

GRID ALTERNATIVES

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2017

GRID ALTERNATIVES

CONSOLIDATED FINANCIAL STATEMENTS WITH ADDITIONAL INFORMATION DECEMBER 31, 2017 AND 2016

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INDEPENDENT AUDITORS' REPORT

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, 2017 and 2016; 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 of 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, 2017 and 2016, 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.

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OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2018, 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
August 29, 2018

GRID ALTERNATIVES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,368,953	\$ 2,399,222
Grants and contracts receivable	12,399,151	8,152,207
Certificates of deposit	15,947	15,947
Investments	1,348,666	1,068,979
Construction-in-process	5,371,018	2,489,125
Prepaid expenses	<u>2,870,467</u>	<u>1,698,317</u>
Total current assets	<u>26,374,202</u>	<u>15,823,797</u>
NON-CURRENT ASSETS		
Property and equipment, net of accumulated depreciation	676,584	786,310
Deposits	<u>251,042</u>	<u>95,804</u>
Total non-current assets	<u>927,626</u>	<u>882,114</u>
Total assets	<u>\$ 27,301,828</u>	<u>\$ 16,705,911</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and other accrued expenses	\$ 1,889,423	\$ 2,374,759
Deferred revenue	4,014,774	616,396
Accrued payroll liabilities	1,111,889	781,601
Line of credit	<u>1,000,000</u>	<u>1,000,000</u>
Total current liabilities	<u>8,016,086</u>	<u>4,772,756</u>
NON-CURRENT LIABILITIES		
Warranty liability	<u>615,269</u>	<u>-</u>
Total non-current liability	<u>615,269</u>	<u>-</u>
Total liabilities	<u>8,631,355</u>	<u>4,772,756</u>
NET ASSETS		
Unrestricted	8,577,071	6,683,977
Unrestricted - Board-designated reserve	1,500,000	1,500,000
Temporarily restricted	<u>8,593,402</u>	<u>3,749,178</u>
Total net assets	<u>18,670,473</u>	<u>11,933,155</u>
Total liabilities and net assets	<u>\$ 27,301,828</u>	<u>\$ 16,705,911</u>

See accompanying notes to consolidated financial statements.

GRID ALTERNATIVES

CONSOLIDATED STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2017

	<u>Unrestricted</u>	Temporarily <u>Restricted</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
Investment earnings	275,215	-	275,215
In-kind revenue	2,903,463	-	2,903,463
Rental income	27,180	-	27,180
Net assets released from restrictions	<u>19,912,767</u>	<u>(19,912,767)</u>	<u>-</u>
Total revenue and support	<u>53,696,351</u>	<u>4,844,223</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	1,893,095	4,844,223	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>\$ 10,077,072</u>	<u>\$ 8,593,401</u>	<u>\$ 18,670,473</u>

See accompanying notes to consolidated financial statements.

GRID ALTERNATIVES

CONSOLIDATED STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2016

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grants			
Government	\$ -	\$ 16,390,521	\$ 16,390,521
Foundation	1,117,236	3,339,622	4,456,858
Corporation	1,394,917	-	1,394,917
Donations - individual and events	440,088	-	440,088
Service contracts	16,796,730	-	16,796,730
Investment earnings	33,385	-	33,385
In-kind revenue	3,628,978	-	3,628,978
Net assets released from restrictions	<u>19,966,786</u>	<u>(19,966,786)</u>	<u>-</u>
Total revenue and support	<u>43,378,120</u>	<u>(236,643)</u>	<u>43,141,477</u>
EXPENSES			
Program services	32,347,023	-	32,347,023
General and administrative	4,487,012	-	4,487,012
Fundraising	<u>3,331,117</u>	<u>-</u>	<u>3,331,117</u>
Total expenses	<u>40,165,152</u>	<u>-</u>	<u>40,165,152</u>
CHANGE IN NET ASSETS	3,212,968	(236,643)	2,976,325
NET ASSETS			
Beginning of year	<u>4,971,009</u>	<u>3,985,821</u>	<u>8,956,830</u>
End of year	<u>\$ 8,183,977</u>	<u>\$ 3,749,178</u>	<u>\$ 11,933,155</u>

See accompanying notes to consolidated financial statements.

GRID ALTERNATIVES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2017

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

See accompanying notes to consolidated financial statements.

GRID ALTERNATIVES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2016

	General and Administrative <u>Expenses</u>	<u>Fundraising</u>	Program <u>Services</u>	<u>Total</u>
Salaries and wages	\$ 2,424,125	\$ 1,935,372	\$ 9,688,908	\$ 14,048,405
Payroll taxes and fringe benefits	673,443	436,960	2,826,304	3,936,707
Travel and conferences	262,098	168,580	1,275,660	1,706,338
Printing	26,447	54,823	75,602	156,872
Bank charges	91,964	-	1,619	93,583
Program material - supplies and permits	21,814	26,186	9,561,920	9,609,920
Program consultants	-	-	2,252,954	2,252,954
Insurance	16,602	17,048	106,123	139,773
Telecommunication	42,796	38,417	215,745	296,958
Staff development	12,107	15,321	115,805	143,233
Facilities	126,590	128,406	705,443	960,439
Professional fees	325,294	457,571	1,690,250	2,473,115
Postage	12,191	5,825	20,461	38,477
Office expenses	86,908	34,129	46,795	167,832
Depreciation	16,472	11,628	180,302	208,402
Miscellaneous taxes and fees	10,346	851	264,444	275,641
External grants/awards	-	-	27,525	27,525
Donations/awards	337,815	-	3,291,163	3,628,978
	<u>\$ 4,487,012</u>	<u>\$ 3,331,117</u>	<u>\$ 32,347,023</u>	<u>\$ 40,165,152</u>

See accompanying notes to consolidated financial statements.

GRID ALTERNATIVES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 6,737,318	\$ 2,976,325
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation	412,626	208,402
Net gain/loss on investments	258,063	(31,141)
Changes in assets and liabilities		
Deposits	(155,238)	(14,153)
Current grants and contracts receivable	(4,246,944)	(3,185,291)
Construction-in-process	(2,881,893)	(1,336,726)
Prepaid expenses	(1,172,150)	(585,786)
Accounts payable and accrued expenses	(485,336)	1,132,014
Accrued payroll liabilities	330,288	191,201
Deferred revenue	3,398,378	(243,174)
Warranty liability	615,269	-
Net cash provided by (used in) operating activities	<u>2,810,381</u>	<u>(888,329)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(302,900)	(385,792)
Sale of certificates of deposit	-	20,110
Net (purchase) sale of investments - reinvestments	<u>(537,750)</u>	<u>150,000</u>
Net cash (used in) investing activities	<u>(840,650)</u>	<u>(215,682)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,969,731	(1,104,011)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>2,399,222</u>	<u>3,503,233</u>
End of year	<u>\$ 4,368,953</u>	<u>\$ 2,399,222</u>
SUPPLEMENTAL INFORMATION		
Interest paid	<u>\$ 121,992</u>	<u>\$ 61,507</u>

No income taxes were paid in either year.

See accompanying notes to consolidated financial statements.

GRID ALTERNATIVES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

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 Section 23701d of the California Revenue and Taxation Code. GRID Alternatives is a nationally recognized non-profit organization headquartered in Oakland, California. It operates three regional branch offices under its entity, located in the Bay Area, Central Coast and Inland Empire regions of California. The Organization also conducts work in tribal communities in North and South Dakota, Arizona, Montana, New Mexico, Washington and operated an international branch office in Nicaragua during 2016 and 2017, and conducts work in Nepal and Mexico. Effective January 2016, Central Valley spun off as a separate affiliate. The Organization also conducts work in tribal communities in South Dakota, Arizona, Montana, New Mexico and operated an international branch office in Nicaragua during 2016 and 2017.

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.; and GRID Alternatives Central Valley, 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, 2017, 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, Grid Alternatives Tri-State. The Organization believes the revocation was made by the IRS in error and was assigned a tax payer advocate by the IRS. The Organization was in the process of working with the IRS to rectify the error and reinstate the tax-exempt status retroactively. As of the date of issuance of the financial statements, the IRS has concluded the Organization's tax-exempt status remains revoked for the above-mentioned affiliates. The Organization is currently in the process of applying retroactively for tax exempt status for the above-mentioned affiliates and amending the previously filed returns as necessary.

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.; and GRID Alternatives Central Valley, 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 three net asset categories according to the existence or absence of donor-imposed restrictions. Descriptions of the three net asset categories and types of transactions affecting each category follow:

Unrestricted net assets: These represent net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets: These represent net assets that are subject to donor-imposed time or use restrictions that have not been met. When a donor-imposed restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets: These represent net assets that are subject to donor-imposed restrictions to be maintained permanently by the Organization as donor-restricted endowments. Generally, the donors of

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

these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Revenue is reported as increases in unrestricted net assets unless uses of the related assets are limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor stipulation purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassification between the applicable classes of net assets.

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.

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.

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

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.

Revenue Recognition and Expenses - The Organization reports grants and contributions as restricted if they are received with donor stipulations that limit the use of the donated assets.

When a donor-imposed restriction expires (that is, when the time restriction ends or the purpose is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the consolidated statements of activities as net assets released from restrictions. When restrictions on contributions are satisfied in the same period as the receipt of the contribution, the Organization reports both the contribution revenue and the related expenses as unrestricted.

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, 2017 and 2016, 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. Accordingly, certain costs have been allocated among the programs and supporting services.

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

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

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.

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.

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.

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, 2017.

NOTE 3. 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, 2017, consists of grants, contracts and unconditional promises to give, which management believes are fully collectible. Four funders represent 63% of the total receivable (31%, 12%, 11% and 9%) at December 31, 2017. Two funders represent 63% of the total receivable (35% and 28%) at December 31, 2016. The solvency of the funders is not of concern to management at this time.

NOTE 4. 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.

During 2016 and 2017, the Organization maintained additional certificates of deposit, which are no longer considered cash and cash equivalents due to their liquidity and are presented as separate asset accounts on the consolidated statements of financial position.

NOTE 5. INVESTMENTS

The following summary presents the fair value for each of the Organization's investment categories as of December 31, 2017 and 2016:

	Years Ended	
	<u>December 31,</u>	
	<u>2017</u>	<u>2016</u>
Investments at fair value, as determined by quoted prices		
Equity securities	\$ 1,291,709	\$ 1,009,351
Investments at fair value, as otherwise determined		
Money market mutual funds	<u>56,957</u>	<u>59,628</u>
Total	<u>\$ 1,348,666</u>	<u>\$ 1,068,979</u>

NOTE 6. INVESTMENTS AT FAIR VALUE HIERARCHY

Assets measured at fair value on a recurring basis, based on their fair value hierarchy at December 31, 2017 and 2016, are as follows:

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

<u>Description</u>	December 31, <u>2016</u>	<u>Fair Value Measurements at Reporting Date Using:</u>	
		Quoted Prices in Active Markets for Identical Assets <u>(Level 1)</u>	Significant Other Observable Inputs <u>(Level 2)</u>
Equity securities			
Domestic equities	\$ 592,041	\$ 592,041	\$ -
International equities	<u>417,310</u>	<u>417,310</u>	<u>-</u>
Total equity securities	<u>1,009,351</u>	<u>1,009,351</u>	<u>-</u>
Money market mutual funds	<u>59,628</u>	<u>-</u>	<u>59,628</u>
Total	<u>\$ 1,068,979</u>	<u>\$ 1,009,351</u>	<u>\$ 59,628</u>

NOTE 7. PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Property and equipment	\$ 1,213,513	\$ 1,224,805
Less: Accumulated depreciation	<u>(536,929)</u>	<u>(438,495)</u>
Total	<u>\$ 676,584</u>	<u>\$ 786,310</u>

Depreciation expense for the years ended December 31, 2017 and 2016, totaled \$412,626 and \$208,402, respectively.

NOTE 8. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are as follows:

	<u>December 31,</u>	
	<u>2017</u>	<u>2016</u>
The Schmidt Family Foundation	\$ -	\$ 105,000
Sills Family Foundation	15,000	-
The JPB Foundation	5,666,667	988,404
SunRun National Partnership	100,000	-
Southern California Edison - Greater Los Angeles	40,000	-
Southern California Edison - Riverside	35,000	-
All Points North Foundation	20,000	-
All Points North Rosebud Sioux	20,000	-
Energy Foundation	-	43,750
Wells Fargo Foundation	1,640,000	2,250,000
Walton Family Foundation	7,500	-
The Community Foundation	-	1,876
The Community Foundation of Monterey	1,000	-
Massachusetts Institute of Technology	8,000	-
IGS GRID Partnership Grant	200,000	-
US Bank Community Development	10,000	-
US Bank National Association	32,000	-
US Bank Violet World Foundation	15,000	-
United Way of San Luis Obispo	2,500	-
JP Chase Morgan	25,000	-
Rabobank	2,500	-
Bank of America	250,000	-
Clif Bar Family Foundation	-	5,000
San Manuel Band of Mission Indians	50,000	-
Silicon Valley Community Foundation	87,700	40,000
The Grove Foundation	-	25,000
The San Francisco Foundation	145,000	150,000
Flex Foundation	-	11,250
Oak Hill Fund	-	37,500
SDG&E	20,900	-
PG&E	-	10,000
Rexel Foundation	23,100	15,534
MUFG Union Bank	1,250	-
CBS Corporation / EcoMedia	47,785	-
The EACH Foundation	2,500	-
America Honda Foundation	-	15,864
New Belgium Brewery	100,000	-
Mitsubishi Electric America Foundation	25,000	-
Golden State Environmental Justice	-	50,000
Total	<u>\$ 8,593,402</u>	<u>\$ 3,749,178</u>

NOTE 9. BOARD-DESIGNATED FUNDS

Board-designated funds represent unrestricted net assets that are subject to conditions placed by the governing board such as for future programs, investments, contingencies, purchases, construction of fixed assets, or other uses. These funds are considered unrestricted because the condition is not specified by a donor. The following represents Board-designated funds by net asset type, as of December 31, 2017 and 2016:

<u>December 31, 2017</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board-designated funds	<u>\$ 1,500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,500,000</u>

<u>December 31, 2016</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board-designated funds	<u>\$ 1,500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,500,000</u>

NOTE 10. LINE OF CREDIT

During 2016, the Organization replaced its existing line of credit facility from one financial institution to another. The Organization's established maximum and available line of credit balance is \$6,000,000 as of December 31, 2017 and 2016. The line of credit bears interest at the U.S. Prime Index Rate plus 1.25%. The interest rate at December 31, 2017 and 2016, was 4.25% and 4.75%, respectively. The Organization had an outstanding principal balance of \$1,000,000 as of December 31, 2017 and 2016. The line of credit is secured by assets of the Organization. The Organization was in compliance with all debt covenants as of December 31, 2017 and 2016. The line of credit is scheduled to mature in January 2019.

