

SUSTAINABLE ORGANIC INTEGRATED LIVELIHOODS

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

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Certified Public Accountants & Consultants

SUSTAINABLE ORGANIC INTEGRATED LIVELIHOODS

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	1 - 2
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION YEAR ENDED SEPTEMBER 30, 2024	3
STATEMENT OF ACTIVITIES YEAR ENDED SEPTEMBER 30, 2024	4
STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED SEPTEMBER 30, 2024	5
STATEMENT OF CASH FLOWS YEAR ENDED SEPTEMBER 30, 2024	6
NOTES TO FINANCIAL STATEMENTS YEAR ENDED SEPTEMBER 30, 2024	7 - 17

INDEPENDENT AUDITOR’S REPORT

To the Board of Directors
Sustainable Organic Integrated Livelihoods
Takoma Park, Maryland

Opinion

We have audited the accompanying financial statements of Sustainable Organic Integrated Livelihoods (a not-for-profit organization), which comprise of the statement of financial position as of September 30, 2024, the related statements of activities, functional expenses and cash flows for the year ended September 30, 2024, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sustainable Organic Integrated Livelihoods as of September 30, 2024, and the changes in its net assets, functional expenses and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sustainable Organic Integrated Livelihoods and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Sustainable Organic Integrated Livelihoods’ ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Sustainable Organic Integrated Livelihoods' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sustainable Organic Integrated Livelihoods' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Tonneson & Company, PC

Wakefield, Massachusetts
August 11, 2025

SUSTAINABLE ORGANIC INTEGRATED LIVELIHOODS

STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2024

ASSETS:

Cash and cash equivalents	\$	852,396
Contributions receivable		690,628
Accounts receivable		4,311
Prepaid expenses		58,317
Employee loans		21,653
Land, property, and equipment, net		513,169
Right of use assets		<u>112,859</u>

TOTAL ASSETS	\$	<u><u>2,253,333</u></u>
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LIABILITIES:

Accrued expenses	\$	105,132
Payroll liabilities		119,303
Refundable advances		26,620
Operating lease liabilities		<u>112,859</u>

Total liabilities		<u>363,914</u>
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NET ASSETS:

Without donor restrictions:		
Operations		778,188
Board designated		441,226
With donor restrictions		<u>670,005</u>

Total net assets		<u>1,889,419</u>
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TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>2,253,333</u></u>
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SUSTAINABLE ORGANIC INTEGRATED LIVELIHOODS

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT:			
Contributions	\$ 1,644,503	\$ 353,148	\$ 1,997,651
Program service revenue	123,819	-	123,819
Gain on foreign currency translation	785	-	785
Gain on sale of equipment and motor vehicles	3,613	-	3,613
Interest income	22,139	-	22,139
Other income	31	-	31
Net assets released from restrictions:			
Satisfaction of program and donor restrictions	<u>318,630</u>	<u>(318,630)</u>	<u>-</u>
Total revenues and support	<u>2,113,520</u>	<u>34,518</u>	<u>2,148,038</u>
EXPENSES:			
Program services:			
EkoLakay	1,199,332	-	1,199,332
Waste Treatment	311,032	-	311,032
Research	267,039	-	267,039
Education and Outreach	199,367	-	199,367
Emergency Response	<u>1,025</u>	<u>-</u>	<u>1,025</u>
Total program service expenses	1,977,795	-	1,977,795
Management and general expenses	245,946	-	245,946
Fundraising expenses	<u>68,538</u>	<u>-</u>	<u>68,538</u>
Total expenses	<u>2,292,279</u>	<u>-</u>	<u>2,292,279</u>
INCREASE (DECREASE) IN NET ASSETS	(178,759)	34,518	(144,241)
NET ASSETS, BEGINNING OF YEAR	<u>1,398,173</u>	<u>635,487</u>	<u>2,033,660</u>
NET ASSETS, END OF YEAR	<u><u>\$ 1,219,414</u></u>	<u><u>\$ 670,005</u></u>	<u><u>\$ 1,889,419</u></u>

See Notes to Financial Statements.

