

## **FINANCIAL STATEMENTS**



**FOR THE YEAR ENDED DECEMBER 31, 2020  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2019**

**CLASP**

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## CPAs & ADVISORS

### INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of CLASP, which comprise the statement of financial position as of December 31, 2020, 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.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CLASP as of December 31, 2020, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF CROWE GLOBAL  
MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

## Report on Summarized Comparative Information

We have previously audited CLASP's 2019 financial statements in accordance with auditing standards generally accepted in the United States of America and in accordance with 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 26, 2020, except for Note 10, as to which the date is November 13, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses with Allocation of Management and General on pages 17 - 18 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.



April 29, 2021

## CLASP

**STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2020  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

## ASSETS

	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 10,987,224	\$ 5,958,196
Grants receivable	838,828	965,968
Contracts receivable	-	140,225
Prepaid expenses	<u>232,375</u>	<u>138,385</u>
Total current assets	<u>12,058,427</u>	<u>7,202,774</u>
<b>PROPERTY AND EQUIPMENT</b>		
Furniture	38,875	30,353
Computer equipment	127,840	119,680
Leasehold improvements	<u>653,854</u>	<u>653,854</u>
	820,569	803,887
Less: Accumulated depreciation and amortization	<u>(259,241)</u>	<u>(114,661)</u>
Net property and equipment	<u>561,328</u>	<u>689,226</u>
<b>OTHER ASSETS</b>		
Deposits	107,774	78,116
Right-of-use assets - operating leases	1,224,242	1,398,970
Right-of-use assets - finance leases	<u>16,072</u>	<u>19,900</u>
Total other assets	<u>1,348,088</u>	<u>1,496,986</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 13,967,843</u></b>	<b><u>\$ 9,388,986</u></b>

## LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Current portion of operating lease liability	\$ 199,448	\$ 178,372
Current portion of finance lease liability	4,054	3,828
Accounts payable and accrued liabilities	952,523	949,820
Refundable advances	<u>8,857,296</u>	<u>3,183,027</u>
Total current liabilities	<u>10,013,321</u>	<u>4,315,047</u>
<b>LONG-TERM LIABILITIES</b>		
Operating lease liability, net of current portion	1,276,755	1,476,203
Finance lease liability, net of current portion	<u>12,018</u>	<u>16,072</u>
Total long-term liabilities	<u>1,288,773</u>	<u>1,492,275</u>
Total liabilities	<u>11,302,094</u>	<u>5,807,322</u>
<b>NET ASSETS</b>		
Without donor restriction	1,788,047	1,648,019
With donor restriction	<u>877,702</u>	<u>1,933,645</u>
Total net assets	<u>2,665,749</u>	<u>3,581,664</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 13,967,843</u></b>	<b><u>\$ 9,388,986</u></b>

See accompanying notes to financial statements.

## CLASP

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	2020			2019
	Without Donor Restriction	With Donor Restriction	Total	Total
<b>REVENUE</b>				
International grants	\$ 6,808,510	\$ -	\$ 6,808,510	\$ 7,625,872
Foundation grants	4,855,486	1,020,000	5,875,486	4,103,963
U.S. Government grants	647,038	-	647,038	1,741,698
PPP federal grant revenue	582,000	-	582,000	-
Contracts	567,670	-	567,670	295,901
Interest and other income	1,965	-	1,965	5,434
In-kind contributions	-	-	-	1,720
Other revenue	91,051	-	91,051	116,913
Net assets released from donor restrictions	<u>2,075,943</u>	<u>(2,075,943)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>15,629,663</u>	<u>(1,055,943)</u>	<u>14,573,720</u>	<u>13,891,501</u>
<b>EXPENSES</b>				
Program Services:				
Climate	4,102,200	-	4,102,200	4,089,346
Clean Energy Access	4,836,242	-	4,836,242	4,586,266
DOS	52,975	-	52,975	279,063
USAID	466,807	-	466,807	890,853
MAKERERE RAN	101,115	-	101,115	-
IKEA	2,064,160	-	2,064,160	-
FCDO	1,806,365	-	1,806,365	2,765,783
World Bank	304,995	-	304,995	-
LBNL Global LEAP	-	-	-	332,574
LBNL SEAD	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,503</u>
Total program services	<u>13,734,859</u>	<u>-</u>	<u>13,734,859</u>	<u>12,997,388</u>
Supporting Services:				
Management and General	<u>1,754,776</u>	<u>-</u>	<u>1,754,776</u>	<u>1,383,093</u>
Total expenses	<u>15,489,635</u>	<u>-</u>	<u>15,489,635</u>	<u>14,380,481</u>
Change in net assets	140,028	(1,055,943)	(915,915)	(488,980)
Net assets at beginning of year	<u>1,648,019</u>	<u>1,933,645</u>	<u>3,581,664</u>	<u>4,070,644</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 1,788,047</u></b>	<b><u>\$ 877,702</u></b>	<b><u>\$ 2,665,749</u></b>	<b><u>\$ 3,581,664</u></b>

## CLASP

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

2020

	Program Services					
	Climate	Clean Energy Access	DOS	USAID	MAKERERE RAN	IKEA
	Salaries and benefits	\$ 1,766,216	\$ 982,532	\$ 25,919	\$ 11,798	\$ 33,472
Contractors	1,687,752	1,210,228	17,961	324	47,041	747,730
Subgrants	-	512,016	-	456,132	-	685,500
RBF payments	-	1,404,123	-	-	-	-
Professional services	311,170	327,782	3,167	973	8,928	98,149
Non-personnel expense	96,604	167,630	1,543	790	2,800	101,985
Occupancy	138,805	85,072	2,479	662	2,818	30,878
Travel and meetings	78,743	76,199	1,906	1,396	4,137	12,975
Legal and accounting	19,237	51,677	-	9	186	5,986
Depreciation and amortization	1,909	8,261	-	59	725	3,041
Miscellaneous expenses	1,764	10,722	-	(5,336)	1,008	3,558
<b>TOTAL</b>	<b>\$ 4,102,200</b>	<b>\$ 4,836,242</b>	<b>\$ 52,975</b>	<b>\$466,807</b>	<b>\$ 101,115</b>	<b>\$ 2,064,160</b>

CLASP

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019

	2020 (Continued)				2019	
	Program Services (Continued)			Supporting Services		Total Expenses
	FCDO	World Bank	Total Program Services	Management and General	Total Expenses	
Salaries and benefits	\$ 930,827	\$105,972	\$ 4,231,094	\$ 760,825	\$ 4,991,919	\$ 4,142,386
Contractors	502,701	156,260	4,369,997	97,704	4,467,701	3,709,368
Subgrants	500	-	1,654,148	-	1,654,148	639,286
RBF payments	-	-	1,404,123	-	1,404,123	2,360,288
Professional services	152,574	20,911	923,654	364,402	1,288,056	1,269,944
Non-personnel expense	65,498	8,263	445,113	183,989	629,102	583,377
Occupancy	82,030	9,251	351,995	53,909	405,904	309,481
Travel and meetings	45,611	1,375	222,342	29,963	252,305	954,709
Legal and accounting	17,947	718	95,760	92,631	188,391	275,048
Depreciation and amortization	5,087	1,453	20,535	124,045	144,580	80,907
Miscellaneous expenses	3,590	792	16,098	47,308	63,406	55,687
<b>TOTAL</b>	<b>\$1,806,365</b>	<b>\$304,995</b>	<b>\$ 13,734,859</b>	<b>\$ 1,754,776</b>	<b>\$ 15,489,635</b>	<b>\$ 14,380,481</b>



## CLASP

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (915,915)	\$ (488,980)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	144,580	80,907
Change in operating lease	(3,644)	173,101
Right of use asset amortization - finance lease	3,828	-
Decrease (increase) in:		
Grants receivable	127,140	537,646
Contracts receivable	140,225	(140,225)
Prepaid expenses	(93,990)	129,877
Deposits	(29,658)	(31,289)
Increase in:		
Accounts payable and accrued liabilities	2,703	23,192
Refundable advances	<u>5,674,269</u>	<u>1,755,925</u>
Net cash provided by operating activities	<u>5,049,538</u>	<u>2,040,154</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	<u>(16,682)</u>	<u>(635,118)</u>
Net cash used by investing activities	<u>(16,682)</u>	<u>(635,118)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on finance lease liability	<u>(3,828)</u>	<u>-</u>
Net cash used by financing activities	<u>(3,828)</u>	<u>-</u>
Net increase in cash and cash equivalents	5,029,028	1,405,036
Cash and cash equivalents at beginning of year	<u>5,958,196</u>	<u>4,553,160</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 10,987,224</u></b>	<b><u>\$ 5,958,196</u></b>

## CLASP

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

#### 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. 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, 2019, from which the summarized information was derived.

## CLASP

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

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

##### 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, 2020, CLASP maintained \$254,244 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, 2020, the balance in the GIZ bank account was \$210,309, and the balance in the World Bank account was \$193,532.

