

FINANCIAL STATEMENTS



**FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2020**

CLASP

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
CLASP
Washington, D.C.

Opinion

We have audited the accompanying financial statements of CLASP, which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CLASP as of December 31, 2021, and the change in its net assets, functional expenses and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CLASP and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CLASP's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

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The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CLASP's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CLASP's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited CLASP's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 29, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expense with Allocation of Management and General on pages 18 - 19 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.



May 4, 2022

CLASP

**STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 13,317,810	\$ 10,987,224
Grants receivable	119,559	852,576
Prepaid expenses	<u>465,852</u>	<u>218,627</u>
Total current assets	<u>13,903,221</u>	<u>12,058,427</u>
PROPERTY AND EQUIPMENT		
Furniture	38,875	38,875
Computer equipment	127,840	127,840
Leasehold improvements	<u>653,854</u>	<u>653,854</u>
	820,569	820,569
Less: Accumulated depreciation and amortization	<u>(405,425)</u>	<u>(259,241)</u>
Net property and equipment	<u>415,144</u>	<u>561,328</u>
OTHER ASSETS		
Deposits	96,333	107,774
Right-of-use assets - operating leases	1,039,001	1,224,242
Right-of-use assets - finance leases	<u>12,018</u>	<u>16,072</u>
Total other assets	<u>1,147,352</u>	<u>1,348,088</u>
TOTAL ASSETS	<u>\$ 15,465,717</u>	<u>\$ 13,967,843</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Current portion of operating lease liability	\$ 225,514	\$ 199,448
Current portion of finance lease liability	4,293	4,054
Accounts payable and accrued liabilities	1,831,719	952,523
Deferred revenue	84,000	-
Refundable advances	<u>9,231,409</u>	<u>8,857,296</u>
Total current liabilities	<u>11,376,935</u>	<u>10,013,321</u>
LONG-TERM LIABILITIES		
Operating lease liability, net of current portion	1,051,241	1,276,755
Finance lease liability, net of current portion	<u>7,725</u>	<u>12,018</u>
Total long-term liabilities	<u>1,058,966</u>	<u>1,288,773</u>
Total liabilities	<u>12,435,901</u>	<u>11,302,094</u>
NET ASSETS		
Without donor restriction	1,813,152	1,788,047
With donor restriction	<u>1,216,664</u>	<u>877,702</u>
Total net assets	<u>3,029,816</u>	<u>2,665,749</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,465,717</u>	<u>\$ 13,967,843</u>

See accompanying notes to financial statements.

CLASP

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

	2021			2020
	Without Donor Restriction	With Donor Restriction	Total	Total
REVENUE				
International grants	\$ 4,581,299	\$ -	\$ 4,581,299	\$ 6,808,510
Foundation grants	10,142,568	900,000	11,042,568	5,875,486
U.S. Government grants	498,475	-	498,475	1,229,038
Contracts	702,832	-	702,832	567,670
Interest and other income	1,189	-	1,189	1,965
Other revenue	51,452	-	51,452	91,051
Net assets released from donor restrictions	561,038	(561,038)	-	-
Total revenue	16,538,853	338,962	16,877,815	14,573,720
EXPENSES				
Program Services:				
Climate	6,249,518	-	6,249,518	4,102,200
Clean Energy Access	2,420,496	-	2,420,496	4,836,242
Research	242,799	-	242,799	-
MAKERERE RAN	490,956	-	490,956	101,115
IKEA	3,104,002	-	3,104,002	2,064,160
FCDO	1,618,582	-	1,618,582	1,806,365
World Bank	400,307	-	400,307	304,995
DOS	-	-	-	52,975
USAID	-	-	-	466,807
Total program services	14,526,660	-	14,526,660	13,734,859
Supporting Services:				
Management and General	1,987,088	-	1,987,088	1,754,776
Total expenses	16,513,748	-	16,513,748	15,489,635
Change in net assets	25,105	338,962	364,067	(915,915)
Net assets at beginning of year	1,788,047	877,702	2,665,749	3,581,664
NET ASSETS AT END OF YEAR	\$ 1,813,152	\$ 1,216,664	\$ 3,029,816	\$ 2,665,749

