

**SUSTAINABLE ORGANIC INTEGRATED
LIVELIHOODS**

**FINANCIAL STATEMENTS
YEAR ENDED JULY 31, 2022**

tonneson + co

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 JULY 31, 2022	3
STATEMENT OF ACTIVITIES YEAR ENDED JULY 31, 2022	4
STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JULY 31, 2022	5
STATEMENT OF CASH FLOWS YEAR ENDED JULY 31, 2022	6
NOTES TO FINANCIAL STATEMENTS YEAR ENDED JULY 31, 2022	7 - 14

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 nonprofit organization), which comprise the statement of financial position as of July 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, 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 July 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

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.

Management’s Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Livelihoods’ ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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.

tonneson + co

Certified Public Accountants & Consultants

401 Edgewater Place, Suite 300, Wakefield, MA 01880-6208 t. 781.245.9999 f. 781.245.8731 www.tonneson.com

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 of 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
July 3, 2023

SUSTAINABLE ORGANIC INTEGRATED LIVELIHOODS

STATEMENT OF FINANCIAL POSITION

JULY 31, 2022

ASSETS:

Cash	\$	1,424,068
Contributions receivable		1,195,737
Accounts receivable		39,771
Prepaid expenses		28,359
Employee loans		11,716
Land, property, and equipment, net		<u>364,457</u>

TOTAL ASSETS \$ 3,064,108

LIABILITIES:

Accrued expenses	\$	163,416
Payroll liabilities		88,722
Refundable advances		<u>173,418</u>
Total liabilities		<u>425,556</u>

NET ASSETS:

Without donor restrictions:		
Operations		1,323,188
Board designated		330,753
With donor restrictions		<u>984,611</u>
Total net assets		<u>2,638,552</u>

TOTAL LIABILITIES AND NET ASSETS \$ 3,064,108

SUSTAINABLE ORGANIC INTEGRATED LIVELIHOODS

STATEMENT OF ACTIVITIES

YEAR ENDED JULY 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT:			
Contributions	\$ 1,724,522	\$ 1,282,662	\$ 3,007,184
Conditional government grant	62,640	-	62,640
Program service revenue	83,862	-	83,862
Gain on foreign currency translation	8,240	-	8,240
Other income	3,905	-	3,905
Net assets released from restrictions:			
Satisfaction of program and donor restrictions	453,454	(453,454)	-
 Total revenues and support	 <u>2,336,623</u>	 <u>829,208</u>	 <u>3,165,831</u>
EXPENSES:			
Program services			
EkoLakay	660,085	-	660,085
Waste Treatment	278,554	-	278,554
Research	364,516	-	364,516
Education and Outreach	162,478	-	162,478
Emergency Response	126,899	-	126,899
 Total program service expenses	 <u>1,592,532</u>	 <u>-</u>	 <u>1,592,532</u>
 Management and general expenses	 192,085	 -	 192,085
Fundraising expenses	119,629	-	119,629
 Total expenses	 <u>1,904,246</u>	 <u>-</u>	 <u>1,904,246</u>
 INCREASE IN NET ASSETS	 432,377	 829,208	 1,261,585
 NET ASSETS, BEGINNING OF YEAR	 <u>1,221,564</u>	 <u>155,403</u>	 <u>1,376,967</u>
 NET ASSETS, END OF YEAR	 <u>\$ 1,653,941</u>	 <u>\$ 984,611</u>	 <u>\$ 2,638,552</u>

See Notes to Financial Statements.

