Solar Electric Light Fund

Financial Statements

For the Year Ended December 31, 2008
(With Summarized Financial Information for the Year Ended December 31, 2007)

and

Report Thereon
INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Solar Electric Light Fund

We have audited the accompanying statement of financial position of the Solar Electric Light Fund (the Fund) as of December 31, 2008, 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 2007 financial statements and, in our report dated August 7, 2008, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, 2008, 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 26, 2009
# SOLAR ELECTRIC LIGHT FUND

## STATEMENT OF FINANCIAL POSITION

December 31, 2008  
(With Summarized Financial Information For the Year Ended December 31, 2007)

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$ 1,141,622</td>
<td>$ 1,061,991</td>
</tr>
<tr>
<td>Investments</td>
<td>2,731</td>
<td>2,700</td>
</tr>
<tr>
<td>Grants and donations receivable</td>
<td>130,959</td>
<td>70,000</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>14,172</td>
<td>11,350</td>
</tr>
<tr>
<td>Inventory</td>
<td>-</td>
<td>17,775</td>
</tr>
<tr>
<td>Deposits</td>
<td>2,349</td>
<td>2,349</td>
</tr>
<tr>
<td>Fixed assets, net of accumulated depreciation of $26,419 and $22,820 for 2008 and 2007, respectively</td>
<td>18,506</td>
<td>14,544</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$ 1,310,339</td>
<td>$ 1,180,709</td>
</tr>
<tr>
<td><strong>LIABILITIES AND NET ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$ 29,084</td>
<td>$ 247,555</td>
</tr>
<tr>
<td>Refundable advances</td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>39,084</td>
<td>257,555</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$ 745,588</td>
<td>$ 17,865</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>525,667</td>
<td>905,289</td>
</tr>
<tr>
<td><strong>TOTAL NET ASSETS</strong></td>
<td>1,271,255</td>
<td>923,154</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND NET ASSETS</strong></td>
<td>$ 1,310,339</td>
<td>$ 1,180,709</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
SOLAR ELECTRIC LIGHT FUND

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2008
(With Summarized Financial Information For the Year Ended December 31, 2007)

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>2008 Total</th>
<th>2007 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants and donations</td>
<td>$1,591,608</td>
<td>$294,238</td>
<td>$1,885,846</td>
<td>$1,036,307</td>
</tr>
<tr>
<td>Contracts</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>502,323</td>
</tr>
<tr>
<td>Investment income</td>
<td>8,842</td>
<td>-</td>
<td>8,842</td>
<td>23,329</td>
</tr>
<tr>
<td>Other income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>583</td>
</tr>
<tr>
<td><strong>Net assets released from restrictions:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction of program restrictions</td>
<td>673,860</td>
<td>(673,860)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL REVENUE</strong></td>
<td>2,274,310</td>
<td>(379,622)</td>
<td>1,894,688</td>
<td>1,562,542</td>
</tr>
</tbody>
</table>

|                      |              |                        |            |            |
| **EXPENSES**         |              |                        |            |            |
| Program services     | 1,378,362    | -                      | 1,378,362  | 1,484,047  |
| Management and general | 76,253      | -                      | 76,253     | 206,783    |
| Fundraising          | 91,972       | -                      | 91,972     | 87,965     |
| **TOTAL EXPENSES**   | 1,546,587    | -                      | 1,546,587  | 1,778,795  |

|                      |              |                        |            |            |
| Change in net assets | 727,723      | (379,622)              | 348,101    | (216,253)  |

**NET ASSETS, BEGINNING OF YEAR, AS RESTATE**

|                      |              |                        |            |            |
| 17,865               | 905,289      | 923,154                | 1,139,407  |

**NET ASSETS, END OF YEAR**

|                      |              |                        |            |            |
| $745,588             | $525,667     | $1,271,255             | $923,154   |

The accompanying notes are an integral part of these financial statements.
### STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2008
(With Summarized Financial Information For the Year Ended December 31, 2007)

