

**SOLAR COOKERS INTERNATIONAL, INC.
SOLAR COOKERS INTERNATIONAL, E.A.**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

**SOLAR COOKERS INTERNATIONAL, INC.
SOLAR COOKERS INTERNATIONAL, E.A.**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Solar Cookers International, Inc.
Solar Cookers International, E.A.
Sacramento, California

We have audited the accompanying consolidated statement of financial position of Solar Cookers International, Inc. (SCI) and Solar Cookers International, E.A. (SCI, E.A.) as of June 30, 2010, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended. These consolidated financial statements are the responsibility of SCI and SCI, E.A.'s management. Our responsibility is to express an opinion on these consolidated 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Solar Cookers International, Inc. and Solar Cookers International, E.A. as of June 30, 2010, and the change in their net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Haley & Company

HALEY & COMPANY, LLP

August 19, 2010



**SOLAR COOKERS INTERNATIONAL, INC.
SOLAR COOKERS INTERNATIONAL, E.A.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2010**

ASSETS

CURRENT ASSETS:		
Cash and cash equivalents		\$ 131,080
Investments		16,947
Investments – restricted		25,000
Grants receivable		49,105
Inventory		23,621
Prepaid expenses		<u>1,034</u>
Total current asset		246,787
Property and equipment, at cost	\$ 40,568	
Accumulated depreciation	(<u>32,096</u>)	
Total property and equipment		8,472
Other Assets		<u>850</u>
Total assets		<u>\$ 256,109</u>

LIABILITIES AND NET ASSETS

LIABILITIES:		
Accounts payable		\$ 7,018
Accrued expenses		12,399
Refundable advance		<u>60,618</u>
Total liabilities		<u>80,035</u>
NET ASSETS		
Unrestricted		150,052
Temporarily restricted		1,022
Permanent restricted		<u>25,000</u>
Total net assets		<u>176,074</u>
Total liabilities and net assets		<u>\$ 256,109</u>

See accompanying notes.

**SOLAR COOKERS INTERNATIONAL, INC.
SOLAR COOKERS INTERNATIONAL, E.A.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010**

UNRESTRICTED NET ASSETS

REVENUES AND GAINS:

Contributions	\$ 579,002
Grants and contracts	60,549
Sales of cookits and materials	168,353
Miscellaneous	109
Investment and interest income	1,301
Program service fees	13,412
Unrealized gain on investments	853
Net assets released from restrictions:	
Payments -Grants	85,268
-Contributions	3,004
-Investment income	<u>980</u>
Total revenue and gains	<u>912,831</u>

EXPENSES AND LOSSES:

Program services:

Advocacy	75,534
Humanitarian	19,038
International Program Development	375,081
Education	<u>223,198</u>
Total program services	<u>692,851</u>

Supporting services:

Fund development	98,460
General and administrative	<u>95,570</u>

Total supporting services	<u>194,030</u>
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Realized losses on investment	<u>259</u>
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Total expenses and losses	<u>887,140</u>
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See accompanying notes.

SOLAR COOKERS INTERNATIONAL, INC.
SOLAR COOKERS INTERNATIONAL, E.A.
CONSOLIDATED STATEMENT OF ACTIVITIES (Continued)
YEAR ENDED JUNE 30, 2010

INCREASE IN UNRESTRICTED NET ASSET	25,691
TEMPORARILY RESTRICTED NET ASSETS	
Contributions	4,026
Net assets released from restriction	(<u>88,272</u>)
DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	(<u>84,246</u>)
PERMANENTLY RESTRICTED NET ASSETS	
Investment income	980
Net assets released from restriction	(<u>980</u>)
CHANGES TO PERMANENTLY RESTRICTED NET ASSETS	<u>0</u>
DECREASE IN NET ASSETS	(58,555)
NET ASSETS, Beginning of Year	<u>234,629</u>
NET ASSETS, End of Year	<u>\$ 176,074</u>

See accompanying notes.

**SOLAR COOKERS INTERNATIONAL, INC.
SOLAR COOKERS INTERNATIONAL, E.A.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010**

