
SOLAR COOKERS INTERNATIONAL, INC.



FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2022 and 2021

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SOLAR COOKERS INTERNATIONAL, INC.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Solar Cookers International, Inc.
Sacramento, California

Opinion

We have audited the accompanying financial statements of Solar Cookers International, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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 Solar Cookers International, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years 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 Solar Cookers International, Inc. 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 Solar Cookers International, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

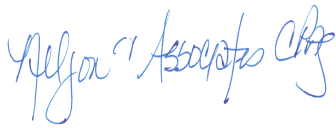
Auditor's Responsibilities for the Audit of the Financial Statements

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. 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 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 Solar Cookers International, Inc.'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 Solar Cookers International, Inc.'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.



Elk Grove, CA
September 30, 2022

SOLAR COOKERS INTERNATIONAL, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2022 AND JUNE 30, 2021

	2022	2021
ASSETS		
Cash and cash equivalents (Note 3)	\$ 697,962	\$ 929,387
Investments (Note 4)	1,278,121	667,991
Contributions receivable	1,450	-
Inventory	1,882	2,472
Prepaid assets	15,531	12,679
Property and equipment, net (Note 6)	4,110	6,708
Beneficial interest in Community Foundation assets (Note 12)	43,553	52,732
Total Assets	\$ 2,042,609	\$ 1,671,969
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 3,099	\$ 8,515
Accrued expenses	45,363	38,579
Notes payable (Note 7)	-	85,075
Total Liabilities	48,462	132,169
NET ASSETS		
With donor restrictions (Note 9)	55,872	59,410
Without donor restrictions	1,938,275	1,480,390
Total Net Assets	1,994,147	1,539,800
Total Liabilities and Net Assets	\$ 2,042,609	\$ 1,671,969

The accompanying notes are an integral part of these financial statements.

SOLAR COOKERS INTERNATIONAL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Contributions	\$ 859,132	\$ 40,601	\$ 899,733
Grants and contracts	135,421	-	135,421
Sales of cookers & materials	3,750	-	3,750
In-kind contributions (Note 11)	13,903	-	13,903
Investment income (loss)	(48,055)	-	(48,055)
Other revenue	<u>100,193</u>	<u>-</u>	<u>100,193</u>
Total revenue, support, and gains	<u>1,064,344</u>	<u>40,601</u>	<u>1,104,945</u>
Net assets released from restriction (Note 10)	<u>44,138</u>	<u>(44,139)</u>	<u>-</u>
Total Revenue, Support, and Gains	<u>1,108,482</u>	<u>(3,538)</u>	<u>1,104,945</u>
EXPENSES			
Program services	541,582	-	541,582
Fund development	88,858	-	88,858
General and administrative	<u>20,157</u>	<u>-</u>	<u>20,157</u>
Total Expenses	<u>650,597</u>	<u>-</u>	<u>650,597</u>
Change in net assets	457,885	(3,538)	454,348
Net Assets - July 1, 2021	<u>1,480,390</u>	<u>59,410</u>	<u>1,539,800</u>
Net Assets - June 30, 2022	<u>\$ 1,938,275</u>	<u>\$ 55,872</u>	<u>\$ 1,994,147</u>

The accompanying notes are an integral part of these financial statements.

SOLAR COOKERS INTERNATIONAL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Contributions	\$ 688,664	\$ 33,000	\$ 721,664
Grants and contracts	150,431	-	150,431
Sales of cookers & materials	2,835	-	2,835
In-kind contributions (Note 11)	2,940	-	2,940
Investment income (loss)	65,745	-	65,745
Other revenue	<u>93,603</u>	<u>-</u>	<u>93,603</u>
Total revenue, support, and gains	<u>1,004,218</u>	<u>33,000</u>	<u>1,037,218</u>
Net assets released from restriction (Note 10)	<u>30,330</u>	<u>(30,330)</u>	<u>-</u>
Total Revenue, Support, and Gains	<u>1,034,548</u>	<u>2,670</u>	<u>1,037,218</u>
EXPENSES			
Program services	479,194	-	479,194
Fund development	85,537	-	85,537
General and administrative	<u>26,254</u>	<u>-</u>	<u>26,254</u>
Total Expenses	<u>590,985</u>	<u>-</u>	<u>590,985</u>
Change in net assets	443,563	2,670	446,233
Net Assets - July 1, 2020	<u>1,036,827</u>	<u>56,740</u>	<u>1,093,567</u>
Net Assets - June 30, 2021	<u>\$ 1,480,390</u>	<u>\$ 59,410</u>	<u>\$ 1,539,800</u>

The accompanying notes are an integral part of these financial statements.

