



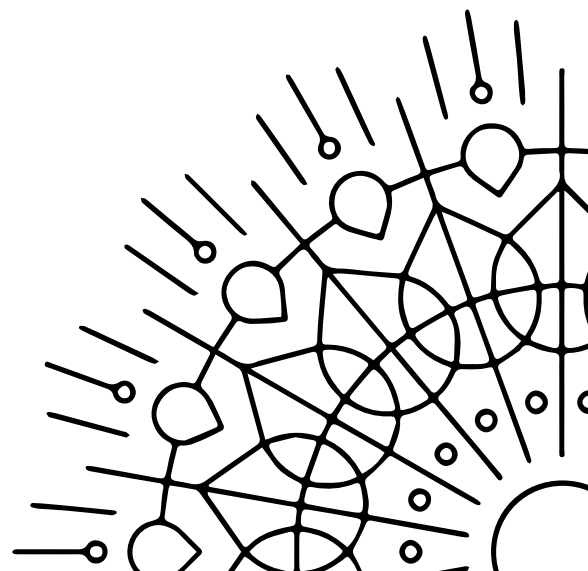
2022

ANNUAL REPORT



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MISSION & CORE VALUES

Our mission is to propagate the responsible use of solar energy, pioneer conscientious business practices, and create holistic wealth for ourselves and our community.



DISTRIBUTED LEADERSHIP

We foster leadership at all levels by encouraging drivership of new ideas, providing space for risk taking, and valuing diverse perspectives.

LONG-TERM THINKING

We prioritize long-term over short-term thinking by intentionally considering the impacts of our decisions on all our stakeholders.

COME AS YOU ARE

We cultivate an inclusive environment for people to bring their authentic selves to work and encourage a sense of community, having fun, and leaning on each other for support.

STAKEHOLDER BALANCING

We measure success holistically by balancing the interests of our customers, investors, community, company, ourselves, and the Earth.

OWNERSHIP MINDSET

We engage in co-creating our success as an employee-owned cooperative through a commitment to accountability and collaborative practices.

EQUITY

We work to build justice, equity, diversity, and inclusion by uncovering and dismantling oppressive systems in ourselves, in our company, and in our community.

FRANK, OPEN, HONEST

We practice frank, open, honest (FOH) communication in a respectful and kind manner by encouraging empathy and recognizing the power dynamics inherent in our interactions.

SAFETY

We foster a culture of safety by holding ourselves accountable for our own and other's physical, interpersonal, and emotional safety.

PILLARS OF CO-OWNERSHIP

A building requires pillars in order to remain stable and prevent collapse, especially when stressed by external and internal loading. These are the principle pillars of our cooperative company model:

DEMOCRATIC DECISION-MAKING

We participate in decision making on a one-person, one-vote basis.

EXTREME TRANSPARENCY

We practice open book management and hold open meetings.

COOPERATIVE OWNERSHIP

We each own an equal voting share of our company.



MESSAGE FROM OUR CEO

We believe we have substantially weathered the impacts of the pandemic and feel our cooperative has strong reasons to be optimistic.



Jason Sharpe
CEO, Co-Owner

Dear Shareholders,

2022 was a year of internal change and investment focused on future returns. While we fell short of our financial goals in 2022, our balance sheet was buoyed by government support in the form of the Payroll Protection Fund and the Employee Retention Credit. This support, along with our committed owners and investors, enabled us to focus on our core value of “long-term thinking,” stay dedicated to our mission, pay target Class B dividends, support our community, and stay true to our mission as we combat the urgent issue of climate change.

While the first half of 2022 continued with multiple industry headwinds, the outlook shifted positively when President Biden delayed the solar tariffs and Congress passed the Inflation Reduction Act (IRA). The IRA was historic climate legislation, giving our industry the longest runway of federal financial support that we’ve ever had. According to industry research, the residential solar market in Colorado is expected to grow by 18% in 2023 compared to 2022, and commercial solar is expected to grow by 23%.

As we write this report, nearly halfway into 2023, we are proud of the projects we built and the internal work we accomplished in 2022 and are excited about the years ahead of us as a cooperative. One of our highlights was being back on campus at Colorado State University. From 2020 to 2022, Namaste Solar designed and constructed 4.2 MW of solar across 20 sites, expanding on the 1.2 MW of solar we constructed for them in the past.

To help improve operational efficiency, we reorganized our business midway into 2022, combining complementary service offerings and reducing overhead. With challenges hiring and retaining field staff (the solar industry wasn’t immune from the “Great Resignation”), we invested in a training program for new hires to improve the employee experience and increase access to a career in the skilled trades.

Continued, next page



To sustainably grow, we hired a CFO and overhauled our accounting team and processes, while investing in IT systems to improve information flow and provide better insight of our data. We are excited about these new initiatives and are experiencing the benefits as 2023 unfolds.

We reflected on the opportunities created by the IRA in the development of multi-year business plans for our commercial and residential departments. This resulted in collective confidence to grow our business. Over the next five years, we plan to increase the deployment of solar projects in Colorado by doubling our field operations.

We believe we have substantially weathered the impacts of the pandemic and feel our cooperative has strong reasons to be optimistic. With the investments made in 2022, we are now settling into our expanded operational capacity and are well positioned to grow in the years to come.

Thank you for your ongoing partnership and investment in Namaste Solar.

Jason Sharpe
Co-Owner // CEO
jason.sharpe@namastesolar.com
303-447-0300 x214

✓ 18 years in business, propagating the responsible use of solar energy.