NOTE 11. OBLIGATIONS UNDER OPERATING LEASES

The Organization leases various office spaces. Rental expense for the years ending December 31, 2017 and 2016, totaled \$984,882 and \$766,048, respectively. The following schedule reflects future minimum commitments associated with the leases.

<u>Years Ended December 31,</u>	<u>Amount</u>
2018	\$ 841,826
2019	729,367
2020	577,166
2021	327,384
2022	<u>49,964</u>
Total	<u>\$ 2,525,707</u>

NOTE 12. 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 as in-kind expenditures in off-set value in the year in which they occur. For the years ended December 31, 2017 and 2016, the in-kind revenue and in-kind expenditures are as follows:

	<u>Years Ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Construction materials	\$ 2,492,549	\$ 3,179,963
Legal services	297,371	337,815
Volunteer services	20,700	111,200
Other	<u>92,843</u>	<u>-</u>
Total	<u>\$ 2,903,463</u>	<u>\$ 3,628,978</u>

NOTE 13. 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 14. 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 has contributed \$59,907 and \$45,805 during the years ended December 31, 2017 and 2016, respectively.

NOTE 15. 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 \$80,857 and \$85,889 from law firms that employ members of the Board of Directors for the years ended December 31, 2017 and 2016, respectively.

NOTE 16. 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 17. SUBSEQUENT EVENTS

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



INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

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, 2017 and 2016, and have issued our reports thereon dated August 29, 2018, and July 31, 2017, 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 40, 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 41 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
August 29, 2018

GRID ALTERNATIVES

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION DECEMBER 31, 2017

	GRID <u>Alternatives</u>	GRID <u>Affiliates</u>	<u>Total</u>	Eliminating <u>Entries</u>	Consolidated <u>Totals</u>
ASSETS					
CURRENT ASSETS					
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	<u>1,308,266</u>	<u>1,562,201</u>	<u>2,870,467</u>	-	<u>2,870,467</u>
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>
NON-CURRENT ASSETS					
Property and equipment, net of accumulated depreciation	173,843	502,741	676,584	-	676,584
Deposits	<u>55,198</u>	<u>195,844</u>	<u>251,042</u>	-	<u>251,042</u>
Total non-current assets	<u>229,041</u>	<u>698,585</u>	<u>927,626</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>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable and other accrued expenses	\$ 729,150	\$ 1,507,008	\$ 2,236,158	\$ (346,735)	\$ 1,889,423
Deferred revenue	3,961,368	53,406	4,014,774	-	4,014,774
Accrued payroll liabilities	391,015	720,874	1,111,889	-	1,111,889
Intercompany payable	7,934,258	9,444,625	17,378,883	(17,378,883)	-
Line of credit	<u>1,000,000</u>	-	<u>1,000,000</u>	-	<u>1,000,000</u>
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>
NON-CURRENT LIABILITIES					
Warranty liability	<u>298,895</u>	<u>316,374</u>	<u>615,269</u>	-	<u>615,269</u>
Total liabilities	<u>14,314,686</u>	<u>12,042,287</u>	<u>26,356,973</u>	<u>(17,725,618)</u>	<u>8,631,355</u>
NET ASSETS					
Unrestricted	3,512,104	5,064,967	8,577,071	-	8,577,071
Unrestricted - Board-designated reserve	1,500,000	-	1,500,000	-	1,500,000
Temporarily restricted	<u>8,389,717</u>	<u>203,685</u>	<u>8,593,402</u>	-	<u>8,593,402</u>
Total net assets	<u>13,401,821</u>	<u>5,268,652</u>	<u>18,670,473</u>	-	<u>18,670,473</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 FINANCIAL POSITION DECEMBER 31, 2016

	<u>GRID Alternatives</u>	<u>GRID Affiliates</u>	<u>Total</u>	<u>Eliminating Entries</u>	<u>Consolidated Totals</u>
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 1,637,485	\$ 761,737	\$ 2,399,222	\$ -	\$ 2,399,222
Grants and contracts receivable	4,386,107	3,766,100	8,152,207	-	8,152,207
Intercompany receivable	14,183,368	11,079,510	25,262,878	(25,262,878)	-
Certificates of deposit	15,947	-	15,947	-	15,947
Investments	1,068,979	-	1,068,979	-	1,068,979
Construction-in-process	1,089,224	1,399,901	2,489,125	-	2,489,125
Prepaid expenses	<u>1,056,554</u>	<u>641,763</u>	<u>1,698,317</u>	-	<u>1,698,317</u>
Total current assets	<u>23,437,664</u>	<u>17,649,011</u>	<u>41,086,675</u>	<u>(25,262,878)</u>	<u>15,823,797</u>
NON-CURRENT ASSETS					
Property and equipment, net of accumulated depreciation	245,872	540,438	786,310	-	786,310
Deposits	<u>33,510</u>	<u>62,294</u>	<u>95,804</u>	-	<u>95,804</u>
Total non-current assets	<u>279,382</u>	<u>602,732</u>	<u>882,114</u>	-	<u>882,114</u>
Total assets	<u>\$ 23,717,046</u>	<u>\$ 18,251,743</u>	<u>\$ 41,968,789</u>	<u>\$ (25,262,878)</u>	<u>\$ 16,705,911</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable and other accrued expenses	\$ 949,572	\$ 1,425,187	\$ 2,374,759	\$ -	\$ 2,374,759
Deferred revenue	616,396	-	616,396	-	616,396
Accrued payroll liabilities	343,395	438,206	781,601	-	781,601
Intercompany payable	10,901,500	14,361,378	25,262,878	(25,262,878)	-
Line of credit	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>	-	<u>1,000,000</u>
Total current liabilities	<u>13,810,863</u>	<u>16,224,771</u>	<u>30,035,634</u>	<u>(25,262,878)</u>	<u>4,772,756</u>
NET ASSETS					
Unrestricted	4,762,005	1,921,972	6,683,977	-	6,683,977
Unrestricted - Board-designated reserve	1,500,000	-	1,500,000	-	1,500,000
Temporarily restricted	<u>3,644,178</u>	<u>105,000</u>	<u>3,749,178</u>	-	<u>3,749,178</u>
Total net assets	<u>9,906,183</u>	<u>2,026,972</u>	<u>11,933,155</u>	-	<u>11,933,155</u>
Total liabilities and net assets	<u>\$ 23,717,046</u>	<u>\$ 18,251,743</u>	<u>\$ 41,968,789</u>	<u>\$ (25,262,878)</u>	<u>\$ 16,705,911</u>