SOLAR COOKERS INTERNATIONAL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Program Services</u>	<u>Fund Development</u>	<u>General and Administrative</u>	<u>Total 2022</u>
Salaries and wages	\$ 336,800	\$ 52,774	\$ 9,593	\$ 399,167
Payroll taxes	27,126	5,320	835	33,281
Employee benefits	21,187	3,694	475	25,356
Accounting & audit fees	26,605	3,461	1,135	31,201
Bank & payroll charges	-	-	5,487	5,487
Depreciation	1,195	153	42	1,390
Dues & subscriptions	3,587	286	65	3,938
In-kind expense (Note 11)	12,303	965	635	13,903
Insurance	6,744	638	345	7,727
Miscellaneous	243	-	95	338
Office expenses	1,566	896	38	2,500
Postage & shipping	952	171	31	1,154
Professional fees	5,530	1,886	181	7,597
Program expenses	46,748	-	-	46,748
Publication costs	17,299	8,614	-	25,913
Rent	21,994	2,813	767	25,574
Supplies	7,997	6,692	302	14,991
Telephone, fax & email	3,596	490	108	4,194
Travel & meetings	<u>110</u>	<u>5</u>	<u>23</u>	<u>138</u>
	<u>\$ 541,582</u>	<u>\$ 88,858</u>	<u>\$ 20,157</u>	<u>\$ 650,597</u>

The accompanying notes are an integral part of these financial statements.

SOLAR COOKERS INTERNATIONAL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Program Services</u>	<u>Fund Development</u>	<u>General and Administrative</u>	<u>Total 2021</u>
Salaries and wages	\$ 315,081	\$ 49,853	\$ 10,169	\$ 375,103
Payroll taxes	26,107	4,914	848	31,869
Employee benefits	25,935	3,253	1,097	30,285
Accounting & audit fees	23,130	2,978	1,168	27,276
Bank & payroll charges	4	-	5,004	5,008
Cookers & other materials	1,182	-	-	1,182
Depreciation	2,014	258	70	2,342
Dues & subscriptions	2,986	668	41	3,695
In-kind expense (Note 11)	1,883	241	816	2,940
Insurance	1,994	206	5,698	7,898
Miscellaneous	-	-	75	75
Office expenses	1,045	223	36	1,304
Postage & shipping	1,243	184	41	1,468
Professional fees	7,951	1,014	277	9,242
Program expenses	22,586	-	-	22,586
Publication costs	19,383	13,464	-	32,847
Rent	18,576	2,376	648	21,600
Supplies	4,432	5,495	151	10,078
Telephone, fax & email	3,561	397	111	4,069
Travel & meetings	101	13	4	118
	<u>\$ 479,194</u>	<u>\$ 85,537</u>	<u>\$ 26,254</u>	<u>\$ 590,985</u>

The accompanying notes are an integral part of these financial statements.

SOLAR COOKERS INTERNATIONAL, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022
AND JUNE 30, 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	\$ 454,348	\$ 446,233
Adjustments to reconcile increase in net assets to net cash used by operating activities:		
Depreciation	1,389	2,342
Loss on disposal of asset	1,782	-
Net unrealized loss (gain) on investments	62,019	(54,375)
Paycheck Protection Program Loan Forgiven	(85,113)	(78,503)
Decrease (Increase) in:		
Contributions receivable	(1,450)	23,121
Inventory	590	599
Prepaid expenses	(2,852)	(2,806)
Beneficial Interest in Community Foundation assets	9,179	(11,771)
Increase (Decrease) in:		
Accounts payable	(75)	(16)
Accrued expenses	<u>1,443</u>	<u>(1,199)</u>
Net Cash Provided by Operating Activities	<u>441,260</u>	<u>323,625</u>
Cash Flows from Investment Activities		
Purchase of investments	(1,209,613)	(308,124)
Proceeds from sale of marketable securities	389,500	37,087
Proceeds from maturities of certificates of deposits	148,000	263,000
Purchase of equipment	<u>(572)</u>	<u>-</u>
Net Cash Used in Operating Activities	<u>(673,257)</u>	<u>(8,037)</u>
Cash Flows from Financing Activities		
Proceeds from grant	-	7,232
Proceeds from Paycheck Protection Program	<u>-</u>	<u>85,075</u>
Net Cash Provided by Financing Activities	<u>-</u>	<u>92,307</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(231,997)</u>	<u>407,895</u>
Cash and Cash Equivalents, Beginning of Year	<u>929,387</u>	<u>521,492</u>
Cash and Cash Equivalents, End of Year	<u>\$ 697,390</u>	<u>\$ 929,387</u>

