

SOLAR COOKERS INTERNATIONAL, INC.



**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2020 and 2019

SOLAR COOKERS INTERNATIONAL, INC.
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Solar Cookers International, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, 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 audit 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, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Solar Cookers International, Inc. 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 18, 2019. In our opinion, the summarized comparative information presented herein as of and for the year June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Mann, Urrutia, Nelson CPAs

Sacramento, California
September 29, 2020

SOLAR COOKERS INTERNATIONAL, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2020
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2019

	2020	2019
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and cash equivalents (Note 3)	\$ 521,492	\$ 410,235
Investments (Note 4)	612,811	491,023
Accounts receivable	-	100
Grants receivable	-	50,000
Unconditional promises to give (Note 5)	23,121	22,650
Inventory	3,071	3,884
Prepaid expenses	9,873	7,610
Total Current Assets	1,170,368	985,502
<u>Non-Current Assets</u>		
Property and equipment, net (Note 6)	9,050	7,896
Beneficial interest in Community Foundation assets (Note 11)	40,961	42,562
Total Non-Current Assets	50,011	50,458
Total Assets	\$ 1,220,379	\$ 1,035,960
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ 8,531	\$ 2,590
Accrued expenses	39,778	27,857
Notes payable - current portion (Note 7)	35,343	-
Total Current Liabilities	83,652	30,447
Notes payable - less current portion (Note 7)	43,160	-
Total Liabilities	126,812	30,447
<u>Net Assets</u>		
With donor restrictions (Note 9)	56,740	65,184
Without donor restrictions	1,036,827	940,329
Total Net Assets	1,093,567	1,005,513
Total Liabilities and Net Assets	\$ 1,220,379	\$ 1,035,960

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

SOLAR COOKERS INTERNATIONAL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<u>Support and Revenues</u>			
Contributions	\$ 458,019	\$ 34,019	\$ 492,038
Grants and contracts	167,365	-	167,365
Sales of cookers & materials	1,562	-	1,562
In-kind contributions (Note 10)	3,570	-	3,570
Investment income	24,602	-	24,602
Other revenue	5,650	-	5,650
Total Support and Revenues	660,768	34,019	694,787
Net assets released from restriction	42,463	(42,463)	-
Total Revenues	703,231	(8,444)	694,787
<u>Expenses</u>			
Program services	491,474	-	491,474
Fund development	88,960	-	88,960
General and administrative	26,299	-	26,299
Total Expenses	606,733	-	606,733
Change in Net Assets	96,498	(8,444)	88,054
Net Assets - July 1, 2019	940,329	65,184	1,005,513
Net Assets - June 30, 2020	\$ 1,036,827	\$ 56,740	\$ 1,093,567

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

SOLAR COOKERS INTERNATIONAL, INC.
STATEMENT OF ACTIVITIES - COMPARATIVE TOTALS
FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<u>Support and Revenues</u>			
Contributions	\$ 459,301	\$ 40,886	\$ 500,187
Grants and contracts	182,000	-	182,000
Sales of cookers and materials	4,201	-	4,201
Special events	20,593	-	20,593
Less: Direct donor benefits	(2,192)	-	(2,192)
In-kind contributions (Note 10)	5,523	-	5,523
Investment income	17,752	-	17,752
Other revenue	3,740	-	3,740
 Total Support and Revenues	 690,918	 40,886	 731,804
 Net assets released from restriction	 35,951	 (35,951)	 -
 Total Revenues	 726,869	 4,935	 731,804
<u>Expenses</u>			
Program services	466,688	-	466,688
Fund Development	62,009	-	62,009
General & Administration	27,309	-	27,309
 Total Expenses	 556,006	 -	 556,006
 Change in Net Assets	 170,863	 4,935	 175,798
 Net Assets - July 1, 2018	 769,466	 60,249	 829,715
 Net Assets - June 30, 2019	 \$ 940,329	 \$ 65,184	 \$ 1,005,513

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, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019