GRID ALTERNATIVES

CONSOLIDATING SCHEDULE OF ACTIVITIES YEAR ENDED DECEMBER 31, 2017

	GRID Alternatives		GRID Affiliates		Total	Eliminating Entries	Consolidated Total
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted			
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
Dividend income/Interest Income	275,195	-	20	-	275,215	-	275,215
In-kind revenue	1,955,292	-	948,171	-	2,903,463	-	2,903,463
Rent Income	27,180	-	-	-	27,180	-	27,180
Net assets released from restrictions	<u>9,518,989</u>	<u>(9,518,989)</u>	<u>10,393,777</u>	<u>(10,393,777)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>25,942,513</u>	<u>4,745,540</u>	<u>36,429,486</u>	<u>98,684</u>	<u>67,216,223</u>	<u>(8,675,649)</u>	<u>58,540,574</u>
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	<u>2,026,849</u>	<u>-</u>	<u>1,431,753</u>	<u>-</u>	<u>3,458,602</u>	<u>(434,947)</u>	<u>3,023,655</u>
Total expenses	<u>27,192,415</u>	<u>-</u>	<u>33,286,490</u>	<u>-</u>	<u>60,478,905</u>	<u>(8,675,649)</u>	<u>51,803,256</u>
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	<u>6,262,005</u>	<u>3,644,178</u>	<u>1,921,972</u>	<u>105,000</u>	<u>11,933,155</u>	<u>-</u>	<u>11,933,155</u>
End of year	<u>\$ 5,012,103</u>	<u>\$ 8,389,718</u>	<u>\$ 5,064,968</u>	<u>\$ 203,684</u>	<u>\$ 18,670,473</u>	<u>\$ -</u>	<u>\$ 18,670,473</u>

GRID ALTERNATIVES

CONSOLIDATING SCHEDULE OF ACTIVITIES YEAR ENDED DECEMBER 31, 2016

	GRID Alternatives		GRID Affiliates		Total	Eliminating Entries	Consolidated Total
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted			
REVENUE AND SUPPORT							
Grants							
Government	\$ -	\$ 5,071,812	\$ -	\$ 11,318,709	\$ 16,390,521	\$ -	\$ 16,390,521
Foundation	1,008,518	3,144,622	108,718	195,000	4,456,858	-	4,456,858
Corporation	992,316	-	402,601	-	1,394,917	-	1,394,917
Donations - individual and events	304,336	-	135,752	-	440,088	-	440,088
Service contracts	5,222,026	-	14,625,813	-	19,847,839	(3,051,109)	16,796,730
Dividend income	217,414	-	18	-	217,432	(184,047)	33,385
In-kind revenue	1,403,942	-	2,225,036	-	3,628,978	-	3,628,978
Net assets released from restrictions	8,470,577	(8,470,577)	11,496,209	(11,496,209)	-	-	-
Total revenue and support	<u>17,619,129</u>	<u>(254,143)</u>	<u>28,994,147</u>	<u>17,500</u>	<u>46,376,633</u>	<u>(3,235,156)</u>	<u>43,141,477</u>
EXPENSES							
Program services	14,035,233	-	21,323,632	-	35,358,865	(3,011,842)	32,347,023
General and administrative	2,374,702	-	2,221,249	-	4,595,951	(108,939)	4,487,012
Fundraising	2,166,363	-	1,279,129	-	3,445,492	(114,375)	3,331,117
Total expenses	<u>18,576,298</u>	<u>-</u>	<u>24,824,010</u>	<u>-</u>	<u>43,400,308</u>	<u>(3,235,156)</u>	<u>40,165,152</u>
CHANGE IN NET ASSETS	(957,169)	(254,143)	4,170,137	17,500	2,976,325	-	2,976,325
NET ASSETS							
Beginning of year	<u>7,219,174</u>	<u>3,898,321</u>	<u>(2,248,165)</u>	<u>87,500</u>	<u>8,956,830</u>	<u>-</u>	<u>8,956,830</u>
End of year	<u>\$ 6,262,005</u>	<u>\$ 3,644,178</u>	<u>\$ 1,921,972</u>	<u>\$ 105,000</u>	<u>\$ 11,933,155</u>	<u>\$ -</u>	<u>\$ 11,933,155</u>

GRID ALTERNATIVES

SCHEDULES OF FINANCIAL POSITION - GRID ALTERNATIVES GREATER LOS ANGELES, INC. DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 308,308	\$ 28,457
Grants and contracts receivable	390,701	604,424
Intercompany loan and receivable	521,277	1,910,283
Construction-in-process	515,741	456,390
Prepaid expenses	<u>277,695</u>	<u>136,099</u>
Total current assets	<u>2,013,722</u>	<u>3,135,653</u>
NON-CURRENT ASSETS		
Property and equipment, net of accumulated depreciation	74,075	107,864
Deposits	<u>17,366</u>	<u>17,366</u>
Total non-current assets	<u>91,441</u>	<u>125,230</u>
Total assets	<u>\$ 2,105,163</u>	<u>\$ 3,260,883</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and other accrued expenses	\$ 131,616	\$ 485,627
Accrued payroll liabilities	126,822	78,421
Deferred revenue	17,347	-
Intercompany loan and payable	<u>12,009</u>	<u>765,995</u>
Total current liabilities	<u>287,794</u>	<u>1,330,043</u>
LONG-TERM LIABILITIES		
Warranty liability	<u>51,881</u>	<u>-</u>
Total long-term liabilities	<u>51,881</u>	<u>-</u>
NET ASSETS		
Unrestricted	1,637,703	1,825,840
Temporarily restricted	<u>127,785</u>	<u>105,000</u>
Total net assets	<u>1,765,488</u>	<u>1,930,840</u>
Total liabilities and net assets	<u>\$ 2,105,163</u>	<u>\$ 3,260,883</u>

GRID ALTERNATIVES

SCHEDULES OF ACTIVITIES - GRID ALTERNATIVES GREATER LOS ANGELES, INC. YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017			2016		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT						
Grants						
Government	\$ -	\$ 2,564,350	\$ 2,564,350	\$ -	\$ 3,252,656	\$ 3,252,656
Foundation		67,500	67,500	1,000	90,000	91,000
Corporation	66,485	240,000	306,485	69,000	-	69,000
Donations - individual and events	31,996	-	31,996	18,763	-	18,763
Service contracts	2,230,195	-	2,230,195	1,502,801	-	1,502,801
In-kind revenue	142,149	-	142,149	547,066	-	547,066
Net assets released from restrictions	<u>2,849,066</u>	<u>(2,849,066)</u>	<u>-</u>	<u>3,305,155</u>	<u>(3,305,155)</u>	<u>-</u>
Total revenue and support	<u>5,319,891</u>	<u>22,784</u>	<u>5,342,675</u>	<u>5,443,785</u>	<u>37,501</u>	<u>5,481,286</u>
EXPENSES						
Program services	4,867,762	-	4,867,762	4,576,153	-	4,576,153
General and administrative	478,745	-	478,745	307,646	-	307,646
Fundraising	<u>161,520</u>	<u>-</u>	<u>161,520</u>	<u>40,111</u>	<u>-</u>	<u>40,111</u>
Total expenses	<u>5,508,027</u>	<u>-</u>	<u>5,508,027</u>	<u>4,923,910</u>	<u>-</u>	<u>4,923,910</u>
CHANGE IN NET ASSETS	(188,136)	22,784	(165,352)	519,875	37,501	557,376
NET ASSETS						
Beginning of year	<u>1,825,839</u>	<u>105,001</u>	<u>1,930,840</u>	<u>1,305,964</u>	<u>67,500</u>	<u>1,373,464</u>
End 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>

