



# **SOLAR ELECTRIC LIGHT FUND**

## **Financial Statements**

*For the Year Ended December 31, 2003  
(with Summarized Financial Information for 2002)*



**and**  
**Report Thereon**





## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the  
Solar Electric Light Fund

CONSULTING  
ACCOUNTING  
TECHNOLOGY

We have audited the accompanying statement of financial position of the Solar Electric Light Fund (the Fund) as of December 31, 2003, the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Fund as of December 31, 2002 were audited by other auditors whose report dated January 7, 2004 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Solar Electric Light Fund as of December 31, 2003, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Raffa, P.C.

Washington, DC  
July 6, 2004

**SOLAR ELECTRIC LIGHT FUND**  
**STATEMENT OF FINANCIAL POSITION**  
December 31, 2003  
(With Summarized Financial Information For the Year Ended December 31, 2002)

	2003	2002
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 185,908	\$ 407,057
Grants and donations receivable	53,937	100,495
Refunds receivable	1,265	228
Prepaid expenses	4,082	2,032
Inventory	247	247
Total Current Assets	245,439	510,059
Fixed Assets, net	9,423	14,370
Other Assets		
Refunds receivable, net of current portion	2,349	2,794
Investments	3,775	4,551
Total Other Assets	6,124	7,345
<b>TOTAL ASSETS</b>	<b>\$ 260,986</b>	<b>\$ 531,774</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 62,005	\$ 13,547
Refundable advances	10,959	371,493
<b>TOTAL LIABILITIES</b>	<b>72,964</b>	<b>385,040</b>
Commitments and Risks		
Net Assets		
Unrestricted	40,151	17,042
Temporarily restricted	147,871	129,692
<b>TOTAL NET ASSETS</b>	<b>188,022</b>	<b>146,734</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 260,986</b>	<b>\$ 531,774</b>

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

**SOLAR ELECTRIC LIGHT FUND**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2003  
(With Summarized Financial Information For the Year Ended December 31, 2002)

	Unrestricted	Temporarily Restricted	2003 Total	2002 Total
<b>REVENUE</b>				
Hybrid contracts	\$ 360,809	\$ -	\$ 360,809	\$ 50,573
Grants and donations	216,049	129,795	345,844	269,947
Investment income	1,288	-	1,288	7,342
Sale of program related materials	-	-	-	80
Net assets released from restrictions:				
Satisfaction of restrictions	111,616	(111,616)	-	-
<b>TOTAL REVENUE</b>	<b>689,762</b>	<b>18,179</b>	<b>707,941</b>	<b>327,942</b>
<b>EXPENSES</b>				
Program services	613,506	-	613,506	387,312
Management and general	31,739	-	31,739	36,268
Fundraising	21,408	-	21,408	27,556
<b>TOTAL EXPENSES</b>	<b>666,653</b>	<b>-</b>	<b>666,653</b>	<b>451,136</b>
Change in net assets	23,109	18,179	41,288	(123,194)
NET ASSETS, BEGINNING OF YEAR	17,042	129,692	146,734	269,928
NET ASSETS, END OF YEAR	<b>\$ 40,151</b>	<b>\$ 147,871</b>	<b>\$ 188,022</b>	<b>\$ 146,734</b>

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

**SOLAR ELECTRIC LIGHT FUND**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2003  
(With Summarized Financial Information For the Year Ended December 31, 2002)

	2003				2002
	Program Services	Management and General	Fundraising	Total	Total
Goods purchased U.S., shipped overseas	\$ 263,217	\$ -	\$ -	\$ 263,217	\$ 17,920
Payroll and related expenses	112,194	18,483	11,325	142,002	254,969
U.S. independent contractor services	73,524	7,100	-	80,624	26,584
Goods purchased overseas	62,710	-	-	62,710	-
Building occupancy expenses	39,387	-	-	39,387	38,486
Communications	14,860	2,136	886	17,882	16,990
Funds contributed to OS organizations	12,568	-	-	12,568	774
Employee travel	6,603	-	4,708	11,312	25,149
Promotional and educational expense	4,892	-	4,381	9,273	16,822
OS independent contractor services	5,600	-	-	5,600	25,936
Bank and finance charges	3,778	1,704	-	5,482	8,132
Depreciation	4,599	-	-	4,599	4,430
Supplies	4,115	-	-	4,115	4,991
Planning expense	2,004	-	-	2,004	-
Furniture and equipment expense	2,001	-	-	2,001	2,163
Insurance (D&O)	-	1,890	-	1,890	2,260
Other U.S. operating expenses	743	-	108	851	1,697
Losses (gains), U.S. and overseas	576	-	-	576	(1,693)
Publications and subscriptions	-	325	-	325	1,643
Business meetings and meals	135	-	-	135	833
Taxes, licenses and fees	-	100	-	100	70
Purchase of PV components for U.S. use	-	-	-	-	1,500
Conference fees	-	-	-	-	1,428
Costs of goods sold	-	-	-	-	52
<b>TOTAL</b>	<b>\$ 613,506</b>	<b>\$ 31,739</b>	<b>\$ 21,408</b>	<b>\$ 666,653</b>	<b>\$ 451,136</b>