✓ 12 years as a Certified B Corporation using business as a force for good.

✓ 29,522 solar panels installed, 21,546 systems designed, and 613 projects serviced.

✓ 1,167 installations equivalent to 283,354 trees planted or 3,334 homes' electricity use for one year.

✓ 79 new hires impacting the local economy by promoting more green jobs within the community.



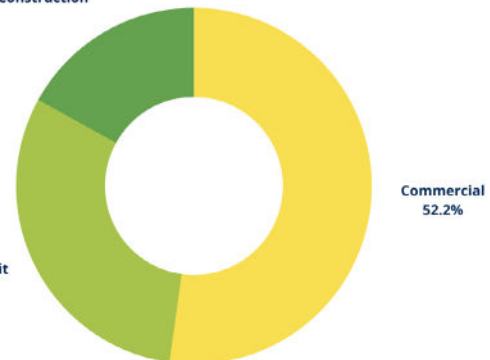
2022

COMPANY HIGHLIGHTS

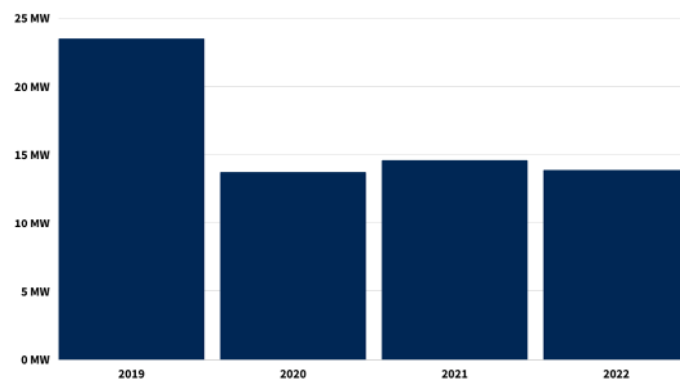
Financial Overview	2022	2021	2020	2019
Revenue	\$40.5M	\$34.4M	\$35.2M	\$39.6M
Gross Profit	\$14.9M	\$13.1M	\$13.1M	\$12.6M
Gross Margin (%)	37%	38%	37%	32%
Operating Expenses	\$16.2M	\$13.9M	\$12.0M	\$11.6M
Earnings (Losses) Before Taxes	\$(1.3M)	\$3.8M	\$0.9M	\$1.0M

Megawatts (MW) Installed	13.85 MW	14.6 MW	13.7 MW	23.5 MW
Commercial/Utility	7.23 MW	8.6 MW	7.85 MW	17.23 MW
Residential Retrofit	4.27 MW	3.8 MW	3.47 MW	3.75 MW
Residential Builder New Construction	2.35 MW	2.2 MW	2.43 MW	2.5 MW

Residential Builder New Construction
17%



Installations by Department 2022



Total MWs Installed per Year



FEATURED PROJECT

COLORADO STATE UNIVERSITY

4.2MW // Fort Collins, Colorado

Namaste Solar was back on campus to expand Colorado State University's renewable energy portfolio. From 2020 to 2022, Namaste Solar designed and constructed 4.2 MW of solar power across 20 sites. This includes sites on the Main, South, and Foothill campuses and both rooftop arrays and ground mount arrays.



These projects are part of CSU's goal of 100% renewable energy by 2030 and will create enough electricity to power the equivalent of 827 homes. This nearly doubles the number of solar installations at CSU including the 1.2MW Namaste Solar installed for the University in 2016.

The project was powered by an agreement between locally based and Certified B Corporation Solaris Energy and Namaste Solar. Standard Solar is the project's long-term owner and operator.



COMMERCIAL SERVICES

We began the year constructing the CSU project highlighted above. It was an amazing project for our team with many positive benefits to our organization including media coverage and public attention. It is also an example of the headwinds our industry has been facing. The project was negotiated and contracted in the early stages of the COVID pandemic and as inflation and supply chain issues set in the project was not as financially successful as we had planned.

We saw many benefits from this projects. We helped organize a well-attended and highly visible celebration of the installation on campus, and Governor Jared Polis attended and spoke. The project was highlighted in the media, reaching hundreds of thousands through news outlets such as Solar Builder Magazine, MileHigh CRE, CBSNews, BizWest, and the Boulder Daily Camera. Additionally, projects like this bolster [our portfolio](#) and significantly increase our ability to win future projects.

Thankfully, new project profitability trends have improved as we adjusted, and the year progressed. In the last few months of 2022, we had new projects enter the construction queue that were more accurately priced to account for the realities of our current day.

- ✔ We restructured our operational teams midway through 2022 dissolving our Technical Services Department and incorporating most facets of this work among the Commercial and Residential divisions. This directly connected the team that focuses on initial solar project design with our project developers and estimating team. Our goal is to deliver the highest value system for our clients, increasing their lifetime power output for dollars invested while meeting our business goals for profitability. Related, we are winding down consulting services for opportunities that do not have a path to eventual construction by our team.
- ✔ We have moved our Operations and Maintenance (O&M) team under the Commercial umbrella. As business partners working towards a common P&L goal, we are already collaborating on projects that leverage the strengths of our combined teams. Forecasts by industry experts are pointing towards larger and more frequent repowering scopes of work (large-scale inverter, module, and racking replacements). Having our engineering, procurement, and construction (EPC) project management and construction management teams support our experts on the O&M team opens up additional profitable opportunities for our combined business.