SUSTAINABLE ORGANIC INTEGRATED LIVELIHOODS

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2024

	Program Services						Supporting Services		Total
	EkoLakay	Waste Treatment	Research	Education and Outreach	Emergency Response	Total Program Services	Management and General	Fundraising	
Salaries and wages	\$ 510,900	\$ 198,273	\$ 129,002	\$ 125,242	\$ 972	\$ 964,389	\$ 62,415	\$ 56,350	\$ 1,083,154
Employee benefits and payroll taxes	32,068	15,700	9,477	20,398	53	77,696	2,105	5,048	84,849
Total personnel	542,968	213,973	138,479	145,640	1,025	1,042,085	64,520	61,398	1,168,003
Contractual services	47,966	6,565	110,334	3,709	-	168,574	114,899	3,800	287,273
Depreciation	107,936	25,611	3,153	427	-	137,127	2,748	-	139,875
Office supplies and expenses	32,182	2,168	2,516	9,551	-	46,417	62,073	-	108,490
Truck and vehicle expenses	165,275	9,387	751	-	-	175,413	-	-	175,413
Repairs and site expenses	94,924	15,983	-	-	-	110,907	-	-	110,907
Project supplies	145,771	29,275	790	-	-	175,836	-	-	175,836
Marketing	14,662	454	-	-	-	15,116	-	-	15,116
Travel and training	14,699	244	9,851	25,182	-	49,976	-	-	49,976
Occupancy	14,322	1,620	-	12,600	-	28,542	-	-	28,542
Telecommunication	10,794	3,865	179	934	-	15,772	102	160	16,034
Other expenses	7,833	1,887	986	1,324	-	12,030	1,604	3,180	16,814
Total other expenses	656,364	97,059	128,560	53,727	-	935,710	181,426	7,140	1,124,276
Total expenses	\$ 1,199,332	\$ 311,032	\$ 267,039	\$ 199,367	\$ 1,025	\$ 1,977,795	\$ 245,946	\$ 68,538	\$ 2,292,279

See Notes to Financial Statements.

SUSTAINABLE ORGANIC INTEGRATED LIVELIHOODS

STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2024

INCREASE IN CASH AND CASH EQUIVALENTS

CASH FLOWS FROM OPERATING ACTIVITIES:

Decrease in net assets	\$ (144,241)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:	
Depreciation	139,875
Gain on sale of equipment and motor vehicles	(3,613)
Changes in certain operating assets and liabilities:	
Contributions receivable	91,792
Accounts receivable	5,796
Prepaid expenses	80,592
Employee loans	(5,741)
Accounts payable	(4,345)
Accrued expenses	(3,723)
Payroll liabilities	(13,227)
Refundable advances	<u>(550,054)</u>
Net cash used in operating activities	<u>(406,889)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of land, property, and equipment	(294,663)
Proceeds from sale of equipment and motor vehicles	<u>9,815</u>
Net cash used in investing activities	<u>(284,848)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS (691,737)

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 1,544,133

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 852,396

SUSTAINABLE ORGANIC INTEGRATED LIVELIHOODS

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

Note 1 - Summary of Significant Accounting Policies

Organization - Sustainable Organic Integrated Livelihoods (“SOIL”) is a not-for-profit corporation based in the United States of America with its primary operations in Haiti. SOIL’s mission is to promote dignity, health, and sustainable livelihoods through the transformation of wastes into resources. Effective September 30, 2023 SOIL changed its fiscal year from July 31 to September 30 to be better aligned with the fiscal year of the Haitian government.

In support of this mission, SOIL primarily focuses on designing, building, and refining ecological sanitation (“EcoSan”) solutions. EcoSan is a process by which human wastes are converted into agricultural grade compost. EcoSan simultaneously tackles some of the world’s toughest challenges: providing sanitation to people who would otherwise have no access to a toilet and producing rich, organic compost critical for agriculture and reforestation. Working with Haitian communities to design and test ecologically and socially beneficial solutions, SOIL implements low-cost EcoSan technologies that are simple, easy to replicate, require minimal water, and provide safe and dignified access to sanitation. By turning a public health problem into a sustainable solution for soil restoration, SOIL’s work sets a global example for how sanitation services can recycle nutrients and create livelihoods.

SOIL is a founding member of the Container-Based Sanitation (CBS) Alliance, a global group of organizations whose vision is a world where access to dignified, safe, and affordable sanitation is no longer out of reach for families and communities in densely populated urban areas. As a part of the CBS Alliance, SOIL is committed to transparently sharing its research so that the work in Haiti can be adapted internationally in vulnerable urban communities.

SOIL’s primary source of revenue is contributions received from individuals and foundations.

Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting.

Basis of Presentation - The financial statements are prepared in accordance with U.S. generally accepted accounting principles. U.S. generally accepted accounting principles establish standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories according to externally (donor) imposed restrictions. The two net asset categories are as follows:

Net Assets Without Donor Restrictions include net assets that are available for use in general operations and not subject to donor (or certain grantor) imposed stipulations.