CLASP

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

	2021				
	Program Services				
	Climate	Clean Energy Access	Research	MAKERERE RAN	IKEA
Salaries and benefits	\$ 2,247,236	\$ 540,007	\$ 109,942	\$ 16,402	\$ 477,087
Contractors	2,896,634	1,127,525	74,419	6,300	1,726,028
Subgrants	-	200,000	-	456,132	640,847
RBF payments	-	55,325	-	-	-
Professional services	584,250	124,199	32,229	6,362	81,782
Non-personnel expense	259,918	268,776	18,523	2,465	91,806
Occupancy	153,227	42,034	7,430	1,141	31,558
Travel and meetings	73,239	52,530	25	1,765	44,582
Legal and accounting	22,937	3,590	-	66	3,519
Depreciation and amortization	8,755	2,465	15	357	3,955
Miscellaneous expenses	3,322	4,045	216	(34)	2,838
TOTAL	\$ 6,249,518	\$ 2,420,496	\$ 242,799	\$ 490,956	\$ 3,104,002

CLASP

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020

	2021 (Continued)				2020	
	Program Services (Continued)			Supporting Services	Total Expenses	Total Expenses
	FCDO	World Bank	Total Program Services	Management and General		
Salaries and benefits	\$ 797,348	\$ 146,481	\$ 4,334,503	\$ 1,158,873	\$ 5,493,376	\$ 4,991,919
Contractors	530,905	203,539	6,565,350	1,902	6,567,252	4,467,701
Subgrants	-	-	1,296,979	-	1,296,979	1,654,148
RBF payments	-	-	55,325	-	55,325	1,404,123
Professional services	117,694	18,406	964,922	236,921	1,201,843	1,288,056
Non-personnel expense	95,780	13,826	751,094	136,722	887,816	629,102
Occupancy	65,747	10,333	311,470	75,297	386,767	405,904
Travel and meetings	4,297	2,178	178,616	2,976	181,592	252,305
Legal and accounting	1,211	4,272	35,595	154,979	190,574	188,391
Depreciation and amortization	3,271	1,066	19,884	126,300	146,184	144,580
Miscellaneous expenses	2,329	206	12,922	93,118	106,040	63,406
TOTAL	\$ 1,618,582	\$ 400,307	\$ 14,526,660	\$ 1,987,088	\$ 16,513,748	\$ 15,489,635

CLASP

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 364,067	\$ (915,915)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	146,184	144,580
Change in operating lease	(14,207)	(3,644)
Right of use asset amortization - finance lease	4,054	3,828
Decrease (increase) in:		
Grants receivable	733,017	113,392
Contracts receivable	-	140,225
Prepaid expenses	(247,225)	(80,242)
Deposits	11,441	(29,658)
Increase in:		
Accounts payable and accrued liabilities	879,196	2,703
Deferred revenue	84,000	-
Refundable advances	<u>374,113</u>	<u>5,674,269</u>
Net cash provided by operating activities	<u>2,334,640</u>	<u>5,049,538</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>-</u>	<u>(16,682)</u>
Net cash used by investing activities	<u>-</u>	<u>(16,682)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on finance lease liability	<u>(4,054)</u>	<u>(3,828)</u>
Net cash used by financing activities	<u>(4,054)</u>	<u>(3,828)</u>
Net increase in cash and cash equivalents	2,330,586	5,029,028
Cash and cash equivalents at beginning of year	<u>10,987,224</u>	<u>5,958,196</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 13,317,810</u>	<u>\$ 10,987,224</u>

CLASP

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

CLASP improves the environmental and energy performance of the appliances and related systems we use every day, lessening their impacts on people and the world around us. Since 1999, CLASP has worked in over 50 economies, developing and sharing transformative policy and market solutions in collaboration with global experts and local stakeholders. As the leading international voice and resource for appliance standards and labeling (S&L) policies, CLASP:

- Convenes stakeholders
- Conducts analyses
- Identifies best practices
- Shares knowledge
- Guides decision-makers
- Builds capacity
- Transforms markets

All with the goal of drastically increasing market uptake of affordable, low-impact and high-quality appliances.

CLASP's headquarters are located in Washington, D.C.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14 *Presentation of Financial Statements for Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions.

Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Change in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

The financial statements include certain prior year summarized comparative information in total but not by net asset class.

CLASP

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Basis of presentation (continued) -

Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with CLASP's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Cash and cash equivalents -

CLASP considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, CLASP maintains cash balances in excess of the FDIC insurance limits. Additionally, as of December 31, 2021, CLASP maintained \$272,380 of cash on hand and in banks overseas. The majority of funds invested in foreign countries are uninsured. Management believes the risk in these situations to be minimal. CLASP is required to maintain separate bank accounts for funding received from certain donors, including GIZ and World Bank. As of December 31, 2021, the balance in the GIZ bank account was \$203,198, and the balance in the World Bank account was \$186,725.

Foreign currency -

The U.S. Dollar is the functional currency of CLASP. Transactions in currencies other than Dollars are translated into Dollars at the rates of exchange in effect during the month of the transaction.

Property and equipment purchased with non-U.S. currency are translated into Dollars at the exchange rate in effect at the time of purchase. Assets and liabilities denominated in non-U.S. currency are translated into Dollars at the exchange rate in effect at the financial statement date.

The exchange rates ranges for the year ended December 31, 2021 are as follows:

		<u>January 1, 2021</u>	<u>December 31, 2021</u>
Euro	EURO/USD	1.2005	1.2005
Indian Rupee	USD/INR	73.5370	74.6080
Kenyan Shilling	USD/KES	109.7253	102.1597

Grants receivable -

Grants receivable are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectable. Accordingly, an allowance for doubtful accounts has not been established. Grants receivable are expected to be collected within one year.

Property and equipment -

Property and equipment in excess of \$5,000 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally five to seven years.

CLASP

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Property and equipment (continued) -

Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the year ended December 31, 2021 totaled \$146,184.

Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced, by a charge to the Statement of Activities and Change in Net Assets, to its current fair value.

Income taxes -

CLASP is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is only subject to tax on unrelated business income.

CLASP is not a private foundation. During the year ended December 31, 2021, CLASP was subject to certain taxes in the country of Kenya in accordance with local regulations.

Uncertain tax positions -

For the year ended December 31, 2021, CLASP has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Grants and contracts -

CLASP's activities are supported by grants from the U.S. and foreign governments, international organizations and other entities. These amounts are for various activities performed by CLASP. Grants are recognized in the appropriate category of net assets in the period received. CLASP performs an analysis of the individual grants to determine if the revenue streams follow the contribution rules or if they should be recorded as exchange transactions depending upon whether the transactions are deemed nonreciprocal or reciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

The majority of the grants received qualify under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Grants qualifying as contributions that are unconditional and have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Grants qualifying as conditional contributions contain a right of return from obligation provision that limits CLASP on how funds transferred should be spent. Additionally, a barrier is present that is related to the purpose of the agreement. Revenue is recognized when the condition or conditions on which they depend are substantially met.

CLASP

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Grants and contracts (continued) -

Most grant awards from the United States Government and other entities are for direct and indirect program costs. These transactions are nonreciprocal and classified as conditional and are therefore recognized as contributions when the revenue becomes unconditional. CLASP recognizes revenue for these conditional contributions when the related barrier has been overcome (generally, when qualifying expenditures are incurred). Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances. For the year ended December 31, 2021, CLASP had recorded refundable advances in the amount of \$9,231,409. For grants treated as contributions, CLASP had approximately \$17,600,000 in unrecognized conditional awards as of December 31, 2021.

Contracts classified as exchange transactions and cost-reimbursable contracts follow ASU 2014-09, *Revenue from Contracts With Customers* and are recorded as revenue at a point in time when the performance obligations are met which is when the services are rendered. CLASP has elected to opt out of all disclosures not required for nonpublic entities. Transaction price is based on cost. Funding received in advance of incurring the related expenses is recorded as deferred revenue. For the year ended December 31, 2021, CLASP did not have any deferred revenue associated with exchange transactions or cost-reimbursable contracts.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of CLASP are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

CLASP's donors allow management and general expenditures to be charged to the respective projects they support. Accordingly, management and general expenditures are allocated to CLASP's programs on a basis of time and effort. In accordance with ASU 2016-14 Presentation of Financial Statements for Not-for-Profit Entities, such allocations have been excluded from the accompanying Statement of Functional Expenses. Refer to Schedule 1 for a summary of management and general expenditures charged to each of CLASP's programs for the year ended December 31, 2021.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

CLASP

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

2. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at December 31, 2021:

Climate	<u>\$ 1,216,664</u>
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The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Climate	<u>\$ 561,038</u>
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3. LINE OF CREDIT

CLASP has a \$100,000 bank line of credit, which matures March 12, 2022. Amounts borrowed under this agreement bear interest at the highest prime rate published by the Wall Street Journal and the rate is subject to change (there was a variable rate at December 31, 2021). There were no outstanding borrowings as of December 31, 2021. The line is secured by cash held in accounts at the same financial institution.

4. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statement of Financial Position comprise the following at December 31, 2021:

Cash and cash equivalents	\$ 13,317,810
Grants receivable	119,559
Financial assets restricted by donor	<u>(1,216,664)</u>

FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 12,220,705</u>
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CLASP has a policy to structure its financial assets to be available and liquid as its obligations become due. In addition, CLASP has a line of credit agreement (as further discussed in Note 3) which allows for additional available borrowings up to \$100,000.

5. LEASE COMMITMENTS

On April 27, 2016, CLASP entered into a lease agreement for space located at 1401 K Street, NW, Washington, D.C. The lease term is one hundred twenty (120) full calendar months, beginning on January 2, 2017, which is the date the Landlord delivered possession. The initial base rent for the first year is \$186,507, plus CLASP's share of the annual operating costs and real estate taxes. The lease also includes a 2.5% annual escalation clause.

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02 related to *Leases* (Topic 842), in order to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the Statement of Financial Position and disclosing key information about leasing arrangements for operating leases that are greater than one year in duration.

CLASP

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

5. LEASE COMMITMENTS (Continued)

The ASU specifically requires an organization to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments in the Statement of Financial Position and recognize a single lease cost, calculated so the cost of the lease is allocated over the lease term on a straight line basis. CLASP elected on January 3, 2017 to early implement the ASU. As a result, CLASP recorded a right-of-use asset in the amount of \$1,114,747, net of the landlord allowance of \$50,000. CLASP recorded an operating lease liability in the amount of \$1,164,747 by calculating the net present value using the discount rate of 5.75%. The right-of-use asset and the operating lease liability are being amortized over the life of the lease agreement. As of December 31, 2021, the unamortized right-of-use asset net of the landlord allowance was \$636,309 and the unamortized operating lease liability was \$731,418. The lease cost, including imputed interest and amortization of the right-of-use asset for the year ended December 31, 2021, was \$115,079. Total payments on the lease during the year ended December 31, 2021 were \$205,869.

During 2019, CLASP entered into an agreement for additional office space at 1401 K Street, NW, Washington, D.C. The lease term is ninety two (92) full calendar months, beginning on May 1, 2019. The initial base rent for the first year is \$113,750, plus CLASP's share of the annual operating costs and real estate taxes. The lease also includes a 2.5% annual escalation clause. In connection with this lease CLASP recorded a right-of-use asset in the amount of \$408,418, net of the landlord allowance of \$169,840 and an operating lease liability in the amount of \$578,258 by calculating the net present value using a discount rate of 5.75%. The right-of-use asset and the operating lease liability are being amortized over the life of the lease agreement. As of December 31, 2021, the unamortized right-of-use asset net of the landlord allowance was \$291,913 and the unamortized operating lease liability was \$425,515. The lease cost, including imputed interest and amortization of the right-of-use asset for the year ended December 31, 2021 was \$66,948. Total payments on the lease during the year ended December 31, 2021 were \$119,504.

During 2019, CLASP entered into an agreement for office space in Nairobi, Kenya. The lease term is sixty one (61) full calendar months, beginning on November 1, 2019. The initial base rent for the first year is \$34,242, with an annual escalation of 7.5%.

In connection with this lease, CLASP recorded a right-of-use asset and a corresponding operating lease liability in the amount of \$185,377 by calculating the net present value using a discount rate of 4.2%. The right-of-use asset and the operating lease liability are being amortized over the life of the lease agreement. As of December 31, 2021, the unamortized right-of-use asset was \$110,779 and the unamortized operating lease liability was \$119,822. The lease cost, including imputed interest and amortization of the right-of-use asset for the year ended December 31, 2021 was \$7,117. Total payments on the lease during the year ended December 31, 2021 were \$37,730.

During 2019, CLASP entered into a finance lease for a copier for a term of 64 months beginning on May 1, 2019. The annual base rent is \$4,872 for the entire lease term.

In connection with this lease CLASP recorded a right of use asset and a corresponding finance lease liability in the amount of \$22,139 using an interest rate 5.75%. The right-of-use asset and finance lease liability are being amortized over the life of the lease agreement. As of December 31, 2021, the unamortized right-of-use asset and unamortized finance lease liability were \$12,018.

The lease cost, including imputed interest and amortization of the right-of-use asset for the year ended December 31, 2021 was \$974. Total payments on the lease during the year ended December 31, 2021 were \$4,872.