<table>
<thead>
<tr>
<th>Supporting Services</th>
<th>Program Services</th>
<th>Management and General</th>
<th>Fundraising</th>
<th>2008 Total</th>
<th>2007 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods purchased overseas</td>
<td>491,318</td>
<td>$2,334</td>
<td>$ -</td>
<td>$493,652</td>
<td>$941,212</td>
</tr>
<tr>
<td>Payroll and related expenses</td>
<td>264,532</td>
<td>37,790</td>
<td>75,581</td>
<td>377,903</td>
<td>325,778</td>
</tr>
<tr>
<td>U.S. independent contractor services</td>
<td>356,393</td>
<td>8,244</td>
<td>-</td>
<td>364,637</td>
<td>315,637</td>
</tr>
<tr>
<td>In-kind expenses</td>
<td>92,810</td>
<td>-</td>
<td>-</td>
<td>92,810</td>
<td>15,700</td>
</tr>
<tr>
<td>Employee travel and meals</td>
<td>64,432</td>
<td>-</td>
<td>1,683</td>
<td>66,115</td>
<td>53,393</td>
</tr>
<tr>
<td>Promotional and educational expense</td>
<td>33,229</td>
<td>9,704</td>
<td>2,593</td>
<td>45,526</td>
<td>10,516</td>
</tr>
<tr>
<td>Building occupancy expenses</td>
<td>28,242</td>
<td>4,035</td>
<td>8,068</td>
<td>40,345</td>
<td>37,269</td>
</tr>
<tr>
<td>Communications</td>
<td>28,328</td>
<td>2,785</td>
<td>4,047</td>
<td>35,160</td>
<td>34,334</td>
</tr>
<tr>
<td>Supplies</td>
<td>5,878</td>
<td>4,617</td>
<td>-</td>
<td>10,495</td>
<td>7,900</td>
</tr>
<tr>
<td>Other</td>
<td>6,893</td>
<td>707</td>
<td>-</td>
<td>7,600</td>
<td>29,791</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-</td>
<td>6,037</td>
<td>-</td>
<td>6,037</td>
<td>3,378</td>
</tr>
<tr>
<td>Publications and subscriptions</td>
<td>4,371</td>
<td>-</td>
<td>-</td>
<td>4,371</td>
<td>3,046</td>
</tr>
<tr>
<td>Business meetings</td>
<td>1,936</td>
<td>-</td>
<td>-</td>
<td>1,936</td>
<td>841</td>
</tr>
</tbody>
</table>

**TOTAL**

$1,378,362  $76,253  $91,972  $1,546,587  $1,778,795

The accompanying notes are an integral part of these financial statements.
## Statement of Cash Flows

For the Year Ended December 31, 2008

(With Summarized Financial Information For the Year Ended December 31, 2007)

### Increase (Decrease) in Cash and Cash Equivalents

<table>
<thead>
<tr>
<th>Description</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH FLOWS FROM OPERATING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>$ 348,101</td>
<td>$ (216,253)</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>6,037</td>
<td>3,378</td>
</tr>
<tr>
<td>Loss on disposal of fixed assets</td>
<td>-</td>
<td>19</td>
</tr>
<tr>
<td>Unrealized gain on investments</td>
<td>(30)</td>
<td>-</td>
</tr>
<tr>
<td>Donated investments</td>
<td>-</td>
<td>(101,005)</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants and donations receivable</td>
<td>(60,959)</td>
<td>139,644</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(2,822)</td>
<td>20,607</td>
</tr>
<tr>
<td>Inventory</td>
<td>17,775</td>
<td>-</td>
</tr>
<tr>
<td>Refundable advances</td>
<td>-</td>
<td>(437,321)</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>(218,471)</td>
<td>203,495</td>
</tr>
<tr>
<td><strong>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</strong></td>
<td><strong>89,631</strong></td>
<td><strong>(387,436)</strong></td>
</tr>
<tr>
<td>CASH FLOWS FROM INVESTING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales of investments</td>
<td>-</td>
<td>101,005</td>
</tr>
<tr>
<td>Purchases of investments</td>
<td>-</td>
<td>(74)</td>
</tr>
<tr>
<td>Purchases of furniture and equipment</td>
<td>(10,000)</td>
<td>(4,632)</td>
</tr>
<tr>
<td><strong>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</strong></td>
<td><strong>(10,000)</strong></td>
<td><strong>96,299</strong></td>
</tr>
<tr>
<td><strong>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</strong></td>
<td><strong>79,631</strong></td>
<td><strong>(291,137)</strong></td>
</tr>
<tr>
<td>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</td>
<td>1,061,991</td>
<td>1,353,128</td>
</tr>
<tr>
<td>CASH AND CASH EQUIVALENTS, END OF YEAR</td>
<td>$ 1,141,622</td>
<td>$ 1,061,991</td>
</tr>
<tr>
<td>NONCASH INVESTING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donated investments</td>
<td>-</td>
<td>$ 101,005</td>
</tr>
</tbody>
</table>