GRID ALTERNATIVES

SCHEDULES OF FINANCIAL POSITION - GRID ALTERNATIVES COLORADO, INC. DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 405,225	\$ 340,758
Grants and contracts receivable	305,015	839,998
Intercompany loan and receivable	4,622	251,708
Construction-in-process	639,106	56,310
Prepaid expenses	<u>44,280</u>	<u>19,341</u>
Total current assets	<u>1,398,248</u>	<u>1,508,115</u>
NON-CURRENT ASSETS		
Property and equipment, net of accumulated depreciation	52,464	65,108
Deposits	<u>152,053</u>	<u>5,053</u>
Total non-current assets	<u>204,517</u>	<u>70,161</u>
Total assets	<u>\$ 1,602,765</u>	<u>\$ 1,578,276</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and other accrued expenses	\$ 420,693	\$ 259,099
Accrued payroll liabilities	99,703	69,324
Intercompany loan and payable	<u>3,214,813</u>	<u>3,294,789</u>
Total current liabilities	<u>3,735,209</u>	<u>3,623,212</u>
LONG-TERM LIABILITIES		
Warranty liability	<u>70,246</u>	<u>-</u>
Total long-term liabilities	<u>70,246</u>	<u>-</u>
NET ASSETS		
Unrestricted	<u>(2,202,690)</u>	<u>(2,044,936)</u>
Total net assets	<u>(2,202,690)</u>	<u>(2,044,936)</u>
Total liabilities and net assets	<u>\$ 1,602,765</u>	<u>\$ 1,578,276</u>

GRID ALTERNATIVES

SCHEDULES OF ACTIVITIES - GRID ALTERNATIVES COLORADO, INC. YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT						
Grants						
Government	\$ -	\$ (32,469)	\$ (32,469)	\$ -	\$ 173,497	\$ 173,497
Foundation	32,500	197,900	230,400	6,500	90,000	96,500
Corporation	115,040	18,200	133,240	92,451	-	92,451
Donations - individual and events	37,227	-	37,227	31,422	-	31,422
Service contracts	5,261,538	-	5,261,538	2,479,032	-	2,479,032
In-kind revenue	5,883	-	5,883	203,540	-	203,540
Net assets released from restrictions	<u>183,631</u>	<u>(183,631)</u>	<u>-</u>	<u>283,497</u>	<u>(283,497)</u>	<u>-</u>
Total revenue and support	<u>5,635,819</u>	<u>-</u>	<u>5,635,819</u>	<u>3,096,442</u>	<u>(20,000)</u>	<u>3,076,442</u>
EXPENSES						
Program services	5,136,779	-	5,136,779	2,819,715	-	2,819,715
General and administrative	359,930	-	359,930	402,422	-	402,422
Fundraising	<u>296,864</u>	<u>-</u>	<u>296,864</u>	<u>329,851</u>	<u>-</u>	<u>329,851</u>
Total expenses	<u>5,793,573</u>	<u>-</u>	<u>5,793,573</u>	<u>3,551,988</u>	<u>-</u>	<u>3,551,988</u>
CHANGE IN NET ASSETS	(157,754)	-	(157,754)	(455,546)	(20,000)	(475,546)
NET ASSETS						
Beginning of year	<u>(2,044,936)</u>	<u>-</u>	<u>(2,044,936)</u>	<u>(1,589,390)</u>	<u>20,000</u>	<u>(1,569,390)</u>
End of year	<u>\$ (2,202,690)</u>	<u>\$ -</u>	<u>\$ (2,202,690)</u>	<u>\$ (2,044,936)</u>	<u>\$ -</u>	<u>\$ (2,044,936)</u>

GRID ALTERNATIVES

SCHEDULES OF FINANCIAL POSITION - GRID ALTERNATIVES TRI-STATE, INC. DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ -	\$ 49,861
Grants and contracts receivable	-	136,422
Intercompany loan and receivable	-	341,596
Construction-in-process	-	104,225
Prepaid expenses	-	36,034
Total current assets	<u>-</u>	<u>668,138</u>
NON-CURRENT ASSETS		
Property and equipment, net of accumulated depreciation	-	44,937
Deposits	-	11,000
Total non-current assets	<u>-</u>	<u>55,937</u>
Total assets	<u>\$ -</u>	<u>\$ 724,075</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and other accrued expenses	\$ -	\$ 24,054
Accrued payroll liabilities	-	29,331
Intercompany loan and payable	-	3,093,023
Total current liabilities	<u>-</u>	<u>3,146,408</u>
NET ASSETS		
Unrestricted	-	(2,422,333)
Total net assets	<u>-</u>	<u>(2,422,333)</u>
Total liabilities and net assets	<u>\$ -</u>	<u>\$ 724,075</u>

GRID ALTERNATIVES

SCHEDULES OF ACTIVITIES - GRID ALTERNATIVES TRI-STATE, INC. YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017			2016		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT						
Grants						
Government	\$ -	\$ 46,405	\$ 46,405	\$ -	\$ 2,659	\$ 2,659
Foundation		-	-		-	-
Corporation	10,547	-	10,547	19,500	-	19,500
Donations - individual and events	8,965	-	8,965	9,882	-	9,882
Service contracts	3,867,939	-	3,867,939	646,646	-	646,646
In-kind revenue	97,930	-	97,930	78,293	-	78,293
Net assets released from restrictions	46,405	(46,405)	-	2,659	(2,659)	-
Total revenue and support	<u>4,031,786</u>	<u>-</u>	<u>4,031,786</u>	<u>756,980</u>	<u>-</u>	<u>756,980</u>
EXPENSES						
Program services	1,233,739	-	1,233,739	1,290,654	-	1,290,654
General and administrative	277,337	-	277,337	331,816	-	331,816
Fundraising	98,377	-	98,377	15,306	-	15,306
Total expenses	<u>1,609,453</u>	<u>-</u>	<u>1,609,453</u>	<u>1,637,776</u>	<u>-</u>	<u>1,637,776</u>
CHANGE IN NET ASSETS	2,422,333	-	2,422,333	(880,796)	-	(880,796)
NET ASSETS						
Beginning of year	<u>(2,422,333)</u>	<u>-</u>	<u>(2,422,333)</u>	<u>(1,541,537)</u>	<u>-</u>	<u>(1,541,537)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,422,333)</u>	<u>\$ -</u>	<u>\$ (2,422,333)</u>

GRID ALTERNATIVES

SCHEDULES OF FINANCIAL POSITION - GRID ALTERNATIVES SAN DIEGO, INC. DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 240,299	\$ 22,206
Grants and contracts receivable	387,197	303,152
Intercompany loan and receivable	4,918	840,063
Construction-in-process	179,993	113,628
Prepaid expenses	<u>175,836</u>	<u>72,176</u>
Total current assets	<u>988,243</u>	<u>1,351,225</u>
NON-CURRENT ASSETS		
Property and equipment, net of accumulated depreciation	18,489	24,488
Deposits	<u>8,250</u>	<u>8,250</u>
Total non-current assets	<u>26,739</u>	<u>32,738</u>
Total assets	<u>\$ 1,014,982</u>	<u>\$ 1,383,963</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and other accrued expenses	\$ 101,342	\$ 61,353
Accrued payroll liabilities	85,185	49,275
Deferred revenue	6,143	-
Intercompany loan and payable	<u>568,330</u>	<u>887,312</u>
Total current liabilities	<u>761,000</u>	<u>997,940</u>
LONG-TERM LIABILITIES		
Warranty liability	<u>35,293</u>	<u>-</u>
Total long-term liabilities	<u>35,293</u>	<u>-</u>
NET ASSETS		
Unrestricted	197,789	386,023
Temporarily restricted	<u>20,900</u>	<u>-</u>
Total net assets	<u>218,689</u>	<u>386,023</u>
Total liabilities and net assets	<u>\$ 1,014,982</u>	<u>\$ 1,383,963</u>