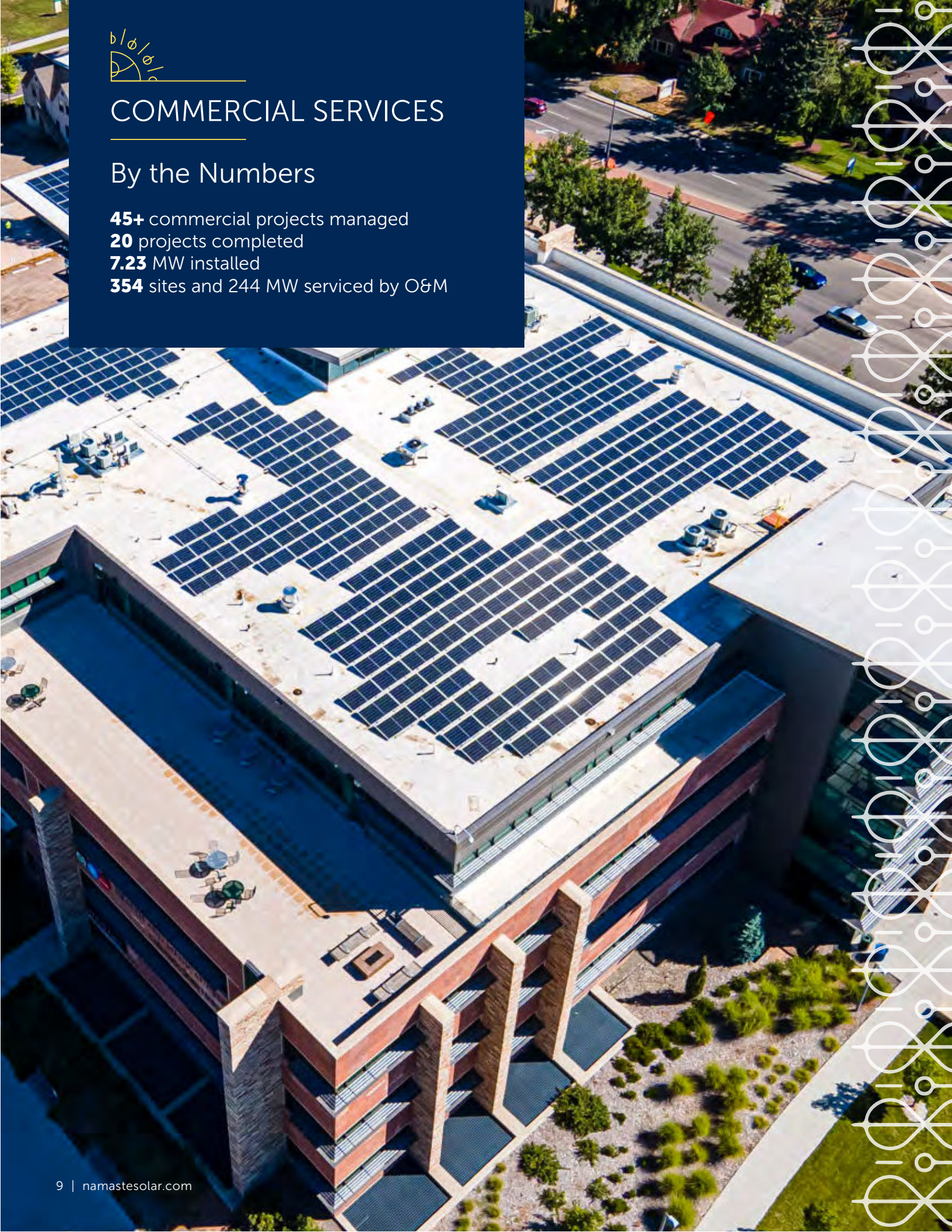




COMMERCIAL SERVICES

By the Numbers

- 45+** commercial projects managed
- 20** projects completed
- 7.23** MW installed
- 354** sites and 244 MW serviced by O&M





RESIDENTIAL SERVICES

A growth year for our field teams

With the passing of the IRA and its 10-year extension of the Solar Investment Tax Credit (ITC), the financial benefits for homeowners have never been more compelling. With a strong forecast for residential demand, we look to grow this segment of our business at a measured, strategic, and intentional pace. We continue to be thankful for our ongoing relationship with the Clean Energy Credit Union that helps to provide affordable access to capital for our customers.

We not only grew in staff size but also built out and established our residential field training crew. Additionally, we re-evaluated and consolidated many functions within the Residential Circle to streamline our residential business.



- ✔ The company reorganization brought Residential and Builder New Construction (BNC) Design under one support model. Much of 2022 was then focused on settling into the new support structure.
- ✔ Our core field teams grew from six crews to 10 by the end of 2022, significantly increasing capacity. This large growth and relatively low overall tenure resulted in an increased effort to focus on our core functions and responsibilities.
- ✔ Materials and product inflation continued to increase throughout 2022, driving up customer pricing for our products by ~14% compared to 2021.