	Program Services	Fund Development	General and Administrative	Total 2020	Total 2019
Salaries and wages	\$ 314,694	\$ 48,528	\$ 10,219	\$ 373,441	\$ 331,950
Payroll taxes	25,704	4,776	829	31,309	31,473
Employee benefits	22,865	3,531	818	27,214	26,912
Accounting & audit fees	23,023	4,605	1,501	29,129	27,401
Bank & payroll charges	-	-	5,053	5,053	4,778
Cookers & other materials	851	-	-	851	387
Depreciation	2,490	318	87	2,895	2,203
Dues & subscription	3,227	414	59	3,700	3,585
In-kind expense	2,681	130	759	3,570	5,523
Insurance	1,702	206	3,937	5,845	8,045
Interest	-	-	1,508	1,508	-
Miscellaneous	319	15	104	438	-
Office expenses	1,028	1,110	44	2,182	2,316
Postage & shipping	1,730	288	106	2,124	1,554
Professional fees	9,127	1,232	312	10,671	16,710
Program expenses	36,368	-	-	36,368	24,257
Publication costs	12,496	16,266	2	28,764	17,013
Rent	21,611	1,911	539	24,061	22,692
Supplies	7,726	5,057	292	13,075	11,801
Telephone, fax & email	3,207	351	98	3,656	4,439
Travel & meetings	625	222	32	879	12,967
Total Expenses	<u>\$ 491,474</u>	<u>\$ 88,960</u>	<u>\$ 26,299</u>	<u>\$ 606,733</u>	<u>\$ 556,006</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, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019

	2020	2019
<u>Cash Flows from Operating Activities</u>		
Change in net assets	\$ 88,054	\$ 175,798
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,895	2,203
Net unrealized gain on investments	(10,112)	(8,367)
Decrease (Increase) in:		
Accounts receivable	100	400
Grants receivable	50,000	(10,000)
Unconditional promises to give	(471)	(8,850)
Inventory	813	1,095
Prepaid expenses	(2,263)	1,619
Increase (Decrease) in:		
Accounts payable	5,941	(1,892)
Accrued expenses	<u>11,921</u>	<u>(27,215)</u>
Net Cash Provided by Operating Activities	<u>146,878</u>	<u>124,791</u>
<u>Cash Flows from Investing Activities</u>		
Purchase of investments	(298,986)	(483,938)
Proceeds from sale of marketable securities	23,911	-
Proceeds from maturities of certificates of deposit	165,000	-
Purchase of equipment	<u>(4,049)</u>	<u>-</u>
Net Cash Used for Investing Activities	<u>(114,124)</u>	<u>(483,938)</u>
<u>Cash Flows from Financing Activities</u>		
Proceeds from note payable issued	<u>78,503</u>	<u>-</u>
Net Cash Provided by Investing Activities	<u>78,503</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>111,257</u>	<u>(359,147)</u>
Cash and Cash Equivalents, Beginning of Year	<u>410,235</u>	<u>769,382</u>
Cash and Cash Equivalents, End of Year	<u>\$ 521,492</u>	<u>\$ 410,235</u>

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

SOLAR COOKERS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Solar Cookers International, Inc. (SCI) is a non-profit 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 that are not subject to donor-imposed restrictions and are available for general operations.

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by actions of the Organization and/or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a restriction expires, 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 as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have original maturities of three months or less.

Investments

Investments are classified into the following categories:

- Available-for-sale securities, reported at fair value, with unrealized gains and losses excluded from earnings and reported, net of taxes, as accumulated other comprehensive income (loss) within stockholders' equity.
- Held-to-maturity securities, which management has the positive intent and ability to hold to maturity, reported at amortized cost, adjusted for the accretion of discounts and amortization of premiums.

Management determines the appropriate classification of its investments at the time of purchase and may only change the classification in certain limited circumstances. All transfers between categories are accounted for at fair value in the period which the transfer occurs.

Gains or losses on the sale of investment securities are computed on the specific identification method.