The accompanying notes are an integral part of these financial statements.

SOLAR COOKERS INTERNATIONAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Solar Cookers International, Inc. (SCI) is a nonprofit organization whose mission is to improve human and environmental health by supporting the expansion of effective carbon-free solar cooking in world regions of greatest need. SCI leads through advocacy, research, and strengthening the capacity of the global solar cooking movement.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of SCI and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor imposed restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net assets with donor restrictions - Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, SCI considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects or other long-term purposes are excluded from this definition. SCI held no restricted cash as of June 30, 2022 and June 30, 2021.

Investments

SCI records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Inventory

Inventories consist of solar cookers and educational materials which are sold to the public and are stated at the lower of cost or market, with cost determined by the first-in first-out method.

Property and Equipment

SCI records property and equipment additions over \$1,000 at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

SOLAR COOKERS INTERNATIONAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SCI reviews carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2022 and June 30, 2021.

Revenue Recognition

All contributions are considered available for SCI's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as revenue with donor restrictions and increase the respective class of net assets. Contributions received with donor restrictions that are met in the same reporting period are reported as increases in net assets without donor restrictions. Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the income is recognized.

In-Kind Contributions and Contributed Services

In accordance with ASC 958-605-50-1, SCI recognizes contributed services as contribution revenue and as assets or expenses if the services create or enhance a non-financial asset (for example, property and equipment) or

- would need to be purchased by SCI if they had not been provided by contribution.
- require specialized skills and are provided by individuals with those skills.

Functional Expense Allocation

The costs of providing the program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services based on estimates of employees' time and on the usage of resources. Salary and personnel expenses are allocated according to the approximate percentage of time each employee spends on a function. Publication costs are allocated between fundraising and program according to the character of the publication. Other expenses are primarily allocated using the same percentage as budgeted salaries.

Income Taxes

SCI is a California not-for-profit corporation that is exempt from income and franchise taxes under Section 501(c)(3) of the Internal Revenue Code. It is not obligated to pay federal or state corporate income taxes unless its unrelated business income, as defined by the Internal Revenue Service Code, exceeds \$1,000. SCI did not generate unrelated business income and is, therefore, not subject to federal or state corporate income taxes for the years ended June 30, 2022 and 2021. In addition SCI qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified by the Internal Revenue Service as other than a private foundation under Section 509(a)(2).

Financial Instruments and Credit Risk

SCI manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, SCI has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and contributions receivable is considered to be limited due to high historical collection rates. Investments are made by diversified investment managers whose performance is monitored by SCI and the investment committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, SCI and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the organizations.

SOLAR COOKERS INTERNATIONAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Subsequent events have been evaluated through September 30 2022, which is the date the financial statements were available to be issued.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates, and those results could be material.

Recently Implemented Accounting Pronouncement

ASU 2020-07 - Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)

Under the new guidance, not-for-profit entities that receive contributed nonfinancial assets will be required to provide enhanced presentation and disclosures regarding the type and valuation of the receipts of nonfinancial assets. The requirements in the ASU require presentation of the receipt of nonfinancial assets as a separate line item in the statement of activities. The ASU also requires additional disclosures regarding qualitative information about the monetization or utilization of the nonfinancial assets, any donor-imposed restrictions to the use of the nonfinancial assets, and a description of the valuation techniques and inputs used to determine the fair value on the date the nonfinancial assets were received. The amendments in this ASU should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021. Early adoption is permitted. Management has not yet determined the impact of this accounting standard on the SCI's operations or cash flows.