RESIDENTIAL SERVICES

By the Numbers

Residential Retrofit

538 Installations

4.27MW (0.35 MW of storage)

Builder New Construction

614 Homes (passed final inspection)

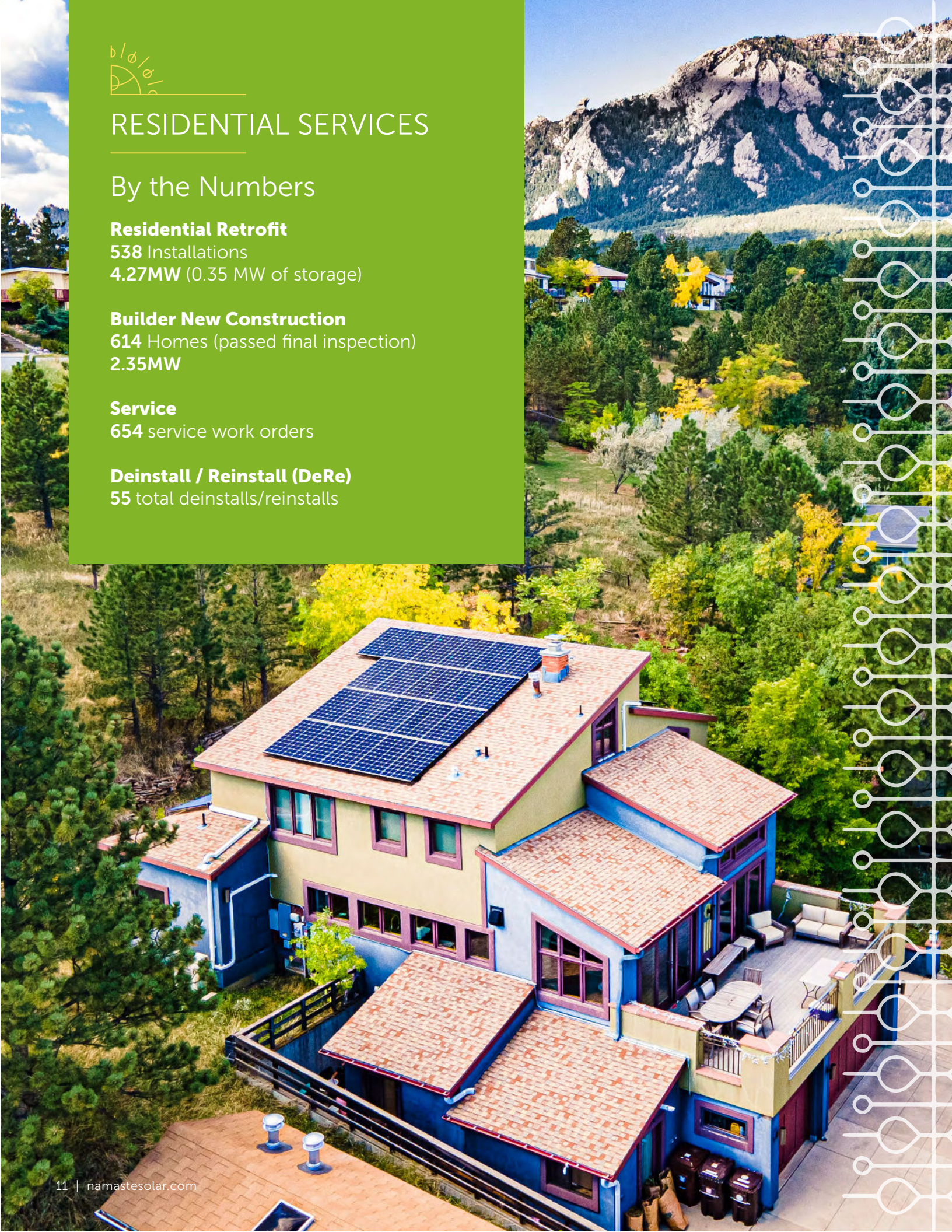
2.35MW

Service

654 service work orders

Deinstall / Reinstall (DeRe)

55 total deinstalls/reinstalls





2022

BOARD OF DIRECTORS



Eliot Abel
Namaste Solar
Co-Owner & Director



Alex Eckel
Namaste Solar
Co-Owner & Director



Julie Fellows
J.A. Fellows & Associates
External Director



Daniel Fireside
Uncommon Capital Solutions
External Director



Gwénaél Hagan
Signature Windows
External Director



Matt Herman
Namaste Solar
Co-Owner & Director



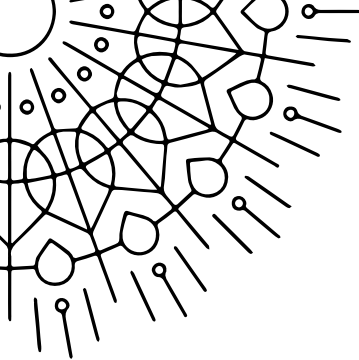
Rachel Mountain
Namaste Solar
Co-Owner & Director



Tatianna Vereschagin
Namaste Solar
Co-Owner & Director



Molly Williams
Namaste Solar
Co-Owner & Director



THE CLASS B INVESTOR STAKEHOLDER

We are proud of the work done in 2022 and appreciate the dedication and support from our shareholders that makes our mission possible. The Namaste Solar Board of Directors is pleased to announce that it has declared a Class B preferred dividend of 6.5% for the 2022 fiscal year. Our annual target dividend is 6.5%, and the 2022 dividend meets that target. Whenever possible, and in alignment with our core value of “stakeholder balancing,” our board’s intention is to share profits appropriately with Class B investors as well as our co-owners, community, and other stakeholders.





THE EMPLOYEE STAKEHOLDER

- ✔ **4,824 Hours of Electrical Training**
Namaste Solar provides electrical apprenticeship training to our installation teams to help them build their skill sets and advance their careers. We invest heavily in our team to ensure the highest quality installations and provide the best in customer service.

