

SUSTAINABLE ORGANIC INTEGRATED LIVELIHOODS

FINANCIAL STATEMENTS

July 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Sustainable Organic Integrated Livelihoods
Sebastopol, California

We have audited the accompanying financial statements of Sustainable Organic Integrated Livelihoods, which comprise the statement of financial position as of July 31, 2021, 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 Sustainable Organic Integrated Livelihoods as of July 31, 2021, 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.

Prior Period Adjustment

As described in Note 9 of the financial statements, a prior period adjustment resulting in the overstatement of net assets without donor restrictions, understatement of liabilities, and understatement of expenses were discovered by management during the current year. Accordingly, an adjustment has been made to net assets as of the beginning of the year to correct the error. Our opinion is not modified with respect to this matter.

Wegner CPAs LLP

Wegner CPAs, LLP
New York, New York
May 23, 2022

SUSTAINABLE ORGANIC INTEGRATED LIVELIHOODS
STATEMENT OF FINANCIAL POSITION
July 31, 2021

ASSETS	
Cash	\$ 1,061,254
Unconditional promises to give	212,522
Accounts receivable	5,716
Prepaid expenses	17,355
Employee loans	22,811
Land, property, and equipment, net	<u>328,817</u>
Total assets	<u><u>\$ 1,648,475</u></u>
LIABILITIES	
Accounts payable	\$ 3,653
Accrued expenses	121,382
Payroll liabilities	94,481
Refundable advances	<u>51,992</u>
Total liabilities	<u>271,508</u>
NET ASSETS	
Without donor restrictions	1,221,564
With donor restrictions	<u>155,403</u>
Total net assets	<u>1,376,967</u>
Total liabilities and net assets	<u><u>\$ 1,648,475</u></u>

See accompanying notes.

SUSTAINABLE ORGANIC INTEGRATED LIVELIHOODS
STATEMENT OF ACTIVITIES
Year Ended July 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions	\$ 1,750,838	\$ 135,616	\$ 1,886,454
Program service revenue	57,970	-	57,970
Paycheck Protection Program loan forgiveness	99,514	-	99,514
Other income	590	-	590
Total revenues	1,908,912	135,616	2,044,528
EXPENSES AND LOSSES			
Program services			
EkoLakay	622,135	-	622,135
Waste Treatment	347,323	-	347,323
Research	323,422	-	323,422
Education and Outreach	164,681	-	164,681
Emergency Response	66,521	-	66,521
Total program services	1,524,082	-	1,524,082
Management and general	233,478	-	233,478
Fundraising	96,699	-	96,699
Total expenses	1,854,259	-	1,854,259
Loss on foreign currency translation	22,409	-	22,409
Loss on disposal of property and equipment	54,296	-	54,296
Total expenses and losses	1,930,964	-	1,930,964
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of purpose restrictions	24,451	(24,451)	-
Change in net assets	2,399	111,165	113,564
Net assets at beginning of year	1,219,165	44,238	1,263,403
Net assets at end of year	\$ 1,221,564	\$ 155,403	\$ 1,376,967

See accompanying notes.

SUSTAINABLE ORGANIC INTEGRATED LIVELIHOODS
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended July 31, 2021

	Program Services					Supporting Services		Total
	EkoLakay	Waste Treatment	Research	Education and Outreach	Emergency Response	Management and General	Fundraising	
Salaries	\$ 334,641	\$ 212,362	\$ 227,755	\$ 122,609	\$ 6,122	\$ 69,570	\$ 71,729	\$ 1,044,788
Employee benefits and payroll taxes	62,842	37,848	32,451	14,610	4,327	14,848	8,988	175,914
Total personnel	<u>397,483</u>	<u>250,210</u>	<u>260,206</u>	<u>137,219</u>	<u>10,449</u>	<u>84,418</u>	<u>80,717</u>	<u>1,220,702</u>
Contractual services	36,712	35,867	12,517	1,543	630	16,936	981	105,186
Settlement fees	-	-	-	-	-	98,153	-	98,153
Depreciation	30,887	17,083	15,829	8,060	3,292	10,991	4,733	90,875
Office supplies and expenses	26,414	11,074	14,255	6,680	1,858	6,218	4,666	71,165
Truck and vehicle expenses	46,538	5,422	6,561	3,021	1,234	4,119	1,774	68,669
Repairs and site expenses	27,812	8,942	3,370	481	21,861	656	282	63,404
Project supplies	14,572	8,869	1,073	-	25,049	-	-	49,563
Marketing	21,815	496	-	-	-	-	2,240	24,551
Travel and training	5,641	2,359	6,907	5,815	575	1,225	528	23,050
Occupancy	10,213	3,533	1,745	889	512	1,212	522	18,626
Telecommunication	3,718	3,130	959	436	178	595	256	9,272
Other expenses	330	338	-	537	883	8,955	-	11,043
Total expenses	<u>\$ 622,135</u>	<u>\$ 347,323</u>	<u>\$ 323,422</u>	<u>\$ 164,681</u>	<u>\$ 66,521</u>	<u>\$ 233,478</u>	<u>\$ 96,699</u>	<u>\$ 1,854,259</u>

See accompanying notes.

SUSTAINABLE ORGANIC INTEGRATED LIVELIHOODS
STATEMENT OF CASH FLOWS
Year Ended July 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 113,564
Adjustments to reconcile change in net assets to net cash flows from operating activities	
Depreciation	90,875
Loss on disposal of property and equipment	54,296
Forgiveness of Paycheck Protection Program loan	(99,514)
(Increase) decrease in assets	
Unconditional promises to give	(62,605)
Accounts receivable	(2,451)
Prepaid expenses	7,850
Employee loans	(12,103)
Increase (decrease) in liabilities	
Accounts payable	(8,184)
Accrued expenses	102,812
Payroll liabilities	15,953
Refundable advances	(177)

Net cash flows from operating activities 200,316

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of land, property, and equipment	(116,611)
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Net change in cash 83,705

Cash at beginning of year 977,549

Cash at end of year \$ 1,061,254

See accompanying notes.