Future Accounting Pronouncement

ASU 2016-02 - Leases (Topic 842)

Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with a term of more than 12 months. Unlike current GAAP, which requires only capital leases to be recognized on the balance sheet, ASU No. 2016-02 will require both operating and finance leases to be recognized on the balance sheet. Additionally, the ASU will require disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases, including qualitative and quantitative requirements. The new requirements are effective for SCI's June 30, 2022 year-end. Management has not yet determined the impact of this accounting standard on SCI's operations or cash flows.

NOTE 2: LIQUIDITY AND AVAILABILITY

SCI strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit, money market funds and other short-term investments. SCI receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs.

SOLAR COOKERS INTERNATIONAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2: LIQUIDITY AND AVAILABILITY (CONTINUED)

The following table reflects SCI's financial assets as of June 30, 2022 and 2021, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position.

	2022	2021
Financial assets at year-end:		
Cash and cash equivalents	\$ 697,962	\$ 929,387
Investments	1,278,121	667,991
Contributions receivable	1,450	-
Total financial assets	1,978,983	1,597,378
Less amounts not available to be used within on year:		
Investments with liquidity horizons greater than one year	(182,000)	-
Donor-imposed restrictions:		
Restricted funds	(500)	(1,537)
Endowments	(55,372)	(57,873)
Financial assets with donor-imposed restrictions	(55,872)	(59,410)
Total financial assets not available to be used within on year	(237,872)	(59,410)
Financial assets available to meet general expenditures within one year	\$ 1,741,111	\$ 1,537,968

NOTE 3: CASH AND CASH EQUIVALENTS

At June 30, 2022, cash and cash equivalents included \$608,485 held in commercial banks of which \$501,131 was insured by the Federal Deposit Insurance Corporation and \$68,421 held in brokerage accounts, which all was insured by the Securities Investor Protection Corporation. At June 30, 2021, cash and cash equivalents included \$562,222 held in commercial banks of which \$338,191 was insured by the Federal Deposit Insurance Corporation and \$342,834 held in brokerage accounts, all of which was insured by the Securities Investor Protection Corporation. No cash and cash equivalents held in credit unions at June 30, 2022.

NOTE 4: INVESTMENTS

SCI's investments consist of mutual funds, exchange-traded funds and certificates of deposit, all classified as available-for-sale.

SOLAR COOKERS INTERNATIONAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4: INVESTMENTS (CONTINUED)

Investments consisted of the following at June 30, 2022:

	Fair Value	Cost
Money Market Mutual Funds	\$ 51,264	\$ 53,755
Exchange-Traded Funds	90,057	68,795
Certificates of Deposit	901,223	905,000
Bond Funds	235,577	243,427
Total Investments	\$ 1,278,121	\$ 1,270,977

Investments consisted of the following at June 20, 2021:

	Fair Value	Cost
Money Market Mutual Funds	\$ 414,963	\$ 397,833
Exchange-Traded Funds	104,174	65,343
Certificates of Deposit	148,854	148,000
Total Investments	\$ 667,991	\$ 611,176

Investment return is summarized as follows:

	2022	2021
Interest income	\$ 13,927	\$ 10,930
Net realized and unrealized gains (losses)	(61,982)	54,375
Total Investment income	\$ (48,055)	\$ 65,305

NOTE 5: CONTRIBUTIONS RECEIVABLE

Unconditional promises to give, all of which management considered collectible within one year, consist of various pledges from donors which totaled \$ 1,450 and \$0 at June 30, 2022 and June 30, 2021, respectively.

NOTE 6: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30:

	2022	2021
Furniture and equipment	\$ 30,967	\$ 33,958
Less: accumulated depreciation	(26,857)	(27,250)
Total property and equipment	\$ 4,110	\$ 6,708

SOLAR COOKERS INTERNATIONAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6: PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation expense was \$1,389 and \$2,342 for the years ended June 30, 2022 and June 30, 2021, respectively.

NOTE 7: NOTES PAYABLE

In February 2021, SCI received loan proceeds in the amount of \$85,075 under the Paycheck Protection Program (PPP). Established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), the PPP provided loans to qualifying businesses and organizations in amounts up to 2.5 times the business's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (eight or 24 weeks) as long as the borrower meets the forgiveness criteria. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. SCI used the PPP loan proceeds for allowed purposes. SCI applied for and received 100% forgiveness of the principal and accrued interest.