SUSTAINABLE ORGANIC INTEGRATED LIVELIHOODS

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JULY 31, 2022

	Program Services					Supporting Services		Total	
	EkoLakay	Waste Treatment	Research	Education and Outreach	Emergency Response	Total Program Services	Management and General		Fundraising
Salaries and wages	\$ 315,936	\$ 167,199	\$ 171,050	\$ 125,458	\$ 4,189	\$ 783,832	\$ 59,906	\$ 62,911	\$ 906,649
Employee benefits and payroll taxes	45,852	24,908	41,362	14,624	1,443	128,189	3,541	14,513	146,243
Total personnel	<u>361,788</u>	<u>192,107</u>	<u>212,412</u>	<u>140,082</u>	<u>5,632</u>	<u>912,021</u>	<u>63,447</u>	<u>77,424</u>	<u>1,052,892</u>
Contractual services	25,892	10,831	97,975	2,108	5,222	142,028	93,730	24,254	260,012
Depreciation	35,197	14,890	19,433	8,715	6,705	84,940	10,129	6,385	101,454
Office supplies and expenses	39,538	8,952	9,289	4,221	3,554	65,554	22,029	9,646	97,229
Truck and vehicle expenses	91,751	10,029	1,539	68	52	103,439	79	49	103,567
Repairs and site expenses	32,341	14,249	1,976	5	9,379	57,950	6	4	57,960
Project supplies	28,298	12,735	3,353	46	2,132	46,564	54	34	46,652
Marketing	7,311	728	-	-	-	8,039	-	229	8,268
Travel and training	11,169	2,784	15,055	4,244	952	34,204	1,113	708	36,025
Occupancy	10,282	4,647	1,632	732	3,715	21,008	851	536	22,395
Telecommunication	9,360	4,180	540	121	93	14,294	140	89	14,523
Other expenses	7,158	2,422	1,312	2,136	89,463	102,491	507	271	103,269
Total other expenses	<u>298,297</u>	<u>86,447</u>	<u>152,104</u>	<u>22,396</u>	<u>121,267</u>	<u>680,511</u>	<u>128,638</u>	<u>42,205</u>	<u>851,354</u>
Total expenses	<u>\$ 660,085</u>	<u>\$ 278,554</u>	<u>\$ 364,516</u>	<u>\$ 162,478</u>	<u>\$ 126,899</u>	<u>\$ 1,592,532</u>	<u>\$ 192,085</u>	<u>\$ 119,629</u>	<u>\$ 1,904,246</u>

See Notes to Financial Statements.

SUSTAINABLE ORGANIC INTEGRATED LIVELIHOODS

STATEMENT OF CASH FLOWS

YEAR ENDED JULY 31, 2022

INCREASE IN CASH

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in net assets	\$ 1,261,585
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:	
Depreciation	101,454
Changes in certain operating assets and liabilities:	
Contributions receivable	(983,215)
Accounts receivable	(34,055)
Prepaid expenses	(11,005)
Employee loans	11,096
Accounts payable	(3,653)
Accrued expenses	42,034
Payroll liabilities	(5,759)
Refundable advances	121,426
	<hr/>
Net cash provided by operating activities	499,908

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of land, property, and equipment	(137,094)
	<hr/>
Net cash used in investing activities	(137,094)

NET INCREASE IN CASH 362,814

CASH, BEGINNING OF YEAR

1,061,254

CASH, END OF YEAR \$

1,424,068

SUSTAINABLE ORGANIC INTEGRATED LIVELIHOODS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2022

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.

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

FOR THE YEAR ENDED JULY 31, 2022

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. Conditional promises to give are not included as revenue until such time as the conditions are substantially met.

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 - As of July 31, 2022, management has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary. 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 accounts and 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 July 31, 2022 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 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.

SUSTAINABLE ORGANIC INTEGRATED LIVELIHOODS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2022

Note 1 - Summary of Significant Accounting Policies (Continued)

Contributed Services - 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.

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 July 31, 2022, 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.

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 monthly basis and revenues are recognized on the first day of the month. Management has determined that there is no material differences in recognizing income under this method.

For the year ended July 31, 2022, revenue recognized from performance obligations satisfied at a point in time amounted to approximately \$7,400. Accounts receivable require payment on a short-term basis and as such the SOIL does not have any significant financing components.

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 July 31, 2022, SOIL had cash balances in excess of FDIC insurance levels of approximately \$1,057,000. Cash held in foreign financial institutions at December 31, 2022 was approximately \$65,000.

Functional Allocation of Expenses - 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

FOR THE YEAR ENDED JULY 31, 2022

Note 1 - Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses (Continued)

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 a composting waste treatment site outside of the Cap Haitien 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.

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.

SUSTAINABLE ORGANIC INTEGRATED LIVELIHOODS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2022

Note 1 - Summary of Significant Accounting Policies (Continued)

Foreign Currency Translation - 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. 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. Accumulated realized gains or losses on translation to US dollars are recognized in the accompanying statement of activity for the respective period.

Recent Accounting Pronouncements - The Financial Accounting Standards Board has issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. The provisions of the ASU are effective for the year ending July 31, 2023. The Organization is currently in the process of evaluating the impact of adoption of this ASU's provisions on the consolidated financial statements.