GRID ALTERNATIVES

SCHEDULES OF ACTIVITIES - GRID ALTERNATIVES SAN DIEGO, INC. YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017			2016		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT						
Grants						
Government	\$ -	\$ 924,599	\$ 924,599	\$ -	\$ 870,395	\$ 870,395
Foundation	51,999	49,955	101,954	51,218	-	51,218
Corporation	42,314	20,900	63,214	54,500	-	54,500
Donations - individual and events	15,347	-	15,347	16,722	-	16,722
Service contracts	1,544,313	-	1,544,313	1,639,963	-	1,639,963
In-kind revenue	93,134	-	93,134	227,781	-	227,781
Net assets released from restrictions	<u>974,554</u>	<u>(974,554)</u>	<u>-</u>	<u>870,395</u>	<u>(870,395)</u>	<u>-</u>
Total revenue and support	<u>2,721,661</u>	<u>20,900</u>	<u>2,742,561</u>	<u>2,860,579</u>	<u>-</u>	<u>2,860,579</u>
EXPENSES						
Program services	2,514,421	-	2,514,421	2,258,967	-	2,258,967
General and administrative	224,484	-	224,484	200,723	-	200,723
Fundraising	<u>170,990</u>	<u>-</u>	<u>170,990</u>	<u>292,829</u>	<u>-</u>	<u>292,829</u>
Total expenses	<u>2,909,895</u>	<u>-</u>	<u>2,909,895</u>	<u>2,752,519</u>	<u>-</u>	<u>2,752,519</u>
CHANGE IN NET ASSETS	(188,234)	20,900	(167,334)	108,060	-	108,060
NET ASSETS						
Beginning of year	<u>386,023</u>	<u>-</u>	<u>386,023</u>	<u>277,963</u>	<u>-</u>	<u>277,963</u>
End of year	<u>\$ 197,789</u>	<u>\$ 20,900</u>	<u>\$ 218,689</u>	<u>\$ 386,023</u>	<u>\$ -</u>	<u>\$ 386,023</u>

GRID ALTERNATIVES

SCHEDULES OF FINANCIAL POSITION - GRID ALTERNATIVES NORTH VALLEY, INC. DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 205,990	\$ 52,473
Grants and contracts receivable	1,242,187	747,584
Intercompany loan and receivable	149,274	1,285,495
Construction-in-process	287,464	94,073
Prepaid expenses	478,938	116,613
Total current assets	<u>2,363,853</u>	<u>2,296,238</u>
NON-CURRENT ASSETS		
Property and equipment, net of accumulated depreciation	96,573	92,558
Deposits	6,865	6,865
Total non-current assets	<u>103,438</u>	<u>99,423</u>
Total assets	<u>\$ 2,467,291</u>	<u>\$ 2,395,661</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and other accrued expenses	\$ 207,347	\$ 142,898
Accrued payroll liabilities	181,778	79,872
Deferred revenue	29,916	-
Intercompany loan and payable	1,804,197	2,016,411
Total current liabilities	<u>2,223,238</u>	<u>2,239,181</u>
LONG-TERM LIABILITIES		
Warranty liability	51,791	-
Total long-term liabilities	<u>51,791</u>	<u>-</u>
NET ASSETS		
Unrestricted	137,262	156,480
Temporarily restricted	55,000	-
Total net assets	<u>192,262</u>	<u>156,480</u>
Total liabilities and net assets	<u>\$ 2,467,291</u>	<u>\$ 2,395,661</u>

GRID ALTERNATIVES

SCHEDULES OF ACTIVITIES - GRID ALTERNATIVES NORTH VALLEY, INC. YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017			2016		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT						
Grants						
Government	\$ -	\$ 2,643,876	\$ 2,643,876	\$ -	\$ 2,955,469	\$ 2,955,469
Foundation	-	91,542	91,542	50,000	15,000	65,000
Corporation	47,497	53,500	100,997	88,073	-	88,073
Donations - individual and events	11,676	-	11,676	24,001	-	24,001
Service contracts	3,226,802	-	3,226,802	1,102,839	-	1,102,839
In-kind revenue	215,496	-	215,496	458,247	-	458,247
Net assets released from restrictions	<u>2,733,918</u>	<u>(2,733,918)</u>	<u>-</u>	<u>2,970,469</u>	<u>(2,970,469)</u>	<u>-</u>
Total revenue and support	<u>6,235,389</u>	<u>55,000</u>	<u>6,290,389</u>	<u>4,693,629</u>	<u>-</u>	<u>4,693,629</u>
EXPENSES						
Program services	5,251,413	-	5,251,413	3,704,875	-	3,704,875
General and administrative	562,087	-	562,087	400,989	-	400,989
Fundraising	<u>441,107</u>	<u>-</u>	<u>441,107</u>	<u>434,869</u>	<u>-</u>	<u>434,869</u>
Total expenses	<u>6,254,607</u>	<u>-</u>	<u>6,254,607</u>	<u>4,540,733</u>	<u>-</u>	<u>4,540,733</u>
CHANGE IN NET ASSETS	(19,218)	55,000	35,782	152,896	-	152,896
NET ASSETS						
Beginning of year	<u>156,480</u>	<u>-</u>	<u>156,480</u>	<u>3,584</u>	<u>-</u>	<u>3,584</u>
End of year	<u>\$ 137,262</u>	<u>\$ 55,000</u>	<u>\$ 192,262</u>	<u>\$ 156,480</u>	<u>\$ -</u>	<u>\$ 156,480</u>

GRID ALTERNATIVES

SCHEDULES OF FINANCIAL POSITION - GRID ALTERNATIVES MID-ATLANTIC, INC. DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 208,285	\$ 199,454
Grants and contracts receivable	1,178,659	70,453
Intercompany loan and receivable	48,212	108,018
Construction-in-process	99,732	137,522
Prepaid expenses	<u>13,434</u>	<u>47,712</u>
Total current assets	<u>1,548,322</u>	<u>563,159</u>
NON-CURRENT ASSETS		
Property and equipment, net of accumulated depreciation	45,349	75,804
Deposits	<u>-</u>	<u>-</u>
Total non-current assets	<u>45,349</u>	<u>75,804</u>
Total assets	<u>\$ 1,593,671</u>	<u>\$ 638,963</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and other accrued expenses	\$ 149,778	\$ 85,235
Accrued payroll liabilities	94,870	47,752
Intercompany loan and payable	<u>3,806,229</u>	<u>2,327,358</u>
Total current liabilities	<u>4,050,877</u>	<u>2,460,345</u>
LONG-TERM LIABILITIES		
Warranty liability	<u>7,918</u>	<u>-</u>
Total long-term liabilities	<u>7,918</u>	<u>-</u>
NET ASSETS		
Unrestricted	<u>(2,465,124)</u>	<u>(1,821,382)</u>
Total net assets	<u>(2,465,124)</u>	<u>(1,821,382)</u>
Total liabilities and net assets	<u>\$ 1,593,671</u>	<u>\$ 638,963</u>

