then ended; and the related notes to the consolidated financial statements, and have issued our report thereon dated September 24, 2019.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be a significant deficiency, noted as 2018-001.

To the Board of Directors of  
GRID Alternatives  
Page two

#### COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2018-001.

#### PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Lindquist LLP". The signature is written in a cursive, flowing style.

San Ramon, California  
September 24, 2019



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE,  
REQUIRED BY THE UNIFORM GUIDANCE**

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To the Board of Directors of  
GRID Alternatives

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM**

We have audited GRID Alternatives and its Affiliates' (collectively, the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, which could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2018. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**MANAGEMENT'S RESPONSIBILITY**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above occurred, which could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.



To the Board of Directors of  
GRID Alternatives

#### OPINION ON EACH MAJOR FEDERAL PROGRAM

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above, which could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

#### OTHER MATTERS

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2018-001. Our opinion on each major federal program is not modified with respect to this matter.

The Organization's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

#### REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

To the Board of Directors of  
GRID Alternatives

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-001, that we consider to be a significant deficiency.

The Organization's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Lindquist LLP". The signature is written in a cursive, flowing style.

San Ramon, California  
September 24, 2019

## GRID ALTERNATIVES

### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2018

<u>Federal Awarding Agency / Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Department of Housing and Urban Development (HUD)			
Community Development Block Grants			
Passed through City and County of San Francisco*	14.218	94-6000417	\$ 154,267
Passed through City of Salinas*	14.218	94-6000412	127,390
Passed through County of Monterey Economic Development Department*	14.218	94-6000524	51,353
Passed through City of Santa Maria*	14.218	95-6000788	4,156
Passed through City of Moreno Valley*	14.218	95-3786047	50,000
Passed through City of Thornton*	14.218	84-6009903	100,413
Passed through City of Pasadena*	14.218	95-6000759	50,000
Passed through City of Chico*	14.218	94-6000308	16,150
Passed through City of San Diego*	14.218	95-6000776	384,752
Total Department of Housing and Urban Development (HUD)			<u>938,481</u>
The Corporation for National and Community Services Direct Program			
Americorps	94.006		<u>413,625</u>
Department of Energy (DOE)			
Deployment of Clean Energy and Energy Efficient Alliance for Sustainable Energy, LLC	81.087	26-1939342	120,781
Projects on Indian Lands			
Passed through Bishop Paiute Tribe	81.087	95-1905064	63,608
Passed through San Pasqual Band of Mission Indians	81.087	95-3469382	61,520
Passed through Ute Mountain Ute Tribe	81.087	84-0404385	692,998
Total Department of Energy (DOE)			<u>938,907</u>
Total Expenditures of Federal Awards			<u>\$ 2,291,013</u>

\* Major program.

See accompanying notes to the schedule of expenditures of federal awards.

## GRID ALTERNATIVES

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### NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2018

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#### **NOTE 1. GENERAL AND BASIS OF ACCOUNTING**

The schedule of expenditures of federal awards (the Schedule) presents the activity of all federal financial assistance programs of GRID Alternatives and its Affiliates (collectively, the Organization) for the year ended December 31, 2018. Expenditures on the Schedule are presented using the accrual basis of accounting, as described in Note 2 to the Organization's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Organization.

#### **NOTE 2. SUB-RECIPIENTS**

The Organization provided no federal awards to sub-recipients during the year ended December 31, 2018. The Organization received federal awards of \$1,877,388 as a sub-recipient during the year ended December 31, 2018.

#### **NOTE 3. INSURANCE AND NON-CASH ASSISTANCE**

The Organization expended no federal awards in the form of insurance in effect or non-cash assistance during the year ended December 31, 2018.

**NOTE 4.           INDIRECT COSTS**

For two out of sixteen Community Block Development Grants, indirect costs were calculated and charged at approximately 10.6% and 13.0%, respectively. For the other contracts, the Organization did not calculate or charge any administrative costs. Therefore, the Organization did not elect to use the 10% *de minimis* indirect cost rate.

## GRID ALTERNATIVES

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### SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2018

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#### Section I - Summary of Auditors' Results

##### **Financial Statements**

Type of auditors' report issued on financial statements:	Unmodified
Internal control over financial reporting:	
Material weakness identified.	No
Significant deficiencies in internal control disclosed by the audit of the financial statements.	None reported
Noncompliance material to financial statements noted.	Not applicable

##### **Federal Awards**

Type of auditors' report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
Material weakness identified.	No
Significant deficiencies in internal control over major programs.	See item 2018-001
Any audit findings disclosed that are required to be reported in accordance with the OMB Compliance Supplement?	See item 2018-001