Net Assets With Donor Restrictions include some net assets that are temporary in nature, which are subject to donor (or certain grantor) imposed stipulations, that may or will be met by actions of SOIL and/or the passage of time. Other donor (or certain grantor) imposed restrictions are perpetual in nature, whereas the donor stipulates that these resources be maintained in perpetuity. Generally, the donors of these assets permit the SOIL to use all, or part of the income earned on related investments for general or specific purposes. Donor (or grantor) imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Net assets with donor restrictions are then reclassified to net assets without donor restrictions in the statement of activities.

SUSTAINABLE ORGANIC INTEGRATED LIVELIHOODS

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

Note 1 - Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents - SOIL considers all highly liquid investments with a maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of cash and money market funds.

Contributions and Grants - In accordance with U.S. generally accepted accounting principles, contributions and grants received are recorded as support with or without donor restrictions depending on the existence and/or nature of any donor or grantor restrictions. Support that is restricted by the donor or grantor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period that it was received. All other donor and grantor restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable values. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue.

Certain contributions are conditional in nature and are accounted for under Financial Accounting Standards Board ASC 958-605. Such contributions are recognized as certain conditions of the contribution are substantially met by SOIL or explicitly waived by the donor. The original contribution is recorded as a refundable advance and amounts are recognized and applied against the refundable advance as the conditions of release are substantially met.

Accounts and Contributions Receivable – Accounts and contributions receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and an increase to a valuation allowance based upon its assessment of the current status of the individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a reduction of contributions receivable. All contributions receivable are reviewed by management and any allowance for doubtful accounts is determined by management of SOIL. Management has reviewed accounts and contributions receivable as of September 30, 2024 and considers all receivables to be fully collectible and, accordingly, no allowance for doubtful accounts is required with regards to accounts and contributions receivable.

Land, Property, and Equipment - Land, property, and equipment are recorded at historical cost on the date purchased or fair market value on the date donated. Depreciation expense is provided on a straight-line basis over the estimated useful lives of the related assets, generally 15-30 years for buildings and 2-6 years for other assets. When assets are retired or otherwise disposed of the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized as an increase or decrease to net assets. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized. Individual assets purchased for less than \$1,000 are charged to expense.

SUSTAINABLE ORGANIC INTEGRATED LIVELIHOODS

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

Note 1 - Summary of Significant Accounting Policies (Continued)

Income Taxes - SOIL is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and accordingly, the financial statements do not reflect a provision for income taxes. This determination has been reviewed according to guidance in a Financial Accounting Standards Board pronouncement related to accounting for uncertainty in income taxes. In determining the recognition of uncertain tax positions, SOIL applies a more-likely-than-not recognition threshold and determines the measurement of uncertain tax positions by considering the amounts and probabilities of the outcomes that could be realized upon ultimate settlement with taxing authorities. As of September 30, 2024, SOIL has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. SOIL is generally subject to potential examination by taxing jurisdictions for the prior three years.

Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates included in the financial statements.

Revenue Recognition - Under Financial Accounting Standards Board ASC Topic 606, *Revenue from Contracts with Customers* (Topic 606), revenue is recognized when a customer obtains control of promised goods or services (the performance obligation) in an amount that reflects the consideration expected to be received in exchange for those goods or services (the transaction price).

Program service revenue includes revenue from compost sales and portable toilet rental fees through the EkoLakay program. Compost sale revenues are generally considered to be single performance obligations that are satisfied at a point in time and revenue is recognized when control of the product is transferred to a customer. Portable toilet rentals are rented out on a month by month basis and revenues are recognized on the first day of the month.

For the year ended September 30, 2024, revenue recognized from performance obligations satisfied at a point in time and over time amounted to approximately \$6,000 and \$117,000, respectively. Accounts receivable, when applicable, require payment on a short-term basis.

The following table presents opening and closing balances of accounts receivables at September 30, 2024 and October 1, 2023:

	<u>9/30/2024</u>	<u>10/1/2023</u>
Accounts Receivable	\$ 4,311	\$ 10,107

SUSTAINABLE ORGANIC INTEGRATED LIVELIHOODS

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

Note 1 - Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The following program services and supporting activities are included in the accompanying financial statements:

EkoLakay - SOIL has developed a Container-Based Sanitation (CBS) system to provide impoverished communities in dense urban areas in Haiti with access to dignified, safe, and affordable toilets. SOIL's sanitation services are primarily directed to households through their EkoLakay program; however, they also operate three public toilets as a humanitarian service, and they rent portable toilets for events and short-term needs.