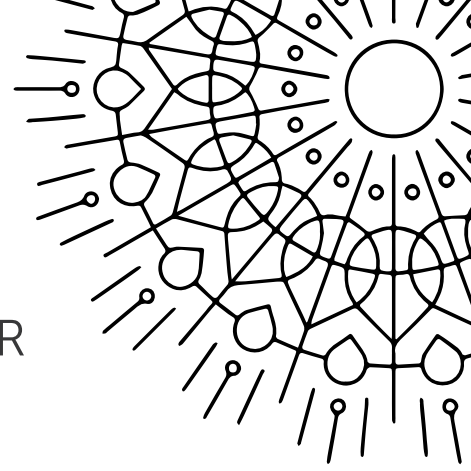
- ✔ **79 New Hires**
Namaste Solar continues to grow and operate in the communities of Denver, Boulder, and Fort Collins. As we grow, not only do we impact the local economy, but we promote more green jobs within the community.

- ✔ **Watts On Your Mind**
Each quarter, all members of the cooperative are invited by company circle members (our executive team) to two-way open-ended forums, in which employees can ask questions about the business. Topics range from safety to market conditions to policy to backlog and operations.

- ✔ **Justice, Equity, Diversity, and Inclusion (JEDI)**
We achieved bronze-level certification through the Solar Energy Industries Association's (SEIA) Diversity, Equity, Inclusion and Justice (DEIJ) Certification Program. This program provides a menu of activities that encourages and helps guide energy companies through ways to improve their equity efforts. Namaste Solar has continued to grow relationships with external consultants as an important part of our work. We have a long-term partnership with the Center for Radical Connection; they provide trainings for all employees, some trainings for our team leads specifically, and consult on JEDI work as needed. We also partner with Out Boulder County for internal LGBTQ+ trainings. These partnerships provide us with perspective from external equity experts, continue to build the capacity of our existing and new employees, and provide us with consultants who can support us as we build additional initiatives. The ongoing training schedule also keeps this work visible and top of mind at Namaste Solar.

- ✔ **Employee Resource Groups (ERGs)**
As Namaste Solar continues to grow our equity efforts, we want to build a culture where people can bring their full and unique selves to work. ERGs are formed by employees based on shared demographics and life experiences. The goal is to help foster diversity and inclusion in the workplace, provide supportive environments for marginalized groups to connect, and improve work conditions by building trusting relationships within the company. We currently have two ERGs, which include Queer Workplace Empowerment and Expression at Namaste Solar (QWEENS) and Women of Namaste Solar.

- ✔ **Pride Events**
Namaste Solar felt it was important to be a sponsor at these events, primarily to support one of our ERG groups QWEENS and their goals but also to show up as a business and member of the community.



THE CO-OWNER STAKEHOLDER

5 New Co-Owners and 15 New Candidates

As an employee-owned cooperative, we believe in empowering our employees to take ownership of their work—literally! Our 64 co-owners, 15 candidates, and 130 employees bring care, quality, and an ownership mentality to everything we do.

Reducing Barriers and Increasing Equity

In November 2022, the Co-Owners voted to remove the upfront interest and origination fee from the loan option offered for purchasing a Class A share. This topic had been discussed at a co-ownership retreat with the intent of evaluating the accessibility and equity of co-ownership at Namaste Solar. Some co-owners saw these upfront costs, averaging around \$600, as a barrier to entry. The vote was a simple one – should we remove the upfront interest and origination fee or not? Ultimately, 57% of co-owners that voted opted to remove these fees. This change went into effect January 1, 2023.

Co-Owner Dividend

The Namaste Solar Board of Directors expressed appreciation for the challenging 2022 year and the good work performed by the co-owners and employees to build a foundation for future financial success. Balancing a second year of operational losses and a strong balance sheet due to the PPP and ERC, the board ultimately declared a Class A dividend of 0.0% for the 2022 fiscal year. The board was excited to see a larger group of candidates in 2023 and expressed optimism for the 2023 outlook to provide an opportunity for patronage dividends next year.



Fall Retreat, 2022



THE COMMUNITY STAKEHOLDER

Part of our mission at Namaste Solar is to spread the use of solar energy, but another key aspect of it is to take care of the communities in which we live and work. Business can be a powerful engine for change, and we want to use ours as a force for good. That's why we ensure that the community is a priority and one of our key stakeholders as a company. A few ways we do this include:

Community Profit Sharing (CPS)

The 2022 CPS program was made available by a profitable 2021. Anyone across the company can recommend an organization for consideration, and then co-owners vote to distribute the funds to the finalists. The organizations that received donations included Lockwood Foundation, Red Cloud Renewable Energy, Longmont Community Justice, Dance To Be Free, and Denver Community Fridges.

Volunteer Time On (VTO)

VTO offers paid time for any employee to volunteer for a charitable purpose that benefits the community. Each employee can use up to 20 hours of VTO per calendar year, which is 1% of annual work time. VTO has allowed us to volunteer together at places like Community Food Share, Habitat for Humanity, and Veterans Community Project. In 2022, our employees spent upwards of 480 hours volunteering.



Veteran's Community Project

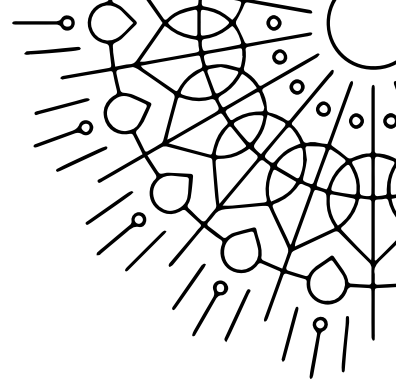
Keep the Lights on Colorado (KTLOC) giving campaign

Namaste Solar ran our third annual KTLOC campaign, which partners with Energy Outreach Colorado to raise money to provide community solar subscriptions and emergency bill assistance to local families struggling with high energy burdens. In 2022, with 20 corporate sponsors and 65 individual donors, we were able to raise \$100,000, which will support 400 families with a year-long community solar subscription.

Education and Awareness

Throughout 2022, Namaste Solar and Denver Public Schools continued our relationship, focusing on our collaboration with their mentorship program. The mentorship program pairs students from John F. Kennedy High School with industry professionals to help students explore their options after high school. We also hosted a site visit to our Denver office and taught the students about solar installation and careers in renewable energy. Overall, six Namaste Solar employees volunteered 150 hours to support six high school students in 2022.





THE CUSTOMER STAKEHOLDER

Net Promoter Score (NPS) is a measure of overall customer experience and enthusiasm, with a scoring index ranging from -100 to 100. A score between 0 and 30 is considered good, with anything above that being considered excellent. Namaste Solar achieved a NPS of 93 for our Residential Services department, highlighting the excellent customer experience provided by the team, from sale to installation. This impressive score is reflected in the fact that 19% of our sales come from customer referrals.

We have also accumulated 381 Google reviews averaging 4.8 stars out of 5. Online customer reviews provide social proof for potential customers and are a strong deciding factor in which company customers select. Here is some of the feedback we are getting from our customers:

“ Our experience with Namaste Solar has been fantastic! From the initial contact, installation and follow-up our experience has been stellar. They have a clearly designed process to help understand how each step will go. All of the employees who came to install were respectful and very efficient. AND equally important, the system works wonderfully – I love being able to see in real time how much money we save from our solar panel installation.”

– Meg Gehl

“ My experience with Namaste was great from start to finish. They kept us informed of the status every step of the way to let us know exactly where we were in the process. The fact that Namaste is locally owned was a huge plus (and owned by the employees, giving them an added incentive to do the right thing).”

– Andy Oliver



THE ENVIRONMENT STAKEHOLDER

Deep Environmental Impact

Our 2022 solar installations are the equivalent of 283,354 tree seedlings grown for 10 years, 5,930 tons of waste recycled instead of dumped in a landfill, or 3,334 homes' electricity use for one year!

Policy

With looming solar tariffs and stalled policy to mitigate climate change, we increased our engagement in local and national politics. The Amicus purchasing cooperative that we helped found in 2011 has also increased its policy involvement by hiring a lobbyist. Our CEO Jason Sharpe sits on the Amicus policy committee and was instrumental in getting Colorado Senators Hickenlooper and Bennet to help convince President Biden to delay the implementation of solar tariffs. Locally, Eliot Abel, our Senior Director of Commercial Business Development, sits on the executive board of directors for the Colorado Solar trade organization (COSSA). We are working closely with COSSA and Colorado lawmakers to improve opportunities to rapidly deploy solar to meet state carbon emission goals and fight climate change. Due to our regular involvement in policy issues, the Governor has visited us twice in the last year, and Senator Bennet visited one of our community solar projects as part of his 2022 campaign.

Virtual Net Metering

As an active member of COSSA, we advocated for utility companies to design the state's first-ever off-site net metering offering. In essence, virtual net metering is a billing mechanism that allows a customer to credit kWhs (kilowatt-hours) from one meter to another. In other words, it attributes electricity generated by a solar system that is located at a different place than where the energy is consumed. The intent of such a policy is to provide more flexibility to deploy solar where it is most effective. We believe this will open the door for more onsite solar on the built environment, allowing property owners to cover the electrical generation of their entire footprint.

22.6 MWh of energy provided by our EV chargers

As part of our mission to create a cleaner, healthier environment and to support the communities we live and work in, Namaste Solar installed electric vehicle (EV) charging stations at our current locations and former office. These charging stations, which can be used for free by the community and our employees, contribute to the infrastructure with the intent of fostering greater EV adoption. Powering vehicles with clean electricity is crucial to reducing CO₂, improving air quality, and mitigating the impacts of climate change.



Colorado Gov. Jared Polis at CSU



THE NAMASTE SOLAR BRAND STAKEHOLDER

New Website

In 2021 we refreshed our logo and built a unified visual brand system so our brand continues to be distinct and relevant in today's environment. This included fonts, color palettes, textures, and design elements. In 2022, we incorporated these elements in the development of a new website for Namaste Solar. The goal was to create an updated experience that communicated our unique value proposition, supported our premium brand in the marketplace, and expressed our approach to the way we do business, not just the business we do. Working with Domoto, a Denver-based B Corp, we built a site that ensures an effective user experience that drives conversion and new business opportunities.

