



SOLAR ELECTRIC LIGHT FUND

Financial Statements

For the Year Ended December 31, 2006
(with Summarized Financial Information for 2005)



and
Report Thereon





INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Solar Electric Light Fund

CONSULTING
ACCOUNTING
TECHNOLOGY

*Certified Public
Accountants*

We have audited the accompanying statement of financial position of the Solar Electric Light Fund (the Fund) as of December 31, 2006, and 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 prior year summarized comparative information has been derived from the Fund's 2005 financial statements and, in our report dated June 23, 2006, we expressed an unqualified opinion on those financial 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, 2006, 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
August 9, 2007

SOLAR ELECTRIC LIGHT FUND
STATEMENT OF FINANCIAL POSITION
December 31, 2006
(With Summarized Financial Information For the Year Ended December 31, 2005)

	2006	2005
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,353,128	\$ 315,613
Investments	2,626	3,806
Grants and donations receivable	209,644	300,000
Prepaid expenses	31,957	6,718
Inventory	17,775	11,655
Deposits	2,349	2,349
Fixed assets, net of accumulated depreciation of \$47,288 and \$44,384 for 2006 and 2005, respectively	13,309	6,077
TOTAL ASSETS	\$ 1,630,788	\$ 646,218
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 44,060	\$ 12,654
Deferred Revenue	447,321	-
TOTAL LIABILITIES	491,381	12,654
Net Assets		
Unrestricted	\$ 234,299	\$ 239,202
Temporarily restricted	905,108	394,362
TOTAL NET ASSETS	1,139,407	633,564
TOTAL LIABILITIES AND NET ASSETS	\$ 1,630,788	\$ 646,218

The accompanying notes are an integral part
of these financial statements

SOLAR ELECTRIC LIGHT FUND
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2006
(With Summarized Financial Information For the Year Ended December 31, 2005)

	Unrestricted	Temporarily Restricted	2006 Total	2005 Total
REVENUE				
Grants and donations	\$ 185,596	\$ 1,375,888	\$ 1,561,484	\$ 920,306
Contracts	164,840	-	164,840	-
Investment income	10,700	-	10,700	3,592
Net assets released from restrictions:				
Satisfaction of restrictions	865,142	(865,142)	-	-
TOTAL REVENUE	1,226,278	510,746	1,737,024	923,898
EXPENSES				
Program services	1,056,969	-	1,056,969	261,396
Management and general	88,350	-	88,350	66,275
Fundraising	85,862	-	85,862	61,888
TOTAL EXPENSES	1,231,181	-	1,231,181	389,559
Change in net assets	(4,903)	510,746	505,843	534,339
NET ASSETS, BEGINNING OF YEAR	239,202	394,362	633,564	99,225
NET ASSETS, END OF YEAR	\$ 234,299	\$ 905,108	\$ 1,139,407	\$ 633,564

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, 2006

(With Summarized Financial Information For the Year Ended December 31, 2005)

	Program Services	Supporting Services		2006 Total	2005 Total
		Management and General	Fundraising		
Goods purchased overseas	\$ 570,150	\$ -	\$ -	\$ 570,150	\$ 32,892
Payroll and related expenses	249,289	49,521	70,621	369,431	131,648
U.S. independent contractor services	90,911	21,536	-	112,447	92,258
Employee travel	68,779	-	6,265	75,044	12,853
Building occupancy expenses	29,904	-	-	29,904	36,892
Communications	15,306	5,318	671	21,295	10,744
Promotional and educational expense	17,110	-	422	17,532	6,815
Supplies	7,761	195	309	8,265	15,847
Funds contributed to overseas organizations	-	-	7,241	7,241	12,386
Publications and subscriptions	-	3,966	110	4,076	578
Depreciation	2,904	-	-	2,904	3,360
Business meetings and meals	2,453	-	67	2,520	-
Insurance (D&O)	-	2,025	-	2,025	2,025
Other U.S. operating expenses	1,352	3,913	156	5,421	23,218
Conference fees	-	1,496	-	1,496	2,637
Bank and finance charges	1,050	380	-	1,430	1,544
Planning expense	-	-	-	-	2,000
Furniture and equipment expense	-	-	-	-	1,862
TOTAL	<u>\$ 1,056,969</u>	<u>\$ 88,350</u>	<u>\$ 85,862</u>	<u>\$ 1,231,181</u>	<u>\$ 389,559</u>

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, 2006
(With Summarized Financial Information For the Year Ended December 31, 2005)
Increase (Decrease) in Cash and Cash Equivalents

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 505,843	\$ 534,339
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	2,904	3,360
Unrealized (gain) loss on investments	(2,626)	22
Changes in assets and liabilities:		
Grants and donations receivable	90,356	(287,223)
Prepaid expenses	(25,239)	(1,665)
Inventory	(6,120)	-
Deferred revenue	447,321	-
Accounts payable and accrued expenses	31,406	(8,550)
	1,043,845	240,283
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of investments	3,806	-
Purchases of furniture and equipment	(10,136)	(3,323)
	(6,330)	(3,323)
NET CASH USED IN INVESTING ACTIVITIES		
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,037,515	236,960
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	315,613	78,653
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,353,128	\$ 315,613

The accompanying notes are an integral part
of these financial statements

SOLAR ELECTRIC FUND
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

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. These activities are funded principally through non-federal grants and donations.

Cash Equivalents

The Fund considers all money market funds to be cash equivalents.

Investments

Investments consist of corporate stock. These investments are recorded in the accompanying financial statements at their fair market value, as based upon quoted market prices as of December 31, 2006.

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; conversely, expenditures for minor repairs and maintenance costs are expensed when incurred. Upon the 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

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.
- Temporarily restricted net assets represent amounts that are specifically restricted by donors for various programs or future periods.

SOLAR ELECTRIC FUND

NOTES TO FINANCIAL STATEMENTS **For the Year Ended December 31, 2006**

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

Revenue Recognition

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

Unrestricted contributions and grants are reported as revenue in the year in which payments are received and/or unconditional promises are made.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statement of functional expenses based upon various methods deemed to justify the benefits received by those programs and supporting services.

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.

2. Concentration of Credit Risk

The cash and cash equivalents of the Fund are comprised of amounts in accounts at various financial institutions. While the amounts at times exceed the amount guaranteed by federal agencies and, therefore, bear some risk, the Fund has not experienced, nor does it anticipate, any loss of funds. As of December 31, 2006, the amount in excess of the amount guaranteed by federal agencies was \$1,248,477.

SOLAR ELECTRIC FUND

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2006

3. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following programs and time periods as of December 31, 2006:

South Africa	\$ 400,000
Benin	342,236
Rwanda	79,944
Tanzania	52,928
For future periods	<u>30,000</u>
 Total Temporarily Restricted Net Assets	 <u>\$ 905,108</u>

4. Operating Lease

The Fund leases office space under an agreement that expires December 31, 2006. Rent expense for the year ended December 31, 2006 was \$29,904.

As of December 31, 2006 SELF entered into a new two year lease with their current landlord for the current space being rented. This agreement terminates December 31, 2008 and future minimum lease payments are \$31,300 and \$32,344 for fiscal years ending December 31, 2007 and 2008, respectively.

5. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code, the Fund is exempt from federal taxes on income other than unrelated business income. No provision for income taxes is required for the year ended December 31, 2006 as the Fund had no net unrelated business income.

6. Summarized Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles.