



Solar Electric Light Fund

Financial Statements

For the Year Ended December 31, 2011

(With Summarized Financial Information for the Year Ended December 31, 2010)



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, 2011, 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 2010 financial statements and, in our report dated May 6, 2011, 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, 2011, 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.

RAFFA, P.C.

Washington, DC
May 16, 2012

SOLAR ELECTRIC LIGHT FUND
STATEMENT OF FINANCIAL POSITION
December 31, 2011
(With Summarized Financial Information as of December 31, 2010)

	2011	2010
ASSETS		
Cash	\$ 1,540,153	\$ 1,510,585
Investments	1,722	1,722
Grants and donations receivable	1,355,669	1,216,242
Prepaid expenses	86,838	30,115
Inventory	11,200	11,200
Deposits	3,554	2,754
Fixed assets, net of accumulated depreciation of \$10,000 and \$8,889 for 2011 and 2010, respectively	-	1,111
TOTAL ASSETS	\$ 2,999,136	\$ 2,773,729
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 141,886	\$ 104,919
Refundable advances	10,000	270,601
TOTAL LIABILITIES	151,886	375,520
Net Assets		
Unrestricted	477,446	611,459
Temporarily restricted	2,369,804	1,786,750
TOTAL NET ASSETS	2,847,250	2,398,209
TOTAL LIABILITIES AND NET ASSETS	\$ 2,999,136	\$ 2,773,729

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

SOLAR ELECTRIC LIGHT FUND

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2011

(With Summarized Financial Information for the Year Ended December 31, 2010)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2011 Total</u>	<u>2010 Total</u>
REVENUE				
Grants and donations	\$ 673,146	\$ 1,809,118	\$ 2,482,264	\$ 2,916,035
Contracts	815,131	-	815,131	173,286
In-kind revenue	247,033	-	247,033	471,094
Investment income	1,447	-	1,447	1,344
Other income	967	-	967	-
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>1,226,064</u>	<u>(1,226,064)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE	<u>2,963,788</u>	<u>583,054</u>	<u>3,546,842</u>	<u>3,561,759</u>
EXPENSES				
Program services	2,733,898	-	2,733,898	1,904,850
Management and general	208,065	-	208,065	161,554
Fundraising	<u>155,838</u>	<u>-</u>	<u>155,838</u>	<u>170,850</u>
TOTAL EXPENSES	<u>3,097,801</u>	<u>-</u>	<u>3,097,801</u>	<u>2,237,254</u>
CHANGE IN NET ASSETS	(134,013)	583,054	449,041	1,324,505
NET ASSETS, BEGINNING OF YEAR	<u>611,459</u>	<u>1,786,750</u>	<u>2,398,209</u>	<u>1,073,704</u>
NET ASSETS, END