2022 AWARDS

Best for the World: Best for Workers

B Corporation

Top Solar Contractors

Ranked #1 in CO by kW installed for the residential and commercial market
Solar Power World

Energy Efficiency/ Green Construction Award

The Venture Community Solar Garden Project
Independent Electrical Contractors Rocky Mountain

Rising Star for the Mountain West Region

REC's Alpha Pure

MEDIA HIGHLIGHTS

Colorado Senator Michael Bennet visits Namaste Solar CSGs

Footage used in campaign spots

Growing the Number of Female Installers

Featuring Namaste Solar's Riley Neugebauer, solar installer and apprentice
Covered by: American Solar Energy Society

Ground Broken on Two Community Solar Gardens in Greeley

Covered by: MileHigh CRE, Colorado Sun

Notable Minority Leaders (Arthur Hicks recognized)

Covered by: BizWest

STATEMENT OF OPERATIONS

Years Ended December 31, 2022 and 2021

	2022	2021
Revenue	\$ 40,506,207	\$ 34,416,664
Cost of Revenue	25,598,753	21,279,119
Gross Profit	14,907,454	13,137,545
General and Administrative Expenses	16,188,683	13,863,783
Patronage Dividend Bonus	2,576	34,651
Loss from Operations	(1,283,805)	(760,889)
Other Income (Expense)		
Paycheck Protection Program forgiveness	-	1,799,361
Employee Retention Credit income	-	2,771,874
Interest Expense	(247,293)	(75,965)
Other Income	204,330	115,543
Total other (expense) income	(42,963)	4,610,813
(Loss) Income - Before income taxes	(1,326,768)	3,849,924
Income Tax (Benefit) Expense	(314,525)	224,378
Net (Loss) Income	\$ (1,012,243)	\$ 3,625,546

BALANCE SHEET

December 31, 2022 and 2021

Assets	2022	2021
Current Assets		
Cash	\$ 2,266,112	\$ 1,803,557
Accounts receivable - Net	7,311,325	2,611,724
Contract assets:		
Costs and estimated earnings in excess of billings on uncompleted contracts	1,505,984	2,294,840
Retentions receivable	15,900	42,827
Contract cost assets	-	29,600
Inventory	1,507,660	2,611,110
Prepaid expenses and other current assets:		
Prepaid expenses	627,314	477,166
Employee Retention Credit	2,771,874	2,771,874
Total current assets	16,006,169	12,642,698
Property and Equipment - Net	2,637,155	1,684,445
Right-of-use Operating Lease Assets - Net	4,197,315	-
Deferred Tax Assets - Net	374,771	-
Other Noncurrent Assets		
Security deposits	128,140	143,140
Other noncurrent assets	15,000	15,000
Total other noncurrent assets	143,140	158,140
Total assets	\$ 23,358,550	\$ 14,485,283

BALANCE SHEET CONTINUED

December 31, 2022 and 2021

	2022	2021
Liabilities and Owners' Equity		
Current Liabilities		
Accounts payable	\$ 799,514	\$ 947,355
Lines of credit	4,500,000	-
Current portion of notes payable	350,000	-
Current portion of operating lease liabilities	516,468	-
Contract liabilities:		
Billings in excess of costs and estimated earnings on uncompleted contracts	1,976,157	457,552
Deferred revenue	98,760	196,568
Customer deposits	960,018	983,158
Current portion of finance-type/capital lease obligations	453,162	267,772
Accrued and other current liabilities	1,421,660	1,325,398
Total current liabilities	<u>11,075,739</u>	<u>4,177,803</u>
Lease Liabilities - Operating - Net of current portion	3,900,243	-
Other Long-term Liabilities		
Deferred tax liabilities - Net	-	7,031
Notes payable - Net of current portion	-	350,000
Warranty reserve - Net of current portion	353,049	688,133
Deferred rent	-	196,435
Finance-type/capital lease obligations - Net of current portion	856,838	513,916
Total liabilities	<u>16,185,869</u>	<u>5,933,318</u>
Owners' Equity		
Convertible preferred Series B - Class B preferred stock, \$1 par value; 10,000,000 shares authorized, 4,935,875 (2022) and 4,840,265 (2021) shares issued and outstanding	4,935,575	4,840,265
Common stock - Class A common stock, no par value; 2,000 shares authorized; 67 (2022) and 96 (2021) shares issued and outstanding	323,483	478,098
Stock subscriptions receivable	(30,373)	(40,459)
Retained earnings	1,943,996	3,274,061
Total owners' equity	<u>7,172,681</u>	<u>8,551,965</u>
Total liabilities and owners' equity	<u>\$ 23,358,550</u>	<u>\$ 14,485,283</u>