Subsequent Events - The date to which events occurring after July 31, 2022 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.

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.

The following table represents SOIL's financial assets as of July 31, 2022, 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	\$	1,424,068
Contributions receivable		1,195,737
Accounts receivable		<u>39,771</u>
Total financial assets, at year-end		2,659,576

Less amounts not available to be used within one year:

Net assets with donor restrictions		984,611
Board designated		<u>330,753</u>
		<u>1,315,364</u>

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

\$ 1,344,212

SUSTAINABLE ORGANIC INTEGRATED LIVELIHOODS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2022

Note 3 - Contributions Receivable

Contributions receivable at July 31, 2022 are as follows:

Contributions receivable expected to be collected in:

Less than one year	\$	626,736
One to five years		600,000
		<u>1,226,736</u>
Less present value discount		<u>30,999</u>
Contributions receivable, net	\$	<u><u>1,195,737</u></u>

The applicable discount rate at July 31, 2022 was 2.70%.

Note 4 - Land, Property, and Equipment

Property and equipment at July 31, 2022 consist of the following:

Land	\$	27,798
Buildings and infrastructure		219,655
Vehicles		246,380
Compost structures		272,060
Toilets		201,654
Project equipment		228,887
Equipment		38,189
		<u>1,234,623</u>
Less: accumulated depreciation		<u>870,166</u>
Land, property, and equipment, net	\$	<u><u>364,457</u></u>

Note 5 - Board Designated Net Assets

At July 31, 2022, SOIL's Board of Directors has established \$330,753 of board designated net assets for future operations.

SUSTAINABLE ORGANIC INTEGRATED LIVELIHOODS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2022

Note 6 - Net Assets with Donor Restrictions

Net assets with donor restrictions at July 31, 2022 are restricted for the following purposes:

Subject to passage of time:

Contributions receivable:

Sanitation and waste transformation	\$ <u>927,215</u>
	<u>927,215</u>

Subject to expenditure for specific purpose:

Ecological sanitation and waste transformation	27,905
Composting waste treatment systems	11,448
Expansion of EkoLakay services	<u>18,043</u>
	<u>57,396</u>

Net assets with donor restrictions	\$ <u><u>984,611</u></u>
------------------------------------	--------------------------

Note 7 - 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 \$ 13,625 for the year ended July 31, 2022.

In August 2021, SOIL established a voluntary retirement plan for its Haiti based employees. For the year ended July 31, 2022, SOIL contributed a discretionary employer match of \$5,779 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

FOR THE YEAR ENDED JULY 31, 2022

Note 8 - Conditional Grant Income

During the year ended July 31, 2022, SOIL, after consulting with its payroll provider, received employee retention credits as provided for under the Federal CARES Act and subsequent modifications. The employee retention credits are refundable tax credits against certain employment taxes equal to 70% of qualified wages paid to employees during a quarter, with a limit of \$10,000 per employee. The Organization has accounted for these credits as a conditional grant in accordance with Financial Accounting Standards Board's ASC Topic 958-605, *Revenue Recognition*. During the year ended July 31, 2022 management believes SOIL has met the requirements to claim the credit and as such, has recorded grant income in the amount of \$62,640. Employee Retention Credits claimed are subject to audit by the Internal Revenue Service. The IRS has five years, instead of the standard three years to audit ERC claims after filing. Any amounts disallowed would be required to be repaid. The employee retention credit program was terminated as of September 30, 2021. At July 31, 2022, amounts included in contributions receivable related to the credits amounted to \$62,640.

Note 9 - Lease Commitments

SOIL leases certain land and facilities under various lease agreement which expire at various dates through February 2039. For the year ended July 31, 2022, rent expense under the agreements amounted to approximately \$14,300.

The following is a schedule by years of approximate future minimum rental payments required under the various lease agreements as of July 31, 2022:

Years ending July 31,

2023	\$	19,848
2024		9,582
2025		6,329
2026		6,329
2027		6,329
Thereafter		<u>73,311</u>
	\$	<u><u>121,728</u></u>

Note 10 - Significant Donors

During the year ended July 31, 2022 contributions from one donor accounted for approximately 33% of contribution revenue. Amounts included in contributions receivable from this donor at July 31, 2022, amounted to \$769,001.

Note 11 - 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 have been recorded in the accompanying financial statements.