CLASP

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

5. LEASE COMMITMENTS (Continued)

The following is a schedule of the future minimum lease payments under the leases described above:

<u>Year Ended December 31,</u>	<u>Operating Lease Liability</u>	<u>Finance Lease Liability</u>	<u>Total Lease Liability</u>
2022	\$ 377,493	\$ 4,872	\$ 382,365
2023	388,964	4,872	393,836
2024	396,785	3,248	400,033
2025	362,857	-	362,857
2026	<u>371,928</u>	<u>-</u>	<u>371,928</u>
	1,898,027	12,992	1,911,019
Less: Building operating costs	(432,128)	-	(432,128)
Less: Imputed interest	<u>(189,144)</u>	<u>(974)</u>	<u>(190,118)</u>
TOTAL OPERATING LEASE LIABILITY	<u>\$ 1,276,755</u>	<u>\$ 12,018</u>	<u>\$ 1,288,773</u>

6. RETIREMENT PLAN

CLASP provides retirement benefits to its employees through a defined contribution plan covering all full-time employees with one year of eligible experience. CLASP contributes 1% of gross wages and matches 100% of employee contributions up to 6% of gross wages. Contributions to the Plan during the year ended December 31, 2021 totaled \$235,498.

7. CONCENTRATION OF REVENUE

Approximately 48% of CLASP's revenue for the year ended December 31, 2021 was derived from grants awarded by Aspen Global Change Institute, IKEA Foundation, and the U.K. Foreign, Commonwealth and Development Office (FCDO).

CLASP has no reason to believe that relationships with these agencies will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to renew grant agreements or withholding of funds) would result in a significant reduction in revenue.

8. CONTINGENCY

CLASP receives grants from various agencies of the United States Government. Such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. CLASP did not meet the threshold to require an audit under Uniform Guidance for the year ended December 31, 2021.

CLASP

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

9. FOREIGN, COMMONWEALTH AND DEVELOPMENT OFFICE GRANT

Included in the total program services and management and general expenses in the Statement of Activities and Change in Net Assets are the Foreign, Commonwealth and Development Office (FCDO) costs to support the Low-Energy Inclusive Appliances (LEIA) initiative.

Expenses associated with this award for the year ended December 31, 2021 were as follows:

Salaries and benefits	\$ 797,348
Contractors	530,905
Professional services	117,694
Non-personnel expense	95,780
Occupancy	65,747
Travel and meetings	4,297
Legal and accounting	1,211
Depreciation and amortization	3,271
Miscellaneous expenses	<u>2,329</u>
Sub-total	1,618,582
Allocation of management and general	<u>365,811</u>
TOTAL	<u>\$ 1,984,393</u>

10. AWARDS FROM IKEA FOUNDATION

Effective August 20, 2019, CLASP was awarded \$5,583,843 from IKEA Foundation under agreement number RG-1809-01189 for a project entitled "Efficiency for Access Coalition". The project period is from October 1, 2019 to September 30, 2022. During the year ended December 31, 2021, CLASP incurred expenditures of \$2,585,817 under the award and recognized a corresponding amount of revenue, which is included in Foundation grants in the accompanying Statement of Activities and Change in Net Assets.

Effective August 2, 2021, CLASP was awarded \$1,170,000 from IKEA Foundation under agreement number G-2102-01733 for a project entitled "VeraSol". The project period is July 1, 2021 to June 30, 2022. During the year ended December 31, 2021, CLASP incurred expenditures of \$680,361 under the award and recognized a corresponding amount of revenue, which is included in Foundation grants in the accompanying Statement of Activities and Change in Net Assets.

Effective October 6, 2021, CLASP was awarded \$1,154,945 from IKEA Foundation under agreement number G-2105-01765 for a project entitled "Resilient Appliances - Delivering Rural Economic Growth & Emissions Reductions". The project period is September 1, 2021 to August 31, 2023. During the year ended December 31, 2021, CLASP incurred expenditures of \$14,168 under the award and recognized a corresponding amount of revenue, which is included in Foundation grants in the accompanying Statement of Activities and Change in Net Assets.

Effective November 15, 2021, CLASP was awarded \$850,000 from IKEA Foundation under agreement number G-2107-01859 for a project entitled "Kenya PURE Anchor Programme Design". The project period is November 1, 2021 to October 31, 2022. During the year ended December 31, 2021, CLASP incurred expenditures of \$42,536 under the award and recognized a corresponding amount of revenue, which is included in Foundation grants in the accompanying Statement of Activities and Change in Net Assets.