	Program Services			Supporting Services			Total
	Advocacy	Humanitarian	International Program Development	Education	Fund Development	General and Administrative	
Salaries and wages	\$ 28,583	\$ 8,806	\$ 109,046	\$ 95,761	\$ 56,737	\$ 55,077	\$ 354,010
Payroll taxes	2,700	851	26,949	8,812	5,181	5,043	49,536
Employee benefits	1,697	601	34,445	5,670	2,560	6,809	51,782
Advertising and promotion			115	324	108	295	842
Bank charges			18	1,726	5,191	305	7,240
Dues and subscriptions	900		319		265	673	2,157
Insurance			1,593			2,445	4,038
Miscellaneous			369		792	845	2,006
Office expenses	117	67	4,372	948	196	464	6,164
Postage and shipping	1,395	707	2,111	24,098	5,295	692	34,298
Printing and copying	1,286	10	892	5,619	9,043	1,471	18,321
Professional fees	30,009	643	14,157	3,562	1,845	7,229	57,445
Occupancy	3,434	1,050	20,394	12,537	7,419	6,652	51,486
Supplies	262	5,709	111,713	60,057	581	1,823	180,145
Telephone	304	60	9,130	1,897	521	1,554	13,466
Travel and meetings	4,703	491	33,810	1,668	2,423	3,920	47,015
	75,390	18,995	369,433	222,679	98,157	95,297	879,951
Depreciation	144	43	5,648	519	303	273	6,930
Total expenses	\$ 75,534	\$ 19,038	\$ 375,081	\$ 223,198	\$ 98,460	\$ 95,570	\$ 886,881

See accompanying notes.

**SOLAR COOKERS INTERNATIONAL, INC.
SOLAR COOKERS INTERNATIONAL, E.A.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010**

CASH FLOWS FROM OPERATING ACTIVITIES:

Decrease in net assets	(\$ 58,555)
Adjustments to reconcile decrease in net assets	
To net cash used by operating activities:	
Depreciation	6,930
Unrealized gain on investments	(853)
Realized loss on investments	259
(Increase) decrease in operating assets:	
Grants receivable	60,000
Prepaid expenses	78
Inventory	(10,006)
Employee advances	6,849
Increase (decrease) in operating liabilities:	
Accounts payable	(129)
Accrued expenses	(4,269)
Refundable advances	(<u>60,549</u>)
Net cash used by operating activities	(<u>60,245</u>)

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of property and equipment	(1,299)
Purchase of investment securities	(2,277)
Sale of investments	20,192
Donated investments	(<u>20,451</u>)
Net cash used by investing activities	(<u>3,835</u>)

NET DECREASE IN CASH	(64,080)
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>195,160</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 131,080</u>

SUPPLEMENTAL DISCLOSURE:

Interest paid	<u>\$ 0</u>
Taxes paid	<u>\$ 0</u>

SOLAR COOKERS INTERNATIONAL, INC.
SOLAR COOKERS INTERNATIONAL, E.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE I – SIGNIFICANT ACCOUNTING POLICIES

Operations

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.

As part of its efforts to achieve these goals, SCI has implemented several projects in refugee camps and non-refugee areas in Africa. To assist the development of these projects, SCI created Solar Cookers International E.A. (SCI, E.A.) a non-governmental organization located in the Republic of Kenya.

SCI and SCI, E.A. provide supplies and training to introduce solar cooking to families where acute wood shortages for cooking contribute to malnutrition, environmental devastation and added burdens.

Principles of Consolidation

SCI and SCI, E.A. share a common board of directors. Because of common control, the accompanying financial statements reflect the consolidation of SCI and SCI, E.A. Material transactions between the entities have been eliminated in consolidation.

Program Description

International Program Development – Empowers women, their families and communities to benefit from free solar energy for cooking and pasteurizing water. These programs assist communities through creating awareness of solar cookers, their production and use. Communities are also taught to test water for the presence of E. coli and how to pasteurize water so that it can be used safely for drinking. A central project has been the Sunny Solutions Program in Kenya. In addition to using the solar cooker for cooking the project also reduces smoke within the home, helps prevent degradation of the environment and decreases the tedious task of gathering fuel. SCI's programs in partnership with other relief agencies have assisted refugees in Kenya, Ethiopia and Chad.

Education Resources – Compiles solar cooking and solar water pasteurization information and shares it with individuals and organizations worldwide through web sites, printed materials, and a query response service.

SOLAR COOKERS INTERNATIONAL, INC.
SOLAR COOKERS INTERNATIONAL, E.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE I – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Program Description (Continued)

Advocacy Program – SCI works with other solar cooking promoters in its 200+ member solar cookers worldwide network of independent experts and promoters to build awareness and support for solar cooking and water pasteurization among policy makers in government, business and humanitarian agencies at local, regional, national and international levels.

Financial Statement Presentation

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

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of SCI and SCI, E.A. and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by SCI and SCI, E.A. Generally, the donors of these assets permit SCI and SCI, E.A. to use all or part of the income earned on any related investments for general or specific purposes.

Foreign Currency Translation

Overseas operations are generally conducted using foreign currency. Applicable assets and liabilities are valued using the exchange rate in effect on June 30, 2010. Revenues, expenses, gains, and losses are valued using the exchange rate in effect on the last day of the month in which the amounts were realized. Cumulative loss from foreign currency exchange rate was \$776 at June 30, 2010.

SOLAR COOKERS INTERNATIONAL, INC.
SOLAR COOKERS INTERNATIONAL, E.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE I – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change of net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Inventory

Inventories consist of solar cookers and education 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.

