

**SOLAR COOKERS
INTERNATIONAL, INC.**

Independent Auditor's Report
and Financial Statements

Year Ended June 30, 2013

**SOLAR COOKERS INTERNATIONAL, INC.
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

INDEPENDENT AUDITOR'S REPORT

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, 2013, 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 of 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, 2013, and the changes in its net assets and cash flows for the year then ended in accordance with principles generally accepted in the United States of America.

Fritzsche Associates, Inc.

Certified Public Accountant
Sacramento, California
September 23, 2013

SOLAR COOKERS INTERNATIONAL, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013

Assets

Current assets:

Cash and equivalents	\$	134,379
Certificate of deposit		25,050
Unconditional promise to give		25,000
Inventory		10,208
Prepaid expenses		2,142
Total current assets		196,779

Property and equipment, at cost less

accumulated depreciation of \$12,186		2,406
Restricted cash		25,000
Total assets	\$	224,185

Liabilities and Net Assets

Current liabilities:

Accounts payable	\$	6,239
Accrued expenses		10,714
Total current liabilities		16,953

Net assets:

Unrestricted:

Undesignated		120,788
Board designated		28,600
Total unrestricted		149,388
Temporarily restricted		32,844
Permanently restricted		25,000
Total net assets		207,232
Total liabilities and net assets	\$	224,185

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

SOLAR COOKERS INTERNATIONAL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue:				
Contributions	\$ 347,097	\$ 3,350	\$ -	\$ 350,447
Grants and contracts	15,500	-	-	15,500
Sales of cookits and materials	45,879	-	-	45,879
Interest and dividends	170	-	-	170
	<u>408,646</u>	<u>3,350</u>	<u>-</u>	<u>411,996</u>
Total support and revenue				
Expenses:				
Program services	212,314	-	-	212,314
	<u>212,314</u>	<u>-</u>	<u>-</u>	<u>212,314</u>
Total program services				
Supporting Services:				
Fund development	41,911	-	-	41,911
General and administrative	49,854	-	-	49,854
	<u>91,765</u>	<u>-</u>	<u>-</u>	<u>91,765</u>
Total supporting services				
Total expenses	<u>304,079</u>	<u>-</u>	<u>-</u>	<u>304,079</u>
Change in net assets	104,567	3,350	-	107,917
Net assets, beginning of year as restated	<u>44,821</u>	<u>29,494</u>	<u>25,000</u>	<u>99,315</u>
Net assets, end of year	<u>\$ 149,388</u>	<u>\$ 32,844</u>	<u>\$ 25,000</u>	<u>\$ 207,232</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, 2013

	Program Services	Fund Development	General & Administrative	Total
Salaries and wages	\$ 48,448	\$ 9,115	\$ 11,753	\$ 69,316
Payroll taxes	2,709	1,607	1,883	6,199
Accounting & audit fees	-	-	15,875	15,875
Advertising and promotion	772	110	220	1,102
Bank & payroll charges	-	-	6,775	6,775
Cookits and other materials	19,388	-	-	19,388
Depreciation	760	-	-	760
Dues and subscriptions	2,737	342	342	3,421
Grants to organizations	55,074	-	-	55,074
Insurance	1,920	275	548	2,743
Interest expense	-	-	121	121
Miscellaneous	430	1,498	285	2,213
Office expenses	3,762	527	1,056	5,345
Outreach	14,931	-	-	14,931
Postage and shipping	4,119	588	1,177	5,884
Printing and copying	1,483	212	424	2,119
Professional fees	35,820	18,254	5,868	59,942
Publication costs	5,243	7,485	342	13,070
Rent	9,108	1,301	2,602	13,011
Telephone, fax and E-mail	2,042	292	583	2,917
Travel and meetings	3,568	305	-	3,873
Total expenses	<u>\$ 212,314</u>	<u>\$ 41,911</u>	<u>\$ 49,854</u>	<u>\$ 304,079</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, 2013

Cash flows from operating activities:	
Change in net assets	\$ 107,917
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	760
Increase in certificates of deposit	(25,050)
Increase in prepaid expenses	(1,100)
Increase in accounts payable	758
Increase in accrued expenses	<u>10,425</u>
Net cash provided by operating activities	<u>93,710</u>
Cash flows from investing activities:	
Purchase of office equipment	<u>(2,560)</u>
Net cash used in investing activities	<u>(2,560)</u>
Cash flows from financing activities:	
Principal payments on note payable	<u>(2,500)</u>
Net cash used in financing activities	<u>(2,500)</u>
Net increase in cash	88,650
Cash and equivalents, June 30, 2012	<u>45,729</u>
Cash and equivalents, June 30, 2013	<u><u>\$ 134,379</u></u>
Supplemental information:	
Cash paid for interest	<u><u>\$ 121</u></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, 2013

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 or 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 these assets are 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 accounting principles generally accepted 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 FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Acquisitions of equipment and furniture of \$500 or more are capitalized. Equipment and furniture are stated at cost if purchase or fair value if donated. Depreciation is computed when assets are placed in service using the straight-line method over their estimated useful lives of three to seven years.

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 its tax positions and related income tax contingencies, and does not believe that any material uncertain tax positions exist.

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 as of the statement of financial position date.

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 \$25,000 at June 30, 2013.

SOLAR COOKERS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2013:

Furniture and equipment	\$ 14,592
Less: accumulated depreciation	<u>(12,186)</u>
Total property and equipment	<u>\$ 2,406</u>

Depreciation expense was \$760 for the year ended June 30, 2013.

NOTE D – BOARD DESIGNATED NET ASSETS

Board designated net assets consisted of the following as of June 30, 2013:

Research and development	\$ 10,000
Operating reserve	8,600
Website design	7,000
Projects	<u>3,000</u>
Total board designated net assets	<u>\$ 28,600</u>

NOTE E – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets consist of contributions restricted by donors for use in future periods and totaled \$32,844 at June 30, 2013.

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 \$25,000 and are included in restricted cash as of June 30, 2013.

NOTE F – 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.

SOLAR COOKERS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE G – FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of substantially all reported assets and liabilities which represent financial instruments (none of which are held for trading purposes) approximate the carrying value of such amounts.

NOTE H – SUBSEQUENT EVENTS

Management of SCI has reviewed the results of operations for the period of time from its year end June 30, 2013, through September 23, 2013, 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.

NOTE I – PRIOR PERIOD ADJUSTMENT

Management conducted an analysis of the cumulative earnings and expenses related to the permanently restricted net assets of \$25,000. The analysis revealed that, at June 30, 2012, \$4,494 had been accumulated that had not yet been expended. Accordingly the amount is shown as temporarily restricted at June 30, 2012. This reclassification has no effect on the results of operations for the year ended June 30, 2013.