NOTE 8: LEASE COMMITMENTS

SCI leases its office space in Sacramento under a non-cancelable operating lease which expired on December 31, 2022 with an option to continue on an annual basis. Rent expense totaled \$24,000 and \$19,800 for the years ended June 30, 2022 and June 30, 2021, respectively.

NOTE 9: NET ASSETS WITH DONOR RESTRICTIONS

	<u>2022</u>	<u>2021</u>
Purpose restrictions:		
Kenya	\$ -	\$ 1,037
Puerto Rico Fund	500	500
Latin America Endowment	25,000	25,000
Latin America Endowment - unspent earnings	5,372	7,873
Sacramento Regional Community Foundation	<u>25,000</u>	<u>25,000</u>
Net Assets with Donor Restrictions	<u>\$ 55,872</u>	<u>\$ 59,410</u>

NOTE 10: NET ASSETS RELEASED FROM RESTRICTIONS

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 during the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Purpose restrictions accomplished		
Kenya	\$ 31,604	\$ 24,330
Mary Frank/Media Fund	5,640	6,000
Latin America Endowment	6,145	-
Fundraising	<u>750</u>	<u>-</u>
Net Assets Released from Restrictions	<u>\$ 44,139</u>	<u>\$ 30,330</u>

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NOTE 11: IN-KIND CONTRIBUTIONS

SCI received donated goods related to its program purposes, and donated services from a variety of unpaid volunteers assisting in leadership, committees, fund-raising activities and program services. For the year ended June 30, 2022, SCI recorded in-kind revenue of \$13,903 which included \$6,000 for donated medical insurance premiums, \$6,445 for donated services and \$1,458 for donated dues and subscriptions. For the year ended June 30, 2021, SCI recorded in-kind revenue of \$2,940 which included \$1,950 for computer equipment and \$990 for donated services.

NOTE 12: BENEFICIAL INTEREST IN ASSETS OF COMMUNITY FOUNDATION

SCI has transferred assets to the Sacramento Regional Community Foundation (Foundation) to establish an endowment fund. The agreement states that the transfer is irrevocable and that the assets will not be returned to SCI. However, the Foundation will make distributions of income earned on the endowment fund to SCI, subject to the Foundation's spending policy. SCI has granted the Foundation variance power which allows the Foundation, at its sole discretion and subject to certain conditions, to modify any condition or restriction on the distribution of funds. Distributions in the amount of \$1,640 and \$1,600 were received for the years ended June 30, 2022 and 2021, respectively. SCI has recorded a beneficial interest in assets held by the Foundation totaling \$43,553 and \$52,732 at June 30, 2022 and June 30, 2021, respectively.

NOTE 13: ENDOWMENT

SCI's endowment includes both net assets with donor restrictions and net assets without donor restrictions designated by the Board of Directors to function as general endowments. The Board has complied with the requirements of the *Uniform Prudent Management of Institutional Funds Act (UPMIFA)*, which provides statutory guidance for management, investment, and expenditures of endowment funds. UPMIFA does not distinguish between original corpus, income, and capital appreciation and permits all endowed funds to make a payout as deemed prudent by the Board and within UPMIFA.

SCI classifies as net assets with donor restrictions (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization

To satisfy its long-term objectives, SCI relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). SCI targets a conservative mix on investments that places an emphasis on capital preservation.

SOLAR COOKERS INTERNATIONAL, INC.
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NOTE 13: ENDOWMENT (CONTINUED)

Amounts to be appropriated for expenditure, if any, are determined annually by the Board of Directors. Changes in endowment net assets for the year ended June 30, 2022, were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment assets, July 1, 2021	\$ 27,732	\$ 57,873	\$ 85,605
Contributions	-	-	-
Investment Income	(7,034)	(2,501)	(9,535)
Grants/Scholarships	(1,640)	-	(1,640)
Administrative Costs	<u>(505)</u>	<u>-</u>	<u>(505)</u>
Endowment assets, June 30, 2022	<u>\$ 18,553</u>	<u>\$ 55,372</u>	<u>\$ 73,925</u>

