

**SOLAR COOKERS  
INTERNATIONAL, INC.**

Independent Auditor's Report  
and Financial Statements

Year Ended June 30, 2015

**SOLAR COOKERS INTERNATIONAL, INC.  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Solar Cookers International, Inc. (a nonprofit organization), which comprise of the statement of financial position as of June 30, 2015, and the related statements of activities, 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 opinion.

***Opinion***

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, 2015, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Fritzsche Associates, Inc.*

Certified Public Accountant  
Sacramento, California  
August 31, 2015

**SOLAR COOKERS INTERNATIONAL, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2015**

**Assets**

Current assets:

Cash and equivalents	\$	350,932
Certificate of deposit		138
Accounts receivable		4,041
Grants receivable		82,500
Unconditional promise to give		90,000
Inventory		3,797
Prepaid expenses		<u>13,612</u>
Total current assets		545,020

Property and equipment, at cost less

accumulated depreciation of \$13,436		2,392
Beneficial interest in Community Foundation assets		34,949
Certificate of deposit reserved for long-term purposes		<u>25,000</u>
Total assets	\$	<u><u>607,361</u></u>

**Liabilities and Net Assets**

Current liabilities:

Accounts payable	\$	3,425
Accrued expenses		<u>26,752</u>
Total current liabilities		30,177

Net assets:

Unrestricted		314,435
Temporarily restricted		212,749
Permanently restricted		<u>50,000</u>
Total net assets		<u>577,184</u>
Total liabilities and net assets	\$	<u><u>607,361</u></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, 2015**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Support &amp; Revenue:</b>				
Contributions	\$ 410,980	\$ 92,230	\$ 25,000	\$ 528,210
Grants & contracts	-	165,000	-	165,000
Sales of cookits & materials	22,371	-	-	22,371
Special events	9,600	-	-	9,600
Less: Direct donor benefits	(5,301)	-	-	(5,301)
Interest & dividends	460	-	-	460
Other revenue	720	-	-	720
Net assets released from restrictions	53,358	(53,358)	-	-
<b>Total support &amp; revenue</b>	<u>492,188</u>	<u>203,872</u>	<u>25,000</u>	<u>721,060</u>
<b>Expenses:</b>				
Program services	<u>322,212</u>	-	-	<u>322,212</u>
<b>Total program services</b>	<u>322,212</u>	-	-	<u>322,212</u>
<b>Supporting Services:</b>				
Fund development	59,436	-	-	59,436
General & administrative	<u>51,557</u>	-	-	<u>51,557</u>
<b>Total supporting services</b>	<u>110,993</u>	-	-	<u>110,993</u>
<b>Total expenses</b>	<u>433,205</u>	-	-	<u>433,205</u>
Change in net assets	58,983	203,872	25,000	287,855
Net assets, beginning of year	<u>255,452</u>	<u>8,877</u>	<u>25,000</u>	<u>289,329</u>
Net assets, end of year	<u>\$ 314,435</u>	<u>\$ 212,749</u>	<u>\$ 50,000</u>	<u>\$ 577,184</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, 2015**

	Program Services	Fund Development	General & Administrative	Total
Salaries & wages	\$ 176,880	\$ 26,064	\$ 16,734	\$ 219,678
Payroll taxes	14,836	2,186	1,404	18,426
Employee benefits	4,302	634	407	5,343
Accounting & audit fees	-	-	16,408	16,408
Bank & payroll charges	-	-	7,654	7,654
Cookits & other materials	15,811	-	-	15,811
Depreciation	572	32	32	636
Dues & subscriptions	446	53	13	512
Insurance	3,131	416	724	4,271
Miscellaneous	167	2,849	1,393	4,409
Office expenses	1,021	346	388	1,755
Postage & shipping	616	958	296	1,870
Printing & copying	178	11	-	189
Professional fees	-	2,145	2,728	4,873
Program expenses	88,906	-	-	88,906
Publication costs	1,034	22,842	-	23,876
Rent	10,571	661	1,982	13,214
Supplies	904	88	492	1,484
Telephone, fax & email	2,587	151	451	3,189
Travel & meetings	250	-	451	701
Total expenses	<u>\$ 322,212</u>	<u>\$ 59,436</u>	<u>\$ 51,557</u>	<u>\$ 433,205</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, 2015**