##### **Identification of Major Programs**

<u>CFDA Number</u>	<u>Name of Federal Program</u>
	Department of Housing and Urban Development (HUD)
	Community Development Block Grants
14.218	City and County of San Francisco
14.218	City of Salinas
14.218	County of Monterey Economic Development Department
14.218	City of Santa Maria
14.218	City of Moreno Valley
14.218	City of Thornton
14.218	City of Pasadena
14.218	City of Chico
14.218	City of San Diego

## Section I - Summary of Auditors' Results (Cont'd)

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

## Section II - Findings Related to the Financial Statements Report in Accordance with *Government Auditing Standards*

None reported

## Section III - Findings and Questioned Costs Related to Federal Awards

### 2018-001                      Inadequate Controls over Preparation of Schedule of Expenditures and Federal Awards

*Criteria or Specific Requirement* - Per Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart F, Section 200.510(b), the auditee (the Organization) must prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements, which must include the total federal awards expended as determined in accordance with Section 200.502 Basis for Determining Federal Awards Expended.

*Condition Found and Context* - Based on our review of the SEFA provided by the Organization, we noted that the "MEMORANDUM OF AGREEMENT BETWEEN THE CHEMEHUEVI INDIAN TRIBE AND GRID ALTERNATIVES INLAND EMPIRE" (non-federal) grant funding totaling \$143,705 was included because the Organization initially improperly classified these expenditures as federally funded on the SEFA. The expenditures are not federally funded, and the amount was subsequently excluded from the SEFA and reclassified to fee-for-service revenue. In addition, two federal grants were excluded from the initial SEFA: a grant from ALLIANCE FOR SUSTAINABLE ENERGY, LLC and a grant from the UTE MOUNTAIN UTE TRIBE, totaling funds expended of \$120,781 and \$692,998, respectively.

*Cause and Effect* - The Organization had initially prepared the SEFA including the US Department of Agriculture (USDA) grant amount expended in 2018. This grant is not federally funded, and the amount expended was inadvertently included on the SEFA, resulting in an overstatement of funds expended of \$143,705 on the SEFA. Two federally funded grants were initially reported as free-for-service contracts, not government contracts, resulting in the understatement of funds expended by \$813,779 on the SEFA.

*Questioned Costs* - None.

*Recommendation* - We recommend that the Organization improve its controls over financial reporting in order to prepare an accurate SEFA that is in compliance with federal regulations. This can be accomplished through monitoring and analyzing grant funding received on an ongoing basis to determine whether the funds represent federal funding that should be reflected on the SEFA.

*View of Responsible Officials* - Management's response is reported in "Management's Response and Corrective Action Plan" and is considered part of this report.

#### **Section IV - Disposition of Prior-Year Federal Award Findings**

##### **Inadequate Controls over Preparation of Schedule of Expenditures and Federal Awards.**

Status:                      Reported.

In the prior year, we recommended that the Organization improve its controls over financial reporting in order to prepare an accurate SEFA that is in compliance with federal regulations. This can be accomplished through monitoring and analyzing grant funding received on an ongoing basis to determine whether the funds represent federal funding that should be reflected on the SEFA. (Finding Code 2017-001)

In the current year, we noted that the SEFA continued to be inaccurately prepared. While in the prior year, the SEFA was overstated by the amount of funds expended of \$424,273 due to inadvertently including one State-funded grant as federally funded on the SEFA, during the current year, the SEFA had a net understatement of \$670,074. One non-federally funded grant of \$143,705 was included on the SEFA, which overstated the SEFA. Additionally, the SEFA was understated by \$813,779 due to the exclusion of two federally funded grants from the SEFA. (Finding Code 2018-001)

#### **Section V - Disposition of Prior-Year Financial Statement Findings**

##### **Inadequate Controls over Financial Reporting.**

None reported





## **MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN**

### **Inadequate Controls over Preparation of Schedule of Expenditures and Federal Awards (Finding No. 2018-001)**

During preparation of SEFA schedule Grid Alternatives Inc. had difficulty receiving a confirmation from Chemehuevi Indian Tribe regarding sources of funding for the project in question, despite following all steps as set in our updated procedures. We knew that tribe had both federal and non-federal money allocated to the project: the project was to be funded through layering of USDA funds, and other non-federal sources.

The USDA funds were to cover a portion of the ground mount system, exact amounts or % was to be determined in the process of re-pricing the project. In the absence of a clear response, Grid Alternatives Inc. took a safer position that funding did come from federal sources and included it in SEFA schedule. Subsequently, after initial SEFA schedule was completed and provided to auditors, the agreement was re-priced and superseded the old agreement. At that time, we have learned that our invoices were not paid with federal funds. Accounting corrected the SEFA schedule and provided to auditors. Grid Alternatives Inc. is going to follow the same steps as established hoping that communication process will be more efficient. In addition, GRID Alternatives Inc. will request a schedule of proposed payments in the initial stages of the contract detailing the source of funds expended and the amounts of pass-through funding.