Waste Treatment - SOIL has established a composting waste treatment site outside of the Cap Haitian area served by their CBS toilets. At these sites, the human waste is safely converted into nutrient rich compost that can be used to enhance the soil in agricultural and reforestation applications.

Research - SOIL is committed to ensuring that implementation of sanitation services is guided by rigorous evidence-based research. The organization has a dedicated research department whose purpose is to evaluate ongoing programming to ensure that SOIL's services are cost effective, equitable and environmentally sound. It is the role of the research department to liaise to enhance the impact of SOIL's core mission. The research department is tasked with disseminating peer-reviewed publications as a method of sharing lessons learned with other implementers, promoting further scientific enquiry into effective sanitation and waste treatment technologies, and contributing to the global sectoral dialogue around sanitation provision.

Education and Outreach - SOIL conducts education and outreach programs designed to support others in replicating their work. As a part of this effort, SOIL has organized educational consultation activities and workshops for other organizations, the Haitian government, and various international entities. SOIL is committed to transparently sharing their research so that their work in Haiti can be adapted in vulnerable urban communities worldwide.

Emergency Response - SOIL operates in a highly fragile context which is particularly vulnerable to natural disasters and public health threats. In the face of these ongoing risks, SOIL invests in emergency preparedness and frequently participates in coordinated response efforts when there is an emergency in Haiti (recent examples include flooding, earthquakes, COVID-19 and cholera).

Management and General - Includes the activities necessary to ensure proper administrative functioning of the board of directors, manage the financial and budgetary responsibilities, and perform other administrative functions.

Fundraising - Provides the structure necessary to encourage and secure private financial support from individuals, foundations, and others.

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, contractual services, depreciation, office supplies and expenses, truck and vehicle expenses, repairs and site expenses, project supplies, travel and training, occupancy, and telecommunication, which are allocated on the basis of time and effort. All other expenses are charged directly to the appropriate program service or supporting activity.

SUSTAINABLE ORGANIC INTEGRATED LIVELIHOODS

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

Note 1 - Summary of Significant Accounting Policies (Continued)

Foreign Currency Translation - Program service revenue and certain expenses are translated from the Haitian gourde to the US dollar at the average rate of exchange at the time of the transaction. Gains and losses on translation to US dollars, resulting from transactions in foreign currency, are recognized in the accompanying statement of activities for the respective period. Certain components of the statement of financial position are translated from the Haitian gourde to the US dollar at the rate of exchange in effect at the applicable statement of financial position date.

Leases - SOIL leases certain facilities under long-term, non-cancelable lease agreements. Finance leases, if any, are included in property and equipment as right-of-use (ROU) assets and finance lease obligations on SOIL's statement of financial position. Operating leases are included as ROU assets and operating lease liabilities on the statement of financial position. SOIL does not have any agreements that would qualify as finance lease agreements.

Management determines if an arrangement is a lease at inception. In evaluating contracts to determine if they qualify as a lease, management considers factors such as if SOIL has obtained substantially all the rights to the underlying asset through exclusivity, if SOIL can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. The evaluation may require significant judgment. SOIL has elected to apply the short-term lease exemption to all asset classes.

ROU assets represent SOIL's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments. However, if the lease contains a significant economic incentive to exercise a purchase option, the ROU asset is amortized over the underlying assets' useful life. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term which includes both amortization of the ROU asset and other lease expense. In determining the discount rate used to measure the right-of-use asset and lease liability, the rate implicit in the lease is used, or if not available, SOIL uses a risk-free rate for all classes of assets based on the information available at commencement date in determining the present value of lease payments. The risk-free interest rate is based on the U.S. Daily Treasury Par Yield Curve Rates for terms similar to lease terms. The ROU assets also include any lease payments made at or before commencement, less any lease incentives received. Lease terms may include options to extend or terminate the lease when it is reasonably certain that such option will be exercised. SOIL's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

SOIL has lease agreements with lease and non-lease components. These are accounted for as a single lease component for all asset classes. For arrangements accounted for as a single lease component, there may be variability in future lease payments as the amount of the non-lease components is typically revised from one period to the next. These variable payments, which are primarily comprised of common area maintenance, utilities, and taxes that are passed on from the lessor in proportion to the space leased, are recognized in management and administrative expenses in the period in which the obligation for those payments was incurred.