GRID ALTERNATIVES

SCHEDULES OF ACTIVITIES - GRID ALTERNATIVES MID-ATLANTIC, INC. YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017			2016		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT						
Grants						
Government	\$ -	\$ 424,273	\$ 424,273	\$ -	\$ 51,129	\$ 51,129
Foundation	15,000	15,000	30,000	-	-	-
Corporation	79,155	10,385	89,540	40,927	-	40,927
Donations - individual and events	35,105	-	35,105	33,650	-	33,650
Service contracts	2,275,768	-	2,275,768	1,066,132	-	1,066,132
In-kind revenue	100,159	-	100,159	158,333	-	158,333
Net assets released from restrictions	<u>449,658</u>	<u>(449,658)</u>	<u>-</u>	<u>51,129</u>	<u>(51,129)</u>	<u>-</u>
Total revenue and support	<u>2,954,845</u>	<u>-</u>	<u>2,954,845</u>	<u>1,350,171</u>	<u>-</u>	<u>1,350,171</u>
EXPENSES						
Program services	2,804,586	-	2,804,586	2,041,349	-	2,041,349
General and administrative	676,243	-	676,243	396,238	-	396,238
Fundraising	<u>117,758</u>	<u>-</u>	<u>117,758</u>	<u>29,217</u>	<u>-</u>	<u>29,217</u>
Total expenses	<u>3,598,587</u>	<u>-</u>	<u>3,598,587</u>	<u>2,466,804</u>	<u>-</u>	<u>2,466,804</u>
CHANGE IN NET ASSETS	(643,742)	-	(643,742)	(1,116,633)	-	(1,116,633)
NET ASSETS						
Beginning of year	<u>(1,821,382)</u>	<u>-</u>	<u>(1,821,382)</u>	<u>(704,749)</u>	<u>-</u>	<u>(704,749)</u>
End 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>

GRID ALTERNATIVES

SCHEDULES OF FINANCIAL POSITION - GRID ALTERNATIVES CENTRAL VALLEY, INC. DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 94,616	\$ 68,528
Grants and contracts receivable	1,593,747	1,064,067
Intercompany loan and receivable	5,386,395	6,342,347
Construction-in-process	653,190	437,753
Prepaid expenses	<u>572,018</u>	<u>213,788</u>
Total current assets	<u>8,299,966</u>	<u>8,126,483</u>
NON-CURRENT ASSETS		
Property and equipment, net of accumulated depreciation	215,791	129,679
Deposits	<u>11,310</u>	<u>13,760</u>
Total non-current assets	<u>227,101</u>	<u>143,439</u>
Total assets	<u>\$ 8,527,067</u>	<u>\$ 8,269,922</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and other accrued expenses	\$ 496,232	\$ 366,921
Accrued payroll liabilities	132,516	84,231
Intercompany loan and payable	<u>39,047</u>	<u>1,976,490</u>
Total current liabilities	<u>667,795</u>	<u>2,427,642</u>
LONG-TERM LIABILITIES		
Warranty liability	<u>99,245</u>	<u>-</u>
Total long-term liabilities	<u>99,245</u>	<u>-</u>
NET ASSETS		
Unrestricted	<u>7,760,027</u>	<u>5,842,280</u>
Total net assets	<u>7,760,027</u>	<u>5,842,280</u>
Total liabilities and net assets	<u>\$ 8,527,067</u>	<u>\$ 8,269,922</u>

GRID ALTERNATIVES

SCHEDULES OF ACTIVITIES - GRID ALTERNATIVES CENTRAL VALLEY, INC. YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017			2016		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT						
Grants						
Government	\$ -	\$ 3,138,045	\$ 3,138,045	\$ -	\$ 4,012,904	\$ 4,012,904
Foundation	-	2,500	2,500	-	-	-
Corporation	14,811	16,000	30,811	38,150	-	38,150
Donations - individual and events	3,187	-	3,187	1,312	-	1,312
Service contracts	6,062,112	-	6,062,112	6,188,400	-	6,188,400
In-kind revenue	293,420	-	293,420	551,776	-	551,776
Interest income	20	-	20	18	-	18
Net assets released from restrictions	<u>3,156,545</u>	<u>(3,156,545)</u>	<u>-</u>	<u>4,012,904</u>	<u>(4,012,904)</u>	<u>-</u>
Total revenue and support	<u>9,530,095</u>	<u>-</u>	<u>9,530,095</u>	<u>10,792,560</u>	<u>-</u>	<u>10,792,560</u>
EXPENSES						
Program services	7,225,315	-	7,225,315	4,631,919	-	4,631,919
General and administrative	241,896	-	241,896	181,415	-	181,415
Fundraising	<u>145,137</u>	<u>-</u>	<u>145,137</u>	<u>136,946</u>	<u>-</u>	<u>136,946</u>
Total expenses	<u>7,612,348</u>	<u>-</u>	<u>7,612,348</u>	<u>4,950,280</u>	<u>-</u>	<u>4,950,280</u>
CHANGE IN NET ASSETS	1,917,747	-	1,917,747	5,842,280	-	5,842,280
NET ASSETS						
Beginning of year	<u>5,842,280</u>	<u>-</u>	<u>5,842,280</u>	<u>-</u>	<u>-</u>	<u>-</u>
End 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>

GRID ALTERNATIVES

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

BUDGET		FISCAL YEAR ENDED DECEMBER 31, 2017					
CONTRACT PERIOD: 12/12/08-12/31/2022		Q1	Q2	Q3	Q4		TOTAL
ADMINISTRATION		ADMINISTRATION EXPENSE					
TASK 1							
TASK 2		338,724	375,883	366,861	361,908		1,443,476
TASK 4		-	-	-	-		-
SASH Program Administration Services	16,230,000	338,724	375,883	366,861	361,908		1,443,476
Marketing & Outreach (M&O)	6,490,000	9,581	4,867	31,832	2,791		49,072
TOTAL	\$ 22,720,000	\$ 348,306	\$ 380,750	\$ 398,793	\$ 364,699		\$ 1,492,548
		ADMINISTRATION ADVANCE RECEIVED					
		\$ 26,991	\$ 709,365	\$ 699,514	\$ -		\$ 1,435,870
		EARNED & UNEARNED PORTION OF ADVANCE					
		\$ 321,315	\$ (328,615)	\$ (300,721)	\$ 364,699		\$ 56,678
BUDGET		FISCAL YEAR ENDED DECEMBER 31, 2016					
CONTRACT PERIOD: 12/12/08-12/31/2022		Q1	Q2	Q3	Q4		TOTAL
ADMINISTRATION		ADMINISTRATION EXPENSE					
TASK 1							
TASK 2		405,003	297,545	372,467	354,742		1,429,757
TASK 4		-	0	-	-		-
SASH Program Administration Services		405,003	297,545	372,467	354,742		1,429,757
Marketing & Outreach (M&O)		126,116	122,233	86,643	103,738		438,730
TOTAL		\$ 531,120	\$ 419,778	\$ 459,110	\$ 458,480		\$ 1,868,488
		ADMINISTRATION ADVANCE RECEIVED					
		\$ 110,709	\$ -	\$ 1,580,258	\$ -		\$ 1,690,967
		EARNED & UNEARNED PORTION OF ADVANCE					
		\$ 420,411	\$ 419,778	\$ (1,121,148)	\$ 458,480		\$ 177,521
BUDGET		FISCAL YEAR ENDED DECEMBER 31, 2017					
CONTRACT PERIOD: 12/12/08-12/31/2022		Q1	Q2	Q3	Q4		TOTAL
INCENTIVES		INCENTIVES INVOICED					
PG&E	60,297,300	559,731	838,131	1,448,109	1,377,582		4,223,553
SDG&E	14,247,700	90,285	197,340	377,028	250,764		915,417
SCE	63,444,000	707,967	678,672	779,460	393,044		2,559,143
TOTAL	\$ 137,989,000	1,357,983	1,714,143	2,604,597	2,021,390		\$ 7,698,113
		INCENTIVES PAID					
		729,366	698,142	968,937	1,575,690		3,972,135
		154,044	121,317	431,700	262,041		969,102
		753,333	722,286	515,535	702,464		2,693,618
		\$ 1,636,743	\$ 1,541,745	\$ 1,916,172	\$ 2,540,195		\$ 7,634,855
TOTAL BUDGET		\$ 160,709,000					
		INCENTIVES INVOICED					
		620,134	1,071,216	1,184,274	669,327		3,544,951
		150,987	444,708	205,653	227,706		1,029,054
		1,052,876	1,087,944	646,928	457,236		3,244,984
		1,823,997	\$ 2,603,868	\$ 2,036,855	\$ 1,354,269		\$ 7,818,989
		INCENTIVES PAID					
		445,979	930,416	1,519,845	523,407		3,419,650
		233,862	230,025	316,584	294,975		1,075,446
		1,527,489	1,081,404	909,646	319,734		3,838,273
		\$ 2,207,330	\$ 2,241,845	\$ 2,746,075	\$ 1,138,116		\$ 6,333,369
		TOTAL CONTRACT PERIOD TO DECEMBER 31, 2017					
		14,478					
		12,539,667					
		577,483					
		13,131,627		3,098,373			
		4,765,237		1,724,763			
		\$ 17,896,865		\$ 4,823,135			
		TOTAL ADVANCE RECEIVED FROM 12/08 - 12/31/17					
		\$ 18,517,971					
		TOTAL UNEARNED INCOME AS OF DECEMBER 31, 2017					
		\$ (621,106)					
		TOTAL INCENTIVES INVOICED					
		49,165,668		11,131,632			
		11,950,470		2,297,230			
		46,962,001		16,481,999			
		\$ 108,078,138		\$ 29,910,862			