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

**Investments**

Investments consist of corporate stock. These investments are recorded in the accompanying financial statements at fair value, as based upon quoted market prices as of December 31, 2008. The fair value approximates cost as of December 31, 2008.

**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.

**Donated Goods and Services**

The Fund’s programs are furthered through the contribution of goods by various individuals and organizations. Donated goods are recorded at fair value as of the date of donation and are included in contribution revenue and in-kind expenses in the accompanying financial statements. Donated goods consist of donated solar panels.
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.

The Fund has cost reimbursable grants and contracts with other organizations. Revenue from these grants and contracts is recognized as costs are incurred on the basis of direct costs plus allowable indirect costs. Funds received under these grants and contracts but not yet expended are reflected as refundable advances in the accompanying statement of financial position.

**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

Cash of the Fund is 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, 2008, the amount in excess of the amount guaranteed by federal agencies was $888,871.
3. Grants and Donations Receivable

Grants and donations receivable represent amounts due from individual donors. As of December 31, 2008, grants and donations receivable totaled $130,959 and the full amount was due in less than one year.

4. Temporarily Restricted Net Assets

As of December 31, 2008, temporarily restricted net assets were for support of the Fund’s programs in the following foreign countries:

<table>
<thead>
<tr>
<th>Country</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burundi</td>
<td>$ 195,332</td>
</tr>
<tr>
<td>South Africa</td>
<td>117,748</td>
</tr>
<tr>
<td>Benin</td>
<td>171,150</td>
</tr>
<tr>
<td>Rwanda</td>
<td>25,330</td>
</tr>
<tr>
<td>Lesotho</td>
<td>16,107</td>
</tr>
</tbody>
</table>

Total Temporarily Restricted Net Assets $ 525,667

5. Income Taxes

The Fund is exempt from the payment of taxes on income other than net unrelated business income under Section 501(c)(3) of the IRC and is not an organization that is a private foundation within the meaning of Section 509(a) of the IRC. There is no provision for income taxes as the Fund had no significant net unrelated business income for the year ended December 31, 2008.

In June 2006, FASB issued FASB Interpretation No. 48 (FIN 48), Accounting for Uncertainty in Income Taxes, which is an interpretation of SFAS No. 109, Accounting for Income Taxes. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an organization’s financial statements in accordance with SFAS No. 109 and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Fund’s tax return to determine whether the tax positions have a “more-likely-than-not” probability of being sustained by the applicable tax authority. Tax positions not deemed to meet the “more-likely-than-not” threshold would be recorded as a tax benefit or expense in the current year. FIN 48 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. Any cumulative effect from the change in accounting principle resulting from the application of FIN 48 is to be recognized as an adjustment to opening net assets.
5. Income Taxes (continued)

In December 2008, FASB issued FASB Staff Position (FSP) FIN 48-3, *Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises*. FSP FIN 48-3 permits an entity within its scope to defer the effective date of FIN 48, to its annual financial statements for fiscal years beginning after December 15, 2008. The Fund has elected to defer the application of FIN 48 for the year ended December 31, 2008. The Fund evaluates its uncertain tax positions using the provisions of FASB Statement 5, *Accounting for Contingencies*. Accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized.

6. Prior Period Adjustment

The Fund has restated its December 31, 2007 net assets to properly record certain consulting and hardware purchases for or related to 2007. The effect of this restatement was to decrease unrestricted net assets and increase accounts payable and accrued expenses by $200,601 as of December 31, 2007. This correction also decreases expenses by $200,601 for the year ended December 31, 2008.

7. 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.