CLASP

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

10. AWARD FROM IKEA FOUNDATION (Continued)

Following is a summary of expenditures incurred under the awards for the year ended December 31, 2021:

	<u>Efficiency for Access</u>	<u>VeraSol</u>	<u>Resilient Appliances</u>	<u>Anchor</u>	<u>Total</u>
Salaries and benefits	\$ 326,059	\$ 119,647	\$ 7,995	\$ 23,386	\$ 477,087
Contractors	1,265,302	458,416	177	2,133	1,726,028
Subgrants	640,847	-	-	-	640,847
Professional services	65,225	13,006	1,150	2,401	81,782
Non-personnel expense	65,560	22,821	812	2,613	91,806
Occupancy	22,175	8,011	341	1,030	31,557
Travel and meetings	44,428	125	-	29	44,582
Legal and accounting	769	2,750	-	-	3,519
Depreciation and amortization	3,409	406	-	140	3,955
Miscellaneous expenses	<u>2,452</u>	<u>287</u>	<u>25</u>	<u>75</u>	<u>2,839</u>
Sub-total	2,436,226	625,469	10,500	31,807	3,104,002
Allocation of management and general expenses	<u>149,591</u>	<u>54,892</u>	<u>3,668</u>	<u>10,729</u>	<u>218,880</u>
TOTAL	<u>\$ 2,585,817</u>	<u>\$ 680,361</u>	<u>\$ 14,168</u>	<u>\$ 42,536</u>	<u>\$ 3,322,882</u>

During the year ended December 31, 2021, CLASP received payments from IKEA Foundation of \$6,049,885. The unspent balance as of December 31, 2021 was \$2,727,003, which is included in deferred revenue in the accompanying Statement of Financial Position.

11. SUBSEQUENT EVENTS

In preparing these financial statements, CLASP has evaluated events and transactions for potential recognition or disclosure through May 4, 2022, the date the financial statements were issued.

SUPPLEMENTAL INFORMATION

CLASP

**SCHEDULE OF FUNCTIONAL EXPENSES WITH ALLOCATION OF MANAGEMENT AND GENERAL
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Program Services				
	Climate	Clean Energy Access	Research	MAKERERE RAN	IKEA
Salaries and benefits	\$ 2,247,236	\$ 540,007	\$ 109,942	\$ 16,402	\$ 477,087
Contractors	2,896,634	1,127,525	74,419	6,300	1,726,028
Subgrants	-	200,000	-	456,132	640,847
RBF payments	-	55,325	-	-	-
Professional services	584,250	124,199	32,229	6,362	81,782
Non-personnel expense	259,918	268,776	18,523	2,465	91,806
Occupancy	153,227	42,034	7,430	1,141	31,558
Travel and meetings	73,239	52,530	25	1,765	44,582
Legal and accounting	22,937	3,590	-	66	3,519
Depreciation and amortization	8,755	2,465	15	357	3,955
Miscellaneous expenses	3,322	4,045	216	(34)	2,838
Subtotal	6,249,518	2,420,496	242,799	490,956	3,104,002
Allocation of management and general	1,030,450	247,530	49,695	7,519	218,880
TOTAL	\$ 7,279,968	\$ 2,668,026	\$ 292,494	\$ 498,475	\$ 3,322,882

CLASP

SCHEDULE OF FUNCTIONAL EXPENSES WITH ALLOCATION OF MANAGEMENT AND GENERAL
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services (Continued)			Supporting Services	Total Expenses
	FCDO	World Bank	Total Program Services	Management and General	
Salaries and benefits	\$ 797,348	\$ 146,481	\$ 4,334,503	\$ 1,158,873	\$ 5,493,376
Contractors	530,905	203,539	6,565,350	1,902	6,567,252
Subgrants	-	-	1,296,979	-	1,296,979
RBF payments	-	-	55,325	-	55,325
Professional services	117,694	18,406	964,922	236,921	1,201,843
Non-personnel expense	95,780	13,826	751,094	136,722	887,816
Occupancy	65,747	10,333	311,470	75,297	386,767
Travel and meetings	4,297	2,178	178,616	2,976	181,592
Legal and accounting	1,211	4,272	35,595	154,979	190,574
Depreciation and amortization	3,271	1,066	19,884	126,300	146,184
Miscellaneous expenses	2,329	206	12,922	93,118	106,040
Subtotal	1,618,582	400,307	14,526,660	1,987,088	16,513,748
Allocation of management and general	365,811	67,203	1,987,088	(1,987,088)	-
TOTAL	\$ 1,984,393	\$ 467,510	\$ 16,513,748	\$ -	\$ 16,513,748