Cash flows from operating activities:	
Change in net assets	\$ 287,855
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	636
Decrease in beneficial interest	51
Increase in certificates of deposit	(38)
Increase in accounts receivable	(3,550)
Increase in grants receivable	(82,500)
Increase in promises to give	(89,500)
Decrease in inventory	1,813
Decrease in prepaid expenses	21,842
Increase in accounts payable	363
Increase in accrued expenses	<u>7,820</u>
Net cash provided by operating activities	<u>144,792</u>
Cash flows from investing activities:	
Transfer to Community Foundation for beneficial interest	(25,000)
Purchase of equipment	<u>(1,236)</u>
Net cash used in investing activities	<u>(26,236)</u>
Net increase in cash	118,556
Cash and equivalents, June 30, 2014	<u>232,376</u>
Cash and equivalents, June 30, 2015	<u>\$ 350,932</u>

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

**SOLAR COOKERS INTERNATIONAL, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Organization

Solar Cookers International, Inc. (SCI) is a non-profit organization whose primary purpose is to promote the spread of solar cooking and solar water pasteurization for health, social, and environmental benefits worldwide. SCI strives to reduce and alleviate the widespread suffering resulting from fuel scarcity, waterborne diseases, and environmental deterioration by sharing knowledge about solar cooking and solar water pasteurization with all people.

Basis of Presentation

The financial statements of SCI have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets are classified based on the existence of absence of donor-imposed restrictions. Accordingly, SCI classifies its net assets and changes in net assets as follows:

**Unrestricted net assets** – Net assets that are not subject to donor-imposed restrictions or the restrictions have expired.

**Temporarily restricted net assets** – Net assets that are subject to donor-imposed restrictions that may or will be met either by actions of SCI and/or the passage of time.

**Permanently restricted net assets** – Net assets to be held in perpetuity as directed by donors. The income from the contributions is available to support activities as designated by donors.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets and liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor restriction or by law.

Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles in the United States of America, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates under different assumptions or conditions.

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.

**SOLAR COOKERS INTERNATIONAL, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Property and Equipment

Acquisitions of property and equipment of \$500 or more are capitalized. Property and equipment are stated at cost if purchased or fair value if donated.

Income Tax Status

SCI is exempt from income taxes under Internal Revenue Code (IRC) Section 501(c)(3) and related California code sections, and is considered a publicly supported organization.

Management of SCI has evaluated the tax positions and related income tax contingencies. Management does not believe that any material uncertain tax positions exist. With few exceptions, SCI is no longer subject to income tax examinations by federal authorities for years ending June 30, 2011 and before and by state authorities for years ending June 30, 2010 and before.

Functional Expenses

The costs of providing the program and supporting services have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services based on estimates of employees' time and on the usage of resources.

Cash and Equivalents

Cash and equivalents consist of cash on hand and highly liquid investments with original or remaining maturities of three months or less at the time of purchase.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year financial statement presentation.

**NOTE B – UNCONDITIONAL PROMISE TO GIVE**

Unconditional promises to give, all of which management considers collectible within one year, consisted of a bequest and totaled \$90,000 at June 30, 2015.

**SOLAR COOKERS INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE C – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of June 30, 2015:

Furniture and equipment	\$ 15,828
Less: accumulated depreciation	<u>(13,436)</u>
Total property and equipment	<u>\$ 2,392</u>

Depreciation expense was \$636 for the year ended June 30, 2015.

**NOTE D – RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets consist of contributions restricted by donors for use in future periods and totaled \$212,749 at June 30, 2015.