STATEMENT OF CASH FLOWS

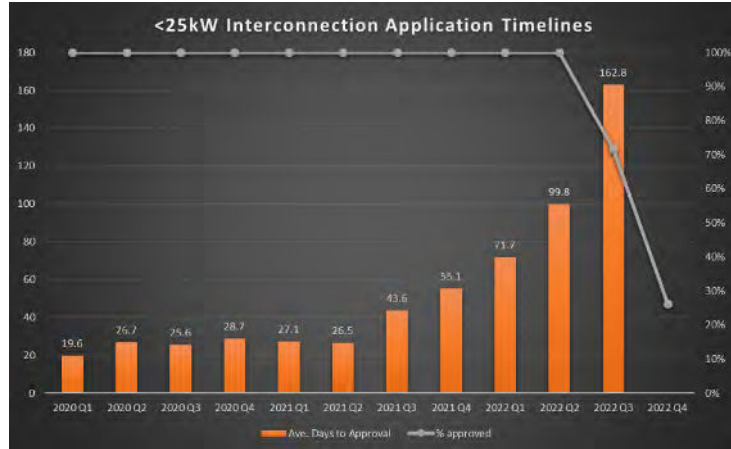
	2022	2021
Cash Flows from Operating Activities		
Net (loss) income	\$ (1,012,243)	\$ 3,625,546
Adjustments to reconcile net (loss) income to net cash from operating activities:		
Bad debt expense - Net of recoveries	68,904	16,833
Depreciation and amortization	603,479	568,501
Deferred income taxes	(381,802)	(118,277)
Paycheck Protection Program forgiveness	-	(1,799,361)
Employee Retention Credit income	-	(2,771,874)
(Gain) loss on disposal of property and equipment	(59,668)	22,508
Noncash lease expense	22,961	-
Changes in operating assets and liabilities that (used) provided cash:		
Accounts receivable	(4,768,505)	2,157,267
Costs and estimated earnings in excess of billings on uncompleted contracts	788,856	73,437
Contract cost asset	29,600	882,900
Retentions receivable	\$26,927	44,452
Inventory	1,103,450	(1,849,295)
Prepaid expenses and other current assets	(150,148)	87,837
Security deposits	15,000	(14,186)
Accounts payable	(147,841)	(540,131)
Billings in excess of costs and estimated earnings on uncompleted contracts	1,518,605	426,863
Customer deposits	(23,140)	(340,822)
Deferred revenue	(97,808)	143,370
Accrued and other current liabilities	787	(526,823)
Warranty reserve	(338,164)	51,507
Deferred rent	-	12,520
Net cash (used in) provided by operating activities	(2,800,750)	152,772
Cash Flows from Investing Activities		
Purchase of property and equipment	(548,894)	(88,175)
Proceeds from disposition of property and equipment	59,668	4,130
Net cash used in investing activities	(489,226)	(84,045)
Cash Flows from Financing Activities		
Net proceeds on the line of credit	4,500,000	-
Payments on note payable - Paycheck Protection Program	-	(153,676)
Payments on finance-type/capital lease obligations	(478,983)	(277,081)
Proceeds from issuance of Class A shares	-	38,271
Payments for redemption of Class A shares	(173,852)	(35,138)
Proceeds from issuance of Class B shares	-	163,516
Dividends reinvested in Class A and Class B shares	103,755	-
Payments of dividends on Class B shares	(219,267)	-
Payments for redemption on Class B shares	-	(63,100)
Proceeds from stock subscriptions receivable	20,878	30,119
Net cash provided by (used in) financing activities	3,752,531	(297,089)
Net Increase (Decrease) in Cash	462,555	(228,362)
Cash - Beginning of year	1,803,557	2,031,919
Cash - End of year	\$ 2,266,112	\$ 1,803,557
Supplemental Cash Flow Information - Cash paid for		
Interest	\$ 247,235	\$ 65,436
Income taxes	-	502,268
Significant Noncash Transactions		
Property and equipment acquired through finance-type/capital lease obligations	\$ 1,007,295	\$ 144,695
Stock redemptions related to outstanding stock subscriptions	4,208	2,655
Dividends payable reinvested in Class A common stock	-	173,591
Common stock issued for stock subscriptions	15,000	25,000
Accrued dividends	317,822	314,617



2023 OUTLOOK

After 18 years on the “solar coaster”, we’ve learned it’s best to lean in and embrace the inevitable twists and turns of our industry. The biggest unknown risks to our five-year outlook are likely dynamics outside of our immediate control, such as macro-economic trends or if changes to the IRA are adopted in a debt ceiling or budget fight with the new congress.

The most immediate and known risks to our shorter-term plans are related to possible changes in electric utility policies and procedures. In late 2022, Xcel Energy, the largest utility we work in, gained **public attention** for extended delays in reviewing solar interconnection applications. Looking at our data, the utility had extended review timelines from <30 days in 2021 to over 163 days or 5.5 months for applications submitted in Q3 of 2022.



Working with our local trade organization, COSSA, we were able to raise public attention and support the introduction of legislation to create penalties to mitigate these delays.

The current trend across the country is increased resistance to distributed solar projects by electrical utilities. For example, over the last year+ there has been a drawn-out and public fight on how net metering rates are structured in California, the country’s largest solar market. This battle has arrived in Colorado, with proposed changes by Holy Cross, a utility in western Colorado. Communications from the Colorado Energy Office indicate the Governor plans to mediate an agreement for the future of net metering rules. Namaste Solar is watching this closely.

The future of home electrification, electrical transportation, and home storage is well supported in the IRA. How these net metering and utility rates are structured will dictate what technology is deployed on homes and businesses in the future. As the market evolves, we are shoring up our core business, engaging in these policies, and evaluating new technologies to potentially add to our product offerings.



EMPLOYEE SPOTLIGHT

Andy Rasmussen

Meet Andy Rasmussen. He's a co-owner and has been at Namaste Solar for over 11 years and is currently an O&M Lead Electrician. He started out as a new electrician and has been able to work through certifications and various roles to grow his career at Namaste Solar. We're proud to be able to hire, train, and retain such incredible talent like Andy.

[Read Andy's Complete Spotlight](#)



“ I was a fledgling electrician when I first got here. I had done some basic house wiring and almost a year of solar installs. Namaste Solar paid for me to go through IECRM (Independent Electrical Contractors Rocky Mountain) to get my license and encouraged me to move in the direction of getting my RW license, then my JW license, and now my master's license. They've supported me every step of the way.”

– Andy



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