SUSTAINABLE ORGANIC INTEGRATED LIVELIHOODS

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

Note 1 - Summary of Significant Accounting Policies (Continued)

Concentrations of Credit Risk - SOIL maintains its domestic operating cash balances in non-interest-bearing accounts at highly rated financial institutions. However, portions of temporary cash investments may exceed FDIC insured levels from time to time. As of September 30, 2024, SOIL had cash balances of approximately \$306,000 in excess of FDIC insurance levels. United States dollars held in foreign financial institutions at September 30, 2024 was approximately 76,000.

Recently Adopted Accounting Pronouncements - In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 were accounts receivable. SOIL adopted the standard effective October 1, 2023 using a modified retrospective approach. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

Non-financial Contributions - In accordance with U.S. generally accepted accounting principles, contributions of services are recognized if the services received (a) create or enhance a non-financial asset or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The value of contributed time to SOIL is not reflected in these financial statements since it is not susceptible to objective measurement or valuation and such services do not meet the recognition criteria established by U.S. generally accepted accounting principles. For the year ended September 30, 2024, SOIL there were no contributed services.

SOIL also reports the fair value of non-financial assets as contributions with or without donor restrictions, dependent upon the donor stipulations. Such contributions are based on an assessed fair market value as determined by a third-party appraisal when possible or by management based on comparable assets. SOIL did not monetize any non-financial contributed assets in 2024. For the year ended September 30, 2024, SOIL there were no contributions of non-financial assets.

Subsequent Events - The date to which events occurring after September 30, 2024 have been evaluated for possible adjustment to the financial statements or disclosure is the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

SUSTAINABLE ORGANIC INTEGRATED LIVELIHOODS

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

Note 2 - Availability and Liquidity

SOIL regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. SOIL has various sources of liquidity at its disposal, including cash and cash equivalents and contributions receivable. For purposes of analyzing resources available to meet general expenditures over a twelve-month period, SOIL considers all expenditures related to program services, management and general, and fundraising to be general expenditures. SOIL's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$540,000).

The following table represents SOIL's financial assets as of September 30, 2024, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date. Amounts not available include net assets with donor restrictions and board designated net assets.

Financial assets at year-end:

Cash and cash equivalents	\$ 852,396
Contributions receivable	690,628
Accounts receivable	4,311
Employee loans	<u>21,653</u>

Total financial assets, at year-end	<u>1,568,988</u>
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Less amounts not available to be used within one year:

Net assets with donor restrictions	670,005
Less estimated net assets with time or donor restrictions to be met in less than a year	(277,493)
Board designated net assets	<u>441,226</u>
	<u>833,738</u>

Financial assets available to meet cash needs for
general expenditures within one year

\$ <u>735,250</u>

Note 3 - Contributions Receivable

Contributions receivable at September 30, 2024 are as follows:

Contributions receivable expected to be collected in:

Less than one year	\$ 495,264
One to five years	<u>200,000</u>
	695,264
Less present value discount	<u>4,636</u>

Contributions receivable, net	\$ <u>690,628</u>
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The applicable discount rate at September 30, 2024 was 2.70%.

SUSTAINABLE ORGANIC INTEGRATED LIVELIHOODS

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

Note 4 - Land, Property, and Equipment

Land, property and equipment at September 30, 2024 consist of the following:

Land	\$	27,798
Buildings and infrastructure		247,590
Vehicles		281,026
Compost structures		295,659
Toilets		258,213
Project equipment		364,779
Equipment		31,640
		1,506,705
Less: accumulated depreciation		993,536
Land, property, and equipment, net	\$	513,169

Note 5 - Leasing Arrangements

SOIL leases clinic and office facilities at multiple locations in Haiti under various non-cancelable operating lease agreements. The agreements do not include any options to extend. SOIL recognizes monthly rent expense ratably over the terms of the lease agreements.

Terms of the lease agreements are as follows:

- Lease agreement related to a parcel of land with a lease term from February 28, 2022 through February 28, 2039. Monthly lease expense under the agreement is approximately \$454 per month.
- Lease agreement related to a parcel of land with a lease term from September 16, 2021 through September 15, 2024. Monthly lease expense under the agreement is approximately \$109 per month. SOIL did not extend the agreement upon expiration.
- Lease agreement, entered into in March 2023, related to a parcel of land, with a lease term from March 1, 2023 through March 31, 2033. Monthly lease expense under the agreement is approximately \$283 per month.
- Lease agreement, entered into in October 2023, related to administrative offices, with a lease term from October 15, 2023 through October 15, 2025. Monthly lease expense under the agreement is approximately \$333 per month.
- Lease agreement for a residential property in Haiti, entered into in January 2024, with a lease term from February 1, 2024 through January 31, 2026. Monthly lease expense under the agreement is approximately \$1,400 per month.
- Short-term month lease agreement for a residential property in Haiti, utilized for visiting staff and other organizational matters, with a term of March 2023 through February 2024 that requires monthly lease payments of \$1,300 per month. SOIL elected to not renew the lease agreement.