Permanently restricted net assets consist of assets to be held indefinitely. The income from the assets can be used to support SCI's general activities. The assets are valued at \$50,000 and are held as certificate of deposit reserved for long-term purposes and beneficial interest in Community Foundation assets as of June 30, 2015.

**NOTE E – DONATED SERVICES**

SCI received donated services from a variety of unpaid volunteers assisting in leadership, committees, fund-raising activities and program services. The value of this donated time is not reflected in the accompanying financial statements since it does not meet the criteria for recognition as a contribution.

**NOTE F – 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. No distributions were received for the year ended June 30, 2015. SCI has recorded a beneficial interest in assets held by the Foundation totaling \$34,949 at June 30, 2015.

**SOLAR COOKERS INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE G – ENDOWMENT**

SCI's endowment includes both donor-restricted funds and unrestricted funds designated by the Board of Directors to function as general endowments. The Board has adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which provides statutory guidance for management, investment, and expenditures of endowed 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 permanently restricted net assets (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. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standards of prudence prescribed in UPMIFA. 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 of investments that places a greater emphasis on capital preservation.

**SOLAR COOKERS INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE G – ENDOWMENT (CONTINUED)**

Amounts to be appropriated for expenditure, if any, are decided annually by the board of directors. Changes in endowment net assets for year ended June 30, 2015, are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment assets, beginning of year	\$ 10,000	\$ 4,494	\$ 25,000	\$ 39,494
Investment income	(56)	5	--	(51)
Realized and unrealized gains	--	--	--	--
Contributions	--	--	25,000	25,000
Appropriation of endowment assets for expenditure	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Endowment assets, end of year	<u>\$ 9,944</u>	<u>\$ 4,499</u>	<u>\$ 50,000</u>	<u>\$ 64,443</u>

**NOTE H – FAIR VALUE MEASUREMENTS**

SCI measures fair value in accordance with FASB Accounting Standards Codification ASC 820. ASC 820 applies to all financial instruments that are being measured and reported on a fair value basis.

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes 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 measurements involving significant unobservable inputs (Level 3 measurements). The applicable level of the fair value hierarchy is as follows:

Level 1 – Inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities. Valuations for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Inputs other than quoted prices within Level 1 that are observable, either directly or indirectly. Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

**SOLAR COOKERS INTERNATIONAL, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE H – FAIR VALUE MEASUREMENTS (CONTINUED)**

Level 3 – Inputs are unobservable. Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities.

SCI uses appropriate valuation techniques based on the available inputs to measure the fair value of their investments. When available, SCI measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or 2 inputs are not available.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used during the year ended June 30, 2015. Mutual Funds, Exchange Traded Funds and Money Market Funds are measured at quoted market prices for identical assets (Level 1).

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 table below presents the balances of assets measured at fair value on a recurring basis at June 30, 2015:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Beneficial Interest in Assets of Community Foundation	\$ 34,949	--	--	\$ 34,949
Totals	<u>\$ 34,949</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 34,949</u>

**SOLAR COOKERS INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE H – FAIR VALUE MEASUREMENTS (CONTINUED)**

The beneficial interest in assets held by community foundation is valued using Level 3 measurements, as SCI's interest in not redeemable in the near term. The following is a reconciliation of SCI's investments measured using significant unobservable measurements (Level 3) for the year ending June 30, 2015:

Balance, beginning of year	\$ 10,000
Contributions	25,000
Investment income	125
Administrative fees	<u>(176)</u>
Balance, end of year	<u>\$ 34,949</u>

**NOTE I – CONCENTRATIONS**

SCI maintains all of its cash in bank deposit accounts that, at times, may exceed federally insured limits. SCI has not experienced any losses in such accounts. Management believes SCI is not exposed to any significant credit risk related to cash.

**NOTE J – SUBSEQUENT EVENTS**

Management of SCI has reviewed the results of operations for the period of time from its year end June 30, 2015 through August 31, 2015, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.