Changes in endowment net assets for the year ended June 30, 2021, were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment assets, July 1, 2020	\$ 15,961	\$ 52,126	\$ 68,087
Investment Income	13,829	5,747	19,576
Administrative Costs	<u>(2,058)</u>	<u>-</u>	<u>(2,058)</u>
Endowment assets, June 30, 2021	<u>\$ 27,732</u>	<u>\$ 57,873</u>	<u>\$ 85,605</u>

NOTE 14: FAIR VALUE MEASUREMENTS

FASB Accounting Standards Codification 820, Fair Value Measurements and Disclosures, established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy are described below:

- | | |
|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access. |
| Level 2 | <p>Inputs to the valuation methodology include:</p> <ul style="list-style-type: none"> ◦ Quoted prices for similar assets or liabilities in active markets; ◦ Quoted prices for identical or similar assets or liabilities in inactive markets; ◦ Inputs other than quoted prices that are observable for the assets or liability; ◦ Inputs that are derived principally from or corroborated by observable market data correlation or other means. <p>If the assets or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.</p> |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement. |

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NOTE 14: FAIR VALUE MEASUREMENTS (CONTINUED)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following a description of the valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of net assets available for benefits, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2022. SCI had no assets or liabilities measured at fair value on a nonrecurring basis.

Mutual Funds and Exchange -Traded Funds: Valued at the daily closing prices as reported by the fund. Mutual funds and exchange-traded funds held by the Plan are open-end funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds and exchange-traded funds held by SCI are deemed to be actively traded, resulting in a Level 1 valuation.

Certificates of Deposit: Valued at amortized cost, which approximates fair value. These are included as Level 2 valuation.

Beneficial Interest in Assets of Community Foundation: Valued using unobservable (Level 3) inputs, as the value of the beneficial interest is not published on an active market and the value is determined by the Community Foundation and the mix of investments held by the Community Foundation at a given point in time.

The following tables set forth by level, within the fair value hierarchy, SCI's assets at fair value as of June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Mutual Funds	\$ 51,263	\$ -	\$ -	\$ 51,263
Exchange-Traded Funds	90,056	-	-	90,056
Certificate of Deposit	-	901,223	-	901,223
Bond Funds	-	235,577	-	235,577
Beneficial Interest in Assets of Community Foundation	<u>-</u>	<u>-</u>	<u>43,553</u>	<u>43,553</u>
Total assets at fair value	<u>\$ 141,319</u>	<u>\$ 1,136,800</u>	<u>\$ 43,553</u>	<u>\$ 1,321,672</u>

The following tables set forth by level, within the fair value hierarchy, SCI's assets at fair value as of June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Mutual Funds	\$ 414,963	\$ -	\$ -	\$ 414,963
Exchange-Traded Funds	104,174	-	-	104,174
Certificate of Deposit	-	148,854	-	148,854
Beneficial Interest in Assets of Community Foundation	<u>-</u>	<u>-</u>	<u>52,732</u>	<u>52,732</u>
Total assets at fair value	<u>\$ 519,137</u>	<u>\$ 148,854</u>	<u>\$ 52,732</u>	<u>\$ 720,723</u>

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NOTE 14: FAIR VALUE MEASUREMENTS (CONTINUED)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, SCI believes the valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following is a reconciliation of SCI's beneficial interest in assets measured using significant unobservable measurements (Level 3) for the years ended:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Beneficial interest in assets, beginning of year	\$ 52,732	\$ 40,961
Investment Income	(7,034)	12,230
Administrative fees	<u>(2,145)</u>	<u>(459)</u>
Beneficial interest in assets, end of year	<u>\$ 43,553</u>	<u>\$ 52,732</u>

NOTE 15: UNCERTAINTIES

The World Health Organization declared the worldwide coronavirus (COVID-19) outbreak a public health emergency on January 30, 2020 and officially declared it as a pandemic as of March 11, 2020. Management has performed an evaluation of certain financial statement line items such as investments, contributions receivable, and notes payable to determine whether valuation or impairment adjustments should be made. Management has determined that the amounts reported on the financial statements are properly valued as of June 30, 2022 and 2021. However, since the duration and full effects of the COVID-19 outbreak are yet unknown there could be future negative impacts to the financial condition of SCI.