An investment security is impaired when its carrying value is greater than its fair value. Investment securities that are impaired are evaluated on at least a quarterly basis and more frequently when economic or market conditions warrant such an evaluation to determine whether such a decline in their fair value is other than temporary. Management utilizes criteria such as the magnitude and duration of the decline and the intent and ability of SCI to retain its investment in the securities for a period of time sufficient to allow for an anticipated recovery in fair value, in addition to the reasons underlying the decline, to determine whether the loss in value is other than temporary. The term "other than temporary" is not intended to indicate that the decline is permanent, but indicates that the prospect for a near-term recovery of value is not necessarily favorable, or that there is a lack of evidence to support a realizable value equal to or greater than the carrying value of the investment. Once a decline in value is determined to be other than temporary, and management does not intend to sell the security or it is more likely than not that SCI will not be required to sell the security before recovery, for debt securities, only the portion of the impairment loss

SOLAR COOKERS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

representing credit exposure is recognized as a charge to earnings, with the balance recognized as a charge to other comprehensive income. If management intends to sell the security or it is more likely than not that SCI will be required to sell the security before recovering its forecasted cost, the entire impairment loss is recognized as a charge to earnings.

Grants and Accounts Receivable

Grants and accounts receivable are stated at the unpaid balance. Grants receivable consists primarily of donor contributions. SCI does not charge interest on past due accounts. Management believes all receivables are fully collectible, therefore no allowance for doubtful accounts is deemed necessary. The write-off of receivables is rare and occurs at management's discretion after all collection efforts have failed.

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

Acquisitions of property and equipment of \$500 or more are capitalized. Property and equipment is recorded at acquisition cost, or at estimated fair market value as of the date of donation. Depreciation expense is provided on a straight-line basis over the estimated useful life of the respective asset, ranging from 5 to 15 years.

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.

SOLAR COOKERS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Pursuant to a determination letter from the Internal Revenue Service, SCI is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue code and Section 23701(d) of the California Revenue and Taxation Code.

Subsequent Events

Subsequent events have been evaluated through September 29, 2020, 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.

Recently Adopted Accounting Pronouncements

ASU 2018-08 - Not-for-Profit Entities (Topic 958) Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made

The purpose of this standard is to clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. The amendments clarify how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred on the basis of the following: (1) A resource provider (including a foundation, a government agency, or other) is not synonymous with the general public. A benefit received by the public as a result of the assets transferred is not equivalent to commensurate value received by the resource provider. (2) Execution of a resource provider's mission or the positive sentiment from acting as a donor does not constitute commensurate value received by a resource provider for purposes of determining whether a transfer of assets is a contribution or an exchange. Adoption of this standard as of June 30, 2020 had no effect on SCI's current year financial statements.

ASU 2014-19 - Revenue from Contracts with Customers (Topic 606)

The purpose of this standard is to clarify the principles for recognizing revenue and to develop a common revenue standard that would remove inconsistencies and weaknesses in current revenue requirements, provide a more robust framework for addressing revenue issues, improve comparability of practices across entities, and improve disclosure requirements. Adoption of this standard as of June 30, 2020 had no material effect on SCI's current year financial statements.

ASU 2016-18 - Statement of Cash Flows (Topic 230) Restricted Cash

This standard addresses the diversity in practice that exists regarding the classification and the presentation of changes in restricted cash on the statement of cash flows under Topic 230, Statement of Cash Flows. The standard requires cash flow statements to explain the changes during a reporting period of the totals for cash, cash equivalents, restricted cash and restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and the end-of-period total amounts set forth on the statement of cash flows. Adoption of this standard as of June 30, 2020 had no effect on SCI's current year financial statements.

SOLAR COOKERS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Future Accounting Pronouncements

ASU 2018-13 - Fair Value Measurement (Topic 820)

Under the new guidance, disclosure requirements of fair value measurements in Topic 820, Fair Value Measurement, will be modified to improve effectiveness of disclosures in the notes to the financial statements. Modifications will effect both recurring and nonrecurring fair value measurements and remove, modify, and add certain disclosures. The new requirements are effective for SCI's June 30, 2021 year-end. Management has not yet determined the impact of this accounting standard on SCI's operations or cash flows.