Functional Allocation of Expenses

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

Grants Receivable

Grants receivable consists primarily of amounts from other agencies. SCI deems all amounts collectible, therefore, no allowance for doubtful accounts has been recorded as of June 30, 2010.

SOLAR COOKERS INTERNATIONAL, INC.
SOLAR COOKERS INTERNATIONAL, E.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE I – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment owned by SCI and SCI, E.A. is recorded at historical cost or estimated fair market value if donated. It is SCI and SCI, E.A.'s policy to capitalize expenditures for these items in excess of \$500. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2010 was \$6,930.

Income Tax Status

SCI is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is also exempt from California franchise taxes under Section 23701d of the California Revenue and Taxation Code, and is considered a publically supported organization. SCI, E.A. is registered as a non-governmental organization under laws of the Republic of Kenya.

Refundable Advances

SCI records its cost reimbursable grant revenue received as a refundable advance until it is expended for the purpose of the grant at which time it is recognized as revenue. The balance in refundable advances at June 30, 2010, represents amounts received under cost reimbursable grants that will be expended in the next fiscal year in accordance with the grant conditions and objectives.

Cash and Cash Equivalents

Cash and cash equivalents used in the consolidated statement of cash flows include cash and highly liquid certificates of deposit. The carrying amount of cash and cash equivalents approximates fair value due to the short time nature of these financial instruments.

NOTE 2 – FOREIGN OPERATIONS

SCI and SCI, E.A. conduct operations on the continent of Africa promoting the use of solar cookers in eastern Africa. The carrying amount of net assets located in these countries was \$38,070 on June 30, 2010.

**SOLAR COOKERS INTERNATIONAL, INC.
SOLAR COOKERS INTERNATIONAL, E.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 3 – INVESTMENTS

SCI holds its investments in government securities mutual funds.

The fair value and total cost of investments of June 30, 2010, and investment income are as follows:

	<u>Cost</u>	<u>Carrying Value/ Fair Value</u>
Debt securities mutual fund –unrestricted	<u>\$ 18,888</u>	<u>\$ 16,947</u>
Debt securities mutual fund – permanently restricted	<u>\$ 25,000</u>	<u>\$ 25,000</u>

Investment return at June 30, 2010 is summarized as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Dividends and capital gain distributions	\$ 1,301	\$ 980	\$ 2,281
Unrealized gain on investments	853		853
Realized gain/loss on sale of investments	(259)		(259)
Total investment return	<u>\$ 1,895</u>	<u>\$ 980</u>	<u>\$ 2,875</u>

NOTE 4 – LEASE COMMITMENTS

SCI has a non-cancellable lease for office space expiring in December 2011. Future minimum lease payments for office space are as follows:

<u>Year Ended June 30</u>	
2010	\$ 30,000
2011	<u>15,000</u>
Total future minimum lease payments	<u>\$ 45,000</u>

Office space expense for the year ended June 30, 2010, was \$48,952, including the SCI, E.A. rent.

**SOLAR COOKERS INTERNATIONAL, INC.
SOLAR COOKERS INTERNATIONAL, E.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 5 – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets consist of grants received or promised and are restricted by donor for use in the fiscal year ending June 30, 2011.

Permanently restricted net assets consist of endowment fund assets to be held indefinitely. The income from the assets can be used to support SCI's general activities. The endowment fund assets are valued at \$25,000 and are held in government securities mutual funds.

NOTE 6 – DONATED SERVICES AND MATERIALS

The value of donated services and materials totaling \$43,905 are included as contribution revenue in the consolidated financial statements and the corresponding expenses for the year ended June 30, 2010, are as follows:

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>
Donated services and materials	\$ <u>43,204</u>	\$ <u>257</u>	\$ <u>444</u>

In addition, SCI and SCI, E.A. received other volunteer services that benefit the organization's programs and board of director's activities. The value of this donated time is not reflected in the accompanying consolidated financial statements since it does not meet the criteria for recognition.

NOTE 7 – RISKS AND UNCERTAINTIES

SCI, E.A. maintains its cash in the Barclays Bank which is an overseas bank that is not insured by the Federal Deposit Insurance Corporation (FDIC). Additionally the account is subject to changes in exchange rates that may adversely affect its value.

SCI, E.A. is subject to uncertainties such as political instability and other operating risks inherent to overseas operations. This in turn may have a financial affect on operations or create liabilities to SCI.

NOTE 8 – RETIREMENT PLAN

SCI has a non-ERISA 403(b) Plan in which employees can make voluntary contributions towards their retirement. The Association did not make a discretionary contribution to the Plan for the year ended June 30, 2010.

**SOLAR COOKERS INTERNATIONAL, INC.
SOLAR COOKERS INTERNATIONAL, E.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 9 – DATE OF MANAGEMENT’S REVIEW

In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through August 19, 2010, the date that the financial statements were available to be issued.