##### 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.

##### Grants and contracts receivable -

Grants and contracts receivable are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established. Grants and contracts 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. 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, 2020 totaled \$144,580.

##### 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, 2020, CLASP was subject to certain taxes in the country of Kenya in accordance with local regulations.

## CLASP

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

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

##### Uncertain tax positions -

For the year ended December 31, 2020, 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. 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, 2020, CLASP had recorded refundable advances in the amount of \$8,857,296. For grants treated as contributions, CLASP had approximately \$22,000,000 in unrecognized conditional awards as of December 31, 2020.

Grants 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. 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, 2020, 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.

CLASP

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

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

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. Please 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, 2020.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact CLASP's operations. The overall potential impact is unknown at this time.

2. **NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following at December 31, 2020:

<b>Climate</b>	<b>\$ <u>877,702</u></b>
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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:

<b>Climate</b>	<b>\$ <u>2,075,943</u></b>
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3. **PAYCHECK PROTECTION PROGRAM LOAN**

On April 24, 2020, CLASP received loan proceeds in the amount of \$582,000 under the Paycheck Protection Program (PPP). Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note must be used for certain expenditures within a 24-week period to ultimately be forgiven by the Small Business Administration.

During the year ended December 31, 2020, CLASP expended and tracked the PPP funds for purposes outlined in the CARES Act guidance and believes they have met all conditions set forth for full forgiveness. Accordingly, under guidance found in FASB ASC 958-605, CLASP has recognized the PPP funding as a conditional grant by which all conditions have been met. CLASP has deemed the forgiveness by the SBA to be highly probable, an administrative task only, and not a barrier to recognition, accordingly \$582,000 of grant income is included in PPP federal grant revenue on the accompanying Statement of Activities and Change in Net Assets.

CLASP

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

4. 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, 2020). There were no outstanding borrowings as of December 31, 2020. The line is secured by cash held in accounts at the same financial institution.

5. 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, 2020:

Cash and cash equivalents	\$ 10,987,224
Grants receivable	838,828
Financial assets restricted by donor	<u>(877,702)</u>

**FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS  
FOR GENERAL EXPENDITURES WITHIN ONE YEAR** **\$ 10,948,350**

CLASP has a policy to structure its financial assets to be available and liquid as its obligations become due. As of December 31, 2020, CLASP has financial assets equal to approximately eight months of operating expenses. In addition, CLASP has a line of credit agreement (as further discussed in Note 4) which allows for additional available borrowings up to \$100,000.

6. 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.

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, 2020, the unamortized right-of-use asset net of the landlord allowance was \$741,210 and the unamortized operating lease liability was \$837,098. The lease cost, including imputed interest and amortization of the right-of-use asset for the year ended December 31, 2020, was \$155,278. Total payments on the lease during the year ended December 31, 2020 were \$200,848.

**CLASP**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**6. LEASE COMMITMENTS (Continued)**

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, 2020, the unamortized right-of-use asset net of the landlord allowance was \$337,286 and the unamortized operating lease liability was \$487,007. The lease cost, including imputed interest and amortization of the right-of-use asset for the year ended December 31, 2020 was \$93,925. Total payments on the lease during the year ended December 31, 2020 were \$116,595.

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, 2020, the unamortized right-of-use asset was \$145,746 and the unamortized operating lease liability was \$152,098. The lease cost, including imputed interest and amortization of the right-of-use asset for the year ended December 31, 2020 was \$40,421. Total payments on the lease during the year ended December 31, 2020 were \$35,098.

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, 2020, the unamortized right-of-use asset and unamortized finance lease liability were \$16,072.

The lease cost, including imputed interest and amortization of the right-of-use asset for the year ended December 31, 2020 was \$4,872. Total payments on the lease during the year ended December 31, 2020 were \$4,872.

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>
2021	\$ 363,103	\$ 4,872	\$ 367,975
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
Thereafter	<u>371,928</u>	<u>-</u>	<u>371,928</u>
	2,261,130	17,864	2,278,994
Less: Building operating costs	(518,554)	-	(518,554)
Less: Imputed interest	<u>(266,373)</u>	<u>(1,792)</u>	<u>(268,165)</u>
<b>TOTAL OPERATING LEASE LIABILITY</b>	<b><u>\$ 1,476,203</u></b>	<b><u>\$ 16,072</u></b>	<b><u>\$ 1,492,275</u></b>

CLASP

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

6. LEASE COMMITMENTS (Continued)

During the year, CLASP also leased office space in India under a short term lease that expired on October 31, 2020.