Notes:
Initial agreement amended by \$54M as a result of Assembly Bill (AB) 217, until 2022.
Task 1 Develop and Execute Comprehensive Program Implementation Plan
Task 2 Identify, Establish Relationships, and Generate Partnership With Stakeholders
Task 3 Create and Execute a Targeted Marketing and Outreach Campaign
Task 4 Develop and Regularly Update a System for Program Monitoring and Evaluation

COMMENTS:

SUPPLEMENTAL INFORMATION



**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***

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, 2017 and 2016; 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 August 29, 2018.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

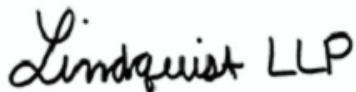
To the Board of Directors of
GRID Alternatives
Page two

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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
August 29, 2018



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

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, 2017. 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 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, 2017.

OTHER MATTERS

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2017-001. Our opinion on each major federal program is not modified with respect to these matters.

The Organization's response to the noncompliance findings 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.

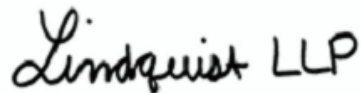
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 2017-001, that we consider to be a significant deficiency.

The Organization's response to the internal control over compliance findings 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
August 29, 2018

GRID ALTERNATIVES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2017

<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	{a}	\$ 193,544
Passed through City of Salinas	14.218	94-6000412	65,136
Passed through County of Monterey Economic Development Department	14.218	94-6000524	21,995
Passed through County of San Luis Obispo	14.218	95-6000939	7,578
Passed through City of Moreno Valley	14.218	95-3786047	24,000
Passed through County of Riverside	14.218	301-1000087	5,000
Passed through City of Thornton	14.218	84-6009903	13,500
Passed through City of Compton	14.218	95-6000696	20,000
Passed through City of El Monte	14.218	{a}	7,500
Passed through City of Chico	14.218	{a}	38,580
Passed through City of El Centro	14.218	{a}	4,500
Passed through City of San Diego	14.218	95-6000776	<u>300,376</u>
Total Department of Housing and Urban Development (HUD)			<u>701,709</u>
The Corporation for National and Community Services Direct Program			
Americorps	94.006		<u>335,399</u>
Department of Energy (DOE)			
Deployment of Clean Energy and Energy Efficient Projects on Indian Lands			
Passed through Bishop Paiute Tribe*	81.087	95-1905064	301,128
Passed through Rosebud Sioux Tribal Utility Commission*	81.087	46-0248724	91,612
Passed through San Pasqual Band of Mission Indians*	81.087	{a}	358,561
Passed through The Solar Foundation*	81.087	94-6000524	<u>116,235</u>
Total Department of Energy (DOE)			<u>867,536</u>
Total Expenditures of Federal Awards			<u>\$ 1,904,644</u>

* Major program.

{a} Pass-through entity identifying number not readily available.

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

GRID ALTERNATIVES

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2017

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, 2017. 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, 2017. The Organization received federal awards of \$1,569,245 as a sub-recipient during the year ended December 31, 2017.

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, 2017.

NOTE 4. INDIRECT COSTS

For two out of four Department of Energy grants, indirect costs were calculated and charged at approximately 10% and 27%, 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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2017

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 2017-001
Any audit findings disclosed that are required to be reported in accordance with the OMB Compliance Supplement?	See item 2017-001

Identification of Major Programs

<u>CFDA Number</u>	<u>Name of Federal Program</u>	
	Department of Energy	
	Deployment of Clean Energy and Energy Efficiency Projects on Indian Land	
81.087	Bishop Paiute Tribe	
81.087	Rosebud Sioux Tribal Utility Commission	
81.087	San Pasqual Band of Missions	
81.087	The Solar Foundation	
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

2017-001 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 Renewable Energy Development Fund (non-federal) grant funding totaling \$424,273 was included because the Organization initially improperly classified this grant as federally funded on the SEFA. The grant is not federally funded, and the amount was subsequently excluded from the SEFA. (Finding Code No. 2017-001). This is a repeat of a finding from the immediately prior audit. (Finding Code No. 2016-002).

Cause and Effect - The Organization had initially prepared the SEFA including the Renewable Energy Development Fund grant amount expended in 2017. This grant is not federally funded, and the amount expended was inadvertently included on the SEFA, resulting in an overstatement of funds expended of \$424,273 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 2016-002)

In the current year, we noted that the SEFA continued to be inaccurately prepared. While in the prior year, the SEFA was understated by the amount of funds expended of \$247,613 due to inadvertently excluding two federally funded grants from the Department of Energy, during the current year, the SEFA was overstated by the amount of funds expended of \$424,273 due to inadvertently including a State-funded grant as federally funded on the SEFA. (Finding Code 2017-001)

Section V - Disposition of Prior-Year Financial Statement Findings

Inadequate Controls over Financial Reporting.

Status: Not Reported.

In the prior-year, we recommended that the Organization carefully review and track the restrictions placed on net assets along with the release of funds to accurately report the unrestricted and restricted net assets on its financial statements. (Finding Code 2016-001)

In the current year, we noted that the Organization properly tracked the restrictions placed on net assets along with the release of funds and that unrestricted and restricted net assets were accurately reported on its financial statements.



GRID Alternatives

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MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN

Inadequate Controls over Preparation of Schedule of Expenditures and Federal Awards (Finding No. 2017-001)

Last year accounting instituted procedure that in order to properly report funding on the SEFA schedule, accounting will carefully review and discuss contracts and grant funding with clients/grantors to ensure that if federal pass through funds are used, such a contract or grant is appropriately classified and reported. Accounting Policies were updated to include this procedure. In preparing 2017 SEFA, accounting included a grant received by Mid-Atlantic office from Renewable Energy Development Fund that was state funded. Although the established procedures were followed, there was an oversight due to information that was considered misleading on the award letter. As we are continuing to improve our policies and procedures, we are in the process of hiring additional staff at a Senior level which will allow for a better quality control.