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.

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 on 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 Organization'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.

The following table reflects SCI's financial assets as of June 30, 2020 and 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position.

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 521,492	\$ 410,235
Investments	612,811	491,023
Accounts receivable	-	100
Pledges and grants receivable	<u>23,121</u>	<u>72,650</u>
Total financial assets	<u>1,157,424</u>	<u>974,008</u>
Less amounts not available to be used within one year:		
Investments with liquidity horizons greater than one year	(110,422)	(73,379)

SOLAR COOKERS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2: LIQUIDITY AND AVAILABILITY (CONTINUED)

Donor-imposed restrictions:		
Restricted funds	(4,614)	(12,960)
Endowments	<u>(52,126)</u>	<u>(52,224)</u>
Financial assets with donor-imposed restrictions	(56,740)	(65,184)
Total financial assets not available to be used within one year	<u>(167,162)</u>	<u>(138,563)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 990,262</u>	<u>\$ 835,445</u>

NOTE 3: CASH AND CASH EQUIVALENTS

SCI maintains accounts at one bank and one financial services company. At June 30, 2020, cash and cash equivalents included \$336,901 held in commercial banks of which \$250,000 was insured by the Federal Deposit Insurance Corporation and \$178,160 held with Charles Schwab, all of which was insured by the Federal Deposit Insurance Corporation. No cash and cash equivalents held in credit unions at June 30, 2020. At June 30, 2019, cash and cash equivalents included \$311,932 held in commercial banks of which \$250,000 was insured by the Federal Deposit Insurance Corporation, and \$81,033 held in credit unions of which \$81,033 was insured by the National Credit Union Administration.

NOTE 4: INVESTMENTS

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

Investments consisted of the following at June 30, 2020:

	<u>Fair Value</u>	<u>Cost</u>
Money Market Mutual Funds	\$ 48,228	\$ 44,859
Exchange-Traded Funds	68,493	59,966
Certificates of Deposit	<u>496,090</u>	<u>491,000</u>
Total Investments	<u>\$ 612,811</u>	<u>\$ 595,825</u>

Investments consisted of the following at June 30, 2019:

	<u>Fair Value</u>	<u>Cost</u>
Money Market Mutual Funds	\$ 43,505	\$ 41,536
Exchange-Traded Funds	56,870	52,017
Certificates of Deposit	<u>390,648</u>	<u>392,000</u>
Total Investments	<u>\$ 491,023</u>	<u>\$ 485,553</u>

Investment return is summarized as follows:

	<u>2020</u>	<u>2019</u>
Interest income	\$ 14,490	\$ 9,385
Net realized and unrealized gains (losses)	<u>10,112</u>	<u>8,367</u>
Total investment income	<u>\$ 24,602</u>	<u>\$ 17,752</u>

SOLAR COOKERS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 5 : UNCONDITIONAL PROMISE TO GIVE

Unconditional promises to give, all of which management considered collectible within one year, consist of various pledges from donors which totaled \$23,121 and \$22,650 at June 30, 2020 and June 30, 2019, respectively.

NOTE 6: PROPERTY AND EQUIPMENT

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

	2020	2019
Furniture and equipment	\$ 33,958	\$ 29,909
Less: accumulated depreciation	(24,908)	(22,013)
Total property and equipment	\$ 9,050	\$ 7,896

Depreciation expense was \$2,895 and \$2,203 for the years ended June 30, 2020 and June 30, 2019, respectively.

NOTE 7: NOTES PAYABLE

On April 19, 2020, SCI applied for and was approved a \$78,503 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1%, but payments are not required to begin for six months after the funding of the loan. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government. Total future payments of \$35,343 are due within 12 months and are classified as a current liability as of June 30, 2020.

NOTE 8: LEASE COMMITMENTS

SCI leases its office space in Sacramento under a non-cancelable operating lease which expires on December 31, 2020. Future minimum rental payments under the lease total \$10,800. Rent expense totaled \$24,061 and \$22,682 for the years ended June 30, 2020 and June 30, 2019, respectively.