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

**SOLAR ELECTRIC LIGHT FUND**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2003  
(With Summarized Financial Information For the Year Ended December 31, 2002)  
Increase (Decrease) in Cash and Cash Equivalents

	2003	2002
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 41,288	\$ (123,194)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	4,599	4,430
Loss on disposal of fixed assets	348	-
Unrealized loss on investments	195	162
Realized loss (gain) on investments	32	(4)
Changes in assets and liabilities:		
Grants and donations receivable	46,558	14,781
Contracts receivable	-	5,000
Refunds receivable	(592)	1,823
Prepaid expenses	(2,050)	2,981
Inventory	-	53
Accounts payable and accrued expenses	48,458	(59,849)
Refundable advances	(360,534)	(58,980)
 <b>NET CASH USED IN OPERATING ACTIVITIES</b>	 \$ (221,698)	 \$ (212,797)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	-	(3,353)
Proceeds from sale of investments	549	-
 <b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	 549	 (3,353)
 <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	 (221,149)	 (216,150)
 <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	 407,057	 623,207
 <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	 \$ 185,908	 \$ 407,057

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

# **SOLAR ELECTRIC LIGHT FUND**

## **NOTES TO FINANCIAL STATEMENTS** **For the Year Ended December 31, 2003**

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### 1. Organization and Summary of Significant Accounting Policies

#### **Organization**

The Solar Electric Light Fund (the Fund) was incorporated in the District of Columbia on August 22, 1990 as a nonprofit corporation. The Fund was founded to promote, develop and facilitate solar rural electrification and energy self-sufficiency in developing countries.

#### **Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Fund considers all demand deposits and investments purchased with an original maturity of three months or less to be cash and cash equivalents.

#### **Investments**

Investments include stock recorded at fair market value. Interest, dividends and realized gains or losses are recorded when earned, net of portfolio commissions. Fluctuations in the fair market value of the investment portfolio are recorded as unrealized gains or losses.

#### **Fixed Assets and Related Depreciation**

Furniture and equipment are stated at cost and are depreciated using the straight-line method over the estimated service lives of the assets of three to seven years. Expenditures for major additions, renewals and betterments are capitalized; expenditures for minor repairs and equipment maintenance are charged to expense when incurred. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is included in revenue or expenses.

#### **Classification of Net Assets and Expenses**

The net assets of the Fund are reported as follows:

- Unrestricted net assets represent the portion of expendable funds that are available for support of the Fund's operations, as well as the Fund's investment in property and equipment.
- Temporarily restricted net assets represent amounts that are specifically restricted by donors or grantors for various purposes.

**SOLAR ELECTRIC LIGHT FUND**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2003**

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1. Organization and Summary of Significant Accounting Policies (continued)

**Revenue Recognition**

Grants and donations are recorded as revenue when awarded. The Fund reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Fund has a contract with a United States government agency. Revenue under this contract is recognized as costs are incurred on the basis of direct costs plus allowable indirect expenses. Revenue received in advance of expenses being incurred under this contract is recorded as refundable advances in the accompanying statement of financial position.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Functional Costs**

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statement of activities and change in net assets. Accordingly, certain costs have been allocated between program and supporting services.

2. Fixed Assets and Accumulated Depreciation

The Fund held the following property and equipment as of December 31, 2003:

Equipment	\$	35,761
Furniture		11,066
Software		<u>635</u>
Total Fixed Assets		47,462
Less: Accumulated depreciation		<u>(38,039)</u>
Net Fixed Assets	\$	<u><u>9,423</u></u>

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## SOLAR ELECTRIC LIGHT FUND

### NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2003

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#### 3. Temporarily Restricted Net Assets

Temporarily restricted net assets are designated by donors for the following purposes as of December 31, 2003:

Tanzania Project	\$ 80,919
Bhutan Project	22,613
Tibet	20,352
Solomon Islands	17,035
South Africa	6,258
Sri Lanka	<u>694</u>
Total Temporarily Restricted Net Assets	<u>\$ 147,871</u>

#### 4. Operating Lease

The Fund leases office space under an agreement that expires December 31, 2006. At December 31, 2003 future minimum payments required under the lease are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2004	\$ 28,188
2005	29,033
2006	<u>29,904</u>
Total	<u>\$ 87,125</u>

Rent expense for the year ended December 31, 2003 was \$32,157.

#### 5. Concentration of Credit Risk

As of December 31, 2003, the Fund maintained a cash balance with one financial institution that exceeded the Federal Deposit Insurance Corporation (FDIC) maximum insured limit of \$100,000 by \$80,000. While the Fund bears some risk, it has not experienced nor does it anticipate any losses.

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**SOLAR ELECTRIC LIGHT FUND**

**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2003**

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6. Pension Plan

On December 16, 1994, the Board of Directors of the Fund voted to begin a simplified employee pension plan (SEP). Contributions to the plan are to be made once each year in an amount determined by the Board. The plan requires a three-year length of service in order for an employee to be an eligible participant of the plan. There was no pension expense for 2003.

7. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code the Fund is exempt from the payment of taxes on income other than unrelated business income. No provision for income taxes is required for the year ended December 31, 2003, as the Fund had no net unrelated business income.

8. Reclassifications

Certain 2002 amounts have been reclassified to conform with the 2003 presentation.