7. 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, 2020 totaled \$217,254.

8. CONCENTRATION OF REVENUE

Approximately 43% of CLASP's revenue for the year ended December 31, 2020 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.

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, 2020 were as follows:

Salaries and benefits	\$ 930,827
Contractors	502,701
Subgrants	500
Professional services	152,574
Non-personnel expense	65,498
Occupancy	82,030
Travel and meetings	45,611
Legal and accounting	17,947
Depreciation and amortization	5,087
Miscellaneous expenses	<u>3,590</u>
Sub-total	1,806,365
Allocation of management and general	<u>389,818</u>
<b>TOTAL</b>	<b><u>\$ 2,196,183</u></b>

10. AWARD 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.



CLASP

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

10. AWARD FROM IKEA FOUNDATION (Continued)

During the year ended December 31, 2020, CLASP incurred expenditures of \$2,220,936 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.

Following is a summary of expenditures incurred under the award for the year ended December 31, 2020:

Salaries and benefits	\$ 374,358
Contractors	747,730
Subgrants	685,500
Professional services	98,149
Non-personnel expense	101,985
Occupancy	30,878
Travel and meetings	12,975
Legal and accounting	5,986
Depreciation and amortization	3,041
Miscellaneous expenses	<u>3,558</u>
Sub-total	2,064,160
Allocation of management and general expenses	<u>156,776</u>
<b>TOTAL</b>	<b><u>\$ 2,220,936</u></b>

During the year ended December 31, 2020, CLASP received payments from IKEA Foundation of \$2,229,260. The unspent balance as of December 31, 2020 was \$2,185,786, 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 April 29, 2021, 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, 2020**

	Program Services					
	Climate	Clean Energy Access	DOS	USAID	MAKERERE RAN	IKEA
Salaries and benefits	\$ 1,766,216	\$ 982,532	\$ 25,919	\$ 11,798	\$ 33,472	\$ 374,358
Contractors	1,687,752	1,210,228	17,961	324	47,041	747,730
Subgrants	-	512,016	-	456,132	-	685,500
RBF payments	-	1,404,123	-	-	-	-
Professional services	311,170	327,782	3,167	973	8,928	98,149
Non-personnel expense	96,604	167,630	1,543	790	2,800	101,985
Occupancy	138,805	85,072	2,479	662	2,818	30,878
Travel and meetings	78,743	76,199	1,906	1,396	4,137	12,975
Legal and accounting	19,237	51,677	-	9	186	5,986
Depreciation and amortization	1,909	8,261	-	60	725	3,041
Miscellaneous expenses	1,764	10,722	-	(5,337)	1,008	3,558
Subtotal	4,102,200	4,836,242	52,975	466,807	101,115	2,064,160
Allocation of management and general	735,086	399,601	10,854	4,243	14,018	156,776
<b>TOTAL</b>	<b>\$ 4,837,286</b>	<b>\$ 5,235,843</b>	<b>\$ 63,829</b>	<b>\$ 471,050</b>	<b>\$ 115,133</b>	<b>\$ 2,220,936</b>

CLASP

SCHEDULE OF FUNCTIONAL EXPENSES WITH ALLOCATION OF MANAGEMENT AND GENERAL  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services (Continued)			Supporting Services	Total Expenses
	FCDO	World Bank	Total Program Services	Management and General	
Salaries and benefits	\$ 930,827	\$ 105,972	\$ 4,231,094	\$ 760,825	\$ 4,991,919
Contractors	502,701	156,260	4,369,997	97,704	4,467,701
Subgrants	500	-	1,654,148	-	1,654,148
RBF payments	-	-	1,404,123	-	1,404,123
Professional services	152,574	20,911	923,654	364,402	1,288,056
Non-personnel expense	65,498	8,263	445,113	183,989	629,102
Occupancy	82,030	9,251	351,995	53,909	405,904
Travel and meetings	45,611	1,375	222,342	29,963	252,305
Legal and accounting	17,947	718	95,760	92,631	188,391
Depreciation and amortization	5,087	1,453	20,536	124,045	144,581
Miscellaneous expenses	3,590	792	16,097	47,308	63,405
Subtotal	1,806,365	304,995	13,734,859	1,754,776	15,489,635
Allocation of management and general	389,818	44,380	1,754,776	(1,754,776)	-
<b>TOTAL</b>	<b>\$ 2,196,183</b>	<b>\$ 349,375</b>	<b>\$ 15,489,635</b>	<b>\$ -</b>	<b>\$ 15,489,635</b>