NOTE 9: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of June 30:

	2020	2019
Bergstrom/Kenya	\$ 1,114	\$ -
Mary Frank Media Fund	3,000	5,308
Travel Fund	-	142
Kakuma Upgrade Fund	-	7,010
Puerto Rico Fund	500	500
Latin America Endowment	25,000	25,000
Latin America Endowment - unspent earnings	2,126	2,224
Sacramento Regional Community Foundation	25,000	25,000
Total	\$ 56,740	\$ 65,184

SOLAR COOKERS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 10: 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, 2020, SCI recorded in-kind revenue of \$3,570, which included \$1,090 of donated grant research, graphic design and global advisory services, and \$2,480 in donated program expenses. For the year ended June 30, 2019, SCI recorded in-kind revenue of \$5,523, which included \$1,732 in donated IT services and professional photography and \$3,791 in donated program expenses.

NOTE 11: 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 years ended June 30, 2020 and 2019. SCI has recorded a beneficial interest in assets held by the Foundation totaling \$40,961 and \$42,562 at June 30, 2020 and June 30, 2019, respectively.

NOTE 12: 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 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 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 of investments that places an emphasis on capital preservation.

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NOTE 12: 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, 2020, were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets, July 1, 2019	\$ 17,560	\$ 52,224	\$ 69,784
Investment income	315	2,743	3,058
Realized and unrealized gains	<u>(1,914)</u>	<u>(2,841)</u>	<u>(4,755)</u>
Endowment assets, June 30, 2020	<u>\$ 15,961</u>	<u>\$ 52,126</u>	<u>\$ 68,087</u>

Changes in endowment net assets for the year ended June 30, 2019, were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets, July 1, 2018	\$ 16,278	\$ 50,158	\$ 66,436
Investment income	1,693	3,376	5,069
Realized and unrealized gains	<u>(411)</u>	<u>(1,310)</u>	<u>(1,721)</u>
Endowment assets, June 30, 2019	<u>\$ 17,560</u>	<u>\$ 52,224</u>	<u>\$ 69,784</u>

NOTE 13: 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 Inputs to the valuation methodology include:

- 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.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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NOTE 13: 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 is 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, 2020. The Organization had no assets or liabilities measured at fair value on a nonrecurring basis.

Mutual Funds and Exchange-Traded Funds: Valued at the daily closing price 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 the Organization 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 a 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, 2020:

	Level 1	Level 2	Level 3	Total
Money Market Mutual Funds	\$ 48,228	\$ -	\$ -	\$ 48,228
Exchange-Traded Funds	68,493	-	-	68,493
Certificates of Deposit	-	496,090	-	496,090
Beneficial Interest in Assets of Community Foundation	-	-	40,961	40,961
Total assets at fair value	<u>\$ 116,721</u>	<u>\$ 496,090</u>	<u>\$ 40,961</u>	<u>\$ 653,772</u>

The following tables set forth by level, within the fair value hierarchy, SCI's assets at fair value as of June 30, 2019:

	Level 1	Level 2	Level 3	Total
Money Market Mutual Funds	\$ 43,505	\$ -	\$ -	\$ 43,505
Exchange-Traded Funds	56,870	-	-	56,870
Certificates of Deposit	-	390,648	-	390,648
Beneficial Interest in Assets of Community Foundation	\$ -	\$ -	\$ 42,562	\$ 42,562
Total assets at fair value	<u>\$ 100,375</u>	<u>\$ 390,648</u>	<u>\$ 42,562</u>	<u>\$ 533,585</u>

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.

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NOTE 13: FAIR VALUE MEASUREMENTS (CONTINUED)

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

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Balance, beginning of year	\$ 42,562	\$ 41,280
Investment income (loss)	314	1,692
Administrative fees	<u>(1,915)</u>	<u>(410)</u>
Balance, end of year	<u>\$ 40,961</u>	<u>\$ 42,562</u>

NOTE 14: COMMITMENTS AND CONTINGENCIES

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, pledges 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, 2020. 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.