SUSTAINABLE ORGANIC INTEGRATED LIVELIHOODS
NOTES TO FINANCIAL STATEMENTS
July 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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.

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.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Contributions to be received over periods longer than one year are discounted at an interest rate commensurate with risk involved if material to the financial statements. At July 31, 2021 and 2020, all unconditional promises to give are receivable in less than one year.

Accounts Receivable

Accounts receivable primarily consist of amounts due from EkoLakay service fees. As of July 31, 2021 and 2020, management has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Program Service Revenue

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 the service is provided. Portable toilet rentals are rented out on a monthly basis and revenues are recognized on the first day of the month.

SUSTAINABLE ORGANIC INTEGRATED LIVELIHOODS
NOTES TO FINANCIAL STATEMENTS
July 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expense Allocation

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. 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 free public toilets as a humanitarian service, and they rent portable toilets for events and short-term needs.

Waste Treatment – SOIL has established composting waste treatment sites outside of the two urban areas 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 for 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 – As the COVID-19 pandemic has continued to permeate the global landscape, SOIL has continued to partner in providing public sanitation and handwashing facilities for the busy central market area in Cap-Haitien, while also helping to share public health messaging throughout their networks in accordance with the Ministry of Public Health guidelines.

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.

SUSTAINABLE ORGANIC INTEGRATED LIVELIHOODS
NOTES TO FINANCIAL STATEMENTS
July 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions. 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.

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 in income. 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.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Income Tax Status

SOIL is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Date of Management's Review

Management has evaluated subsequent events through May 23, 2022, the date which the financial statements were available to be issued.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

SOIL maintains cash balances at one financial institution located in Sebastopol, California and two financial institutions in Haiti. Accounts at the California institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At July 31, 2021, SOIL's uninsured cash balances total approximately \$694,000.

SUSTAINABLE ORGANIC INTEGRATED LIVELIHOODS
NOTES TO FINANCIAL STATEMENTS
July 31, 2021

NOTE 3 – CONDITIONAL PROMISES TO GIVE

SOIL has several promises to give that are conditioned upon SOIL incurring qualifying expenses and achieving certain milestones and key performance indicator targets. At July 31, 2021, these conditional promises to give totaled \$1,000,353. These conditional promises to give will be recognized as revenue when the respective conditions are met in future years.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment at July 31, 2021 consisted of the following:

Land	\$ 27,798
Buildings	213,488
Vehicles	225,840
Compost structures	272,060
Toilets	139,253
Project equipment	189,925
Equipment	29,164
Less: accumulated depreciation	<u>(768,711)</u>
Land, property, and equipment, net	<u>\$ 328,817</u>

NOTE 5 – NET ASSETS

Net assets with donor restrictions at July 31, 2021 are restricted for the following purposes:

Compost bin construction	\$ 90,254
COVID-19 relief	38,786
Compost waste treatment services	9,324
Social finance	6,670
Expansion of EkoLakay services	2,369
Subsequent years' activities	<u>8,000</u>
Net assets with donor restrictions	<u>\$ 155,403</u>

SOIL's board of directors has also established an operating reserve fund. Balances in the reserve fund at July 31, 2021 totaled \$255,723.

NOTE 6 – RETIREMENT PLAN

In 2021, SOIL began offering enrollment in a 401(k) retirement plan that provides for employee pre-tax deferral contributions and provides for employer matching funds of 100% of employee contributions up to a maximum of 3%. SOIL's contributions to the plan totaled \$9,044 for the year ended July 31, 2021.

SUSTAINABLE ORGANIC INTEGRATED LIVELIHOODS
NOTES TO FINANCIAL STATEMENTS
July 31, 2021

NOTE 7 – PAYCHECK PROTECTION PROGRAM LOAN

On June 3, 2020, SOIL received a \$99,514 loan under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security Act and administered by the U.S. Small Business Administration. The loan accrues interest at 1% but payments are deferred for borrowers who apply for forgiveness until SBA remits the borrower's forgiveness amount to the lender. The amount of forgiveness depends, in part, on the total amount of eligible expenses paid by SOIL during the covered period. Eligible expenses include payroll costs, rent, and utilities. Any unforgiven portion is payable over two years. On May 26, 2021, the SBA preliminarily approved forgiveness of the loan and accrued interest.

SOIL must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review SOIL's good-faith certification concerning the necessity of its loan request, whether SOIL calculated the loan amount correctly, whether SOIL used loan proceeds for the allowable uses specified in the CARES Act, and whether SOIL is entitled to loan forgiveness in the amount claimed on its application. If SBA determines SOIL was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.

NOTE 8 – LIQUIDITY AND AVAILABILITY

The following represents SOIL's financial assets as of the date of the statements of financial position, reduced by amounts not available for general expenditures within one year because of contractual or donor-imposed restrictions.

Cash	\$ 1,061,254
Unconditional promises to give	212,522
Accounts receivable	<u>5,716</u>
Financial assets, at year-end	1,279,492
Less those unavailable for general expenditures within one year, due to:	
Board designations for operating reserve	(255,723)
Contractual or donor-imposed restrictions:	
Restricted by donor with purpose restrictions	<u>(147,403)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 876,366</u>

As part of SOIL's liquidity management, it has a policy to structure its financial assets to be available for its general expenditures, liabilities, and other obligations that come due.