SUSTAINABLE ORGANIC INTEGRATED LIVELIHOODS

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

Note 5 - Leasing Arrangements (Continued)

The components of lease expense for the year ended September 30, 2024, were as follows:

Operating lease expense:	
Operating lease expense	\$ 25,662
Variable lease expense	<u>2,880</u>
Total operating lease expense	<u>\$ 28,542</u>

Other information related to leases as of September 30, 2024 is as follow:

Weighted average remaining lease term (years):	
Operating leases	10.62
Weighted average discount rate:	
Operating leases	3.30%

Supplemental cash flow information for the year ended September 30, 2024 was as follows:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash outflows from operating leases	\$ <u>26,570</u>
Right-of-use assets obtained in exchange for lease obligations, including transition amounts:	
Operating leases	\$ <u>39,910</u>

Future minimum lease payments under non-cancellable leases as of September 30, 2024 were as follows:

<u>Years</u>	<u>Operating Leases</u>
2025	\$ 29,644
2026	13,044
2027	8,844
2028	8,844
2029	8,844
Thereafter	<u>62,905</u>
Total lease payments	132,125
Less: Imputed interest	<u>19,266</u>
Total lease obligations	112,859
Less: Current obligations	<u>30,207</u>
Long-term lease obligations	<u>\$ 82,652</u>

SUSTAINABLE ORGANIC INTEGRATED LIVELIHOODS

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

Note 6 - Board Designated Net Assets

At September 30, 2024, SOIL's Board of Directors has established \$441,226 of board designated net assets for future operations.

Note 7 - Net Assets with Donor Restrictions

Net assets with donor restrictions at September 30, 2024 are restricted for the following purposes:

Subject to passage of time:

Contributions receivable:

Sanitation and waste transformation	\$ 592,512
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Net assets with donor restrictions	592,512
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Subject to expenditure for specific purpose:

Ecological sanitation and waste transformation	47,740
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Composting waste treatment systems	14,753
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Expansion of EkoLakay services	15,000
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77,493

Net assets with donor restrictions	\$ 670,005
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Note 8 - Retirement Plans

In 2021, SOIL established a 401(k) plan for its eligible U.S. based employees. Eligible employees are defined as being over the age of twenty-one and having completed one year of service. Employees may contribute a specified percentage of their salary as defined by the Plan. The Plan has provisions for an employer discretionary matching contribution up to a maximum of 3%. SOIL's contributions to the plan totaled \$6,143 for the year ended September 30, 2024.

In August 2021, SOIL established a voluntary retirement plan for its Haiti based employees. For the year ended September 30, 2024, SOIL contributed a discretionary employer match of approximately \$4,100 to the Plan.

While SOIL expects to continue the Plans indefinitely, it has reserved the right to modify, amend or terminate the Plans. In the event of termination, the entire amount contributed under the Plans must be applied to the payment of benefits to the participants or their beneficiaries.

SUSTAINABLE ORGANIC INTEGRATED LIVELIHOODS

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

Note 9 - Compliance with Haitian Laws and Regulations

SOIL filed as a non-governmental organization in Haiti and the application was approved in August 2015. The organization is registered with the Directorate General of Taxes, the Haitian tax authority. Management believes they are in compliance with the Haitian Regulations and Tax laws and consequently no accrued liabilities related to Haitian taxes have been recorded in the accompanying financial statements.

Note 10 - Operating Environment

SOIL operates in a complex and uncertain environment and political situation and management cannot determine the long-term impact, if any, of operating in such an environment. Movements to unseat former Haitian Prime Minister Ariel Henry between January and March 2024 led to the imposition of an eleven-day state of emergency in Haiti, as well as airport closures, increased fuel prices, and challenges receiving supplies from overseas. Subsequent to year end September 30, 2024, Haiti has continued to experience widespread social and civil unrest, primarily due to gang violence, political instability, and poverty. Despite the challenges of operating in Haiti, over the past year SOIL has experienced continued growth in Northern Haiti with regards to awareness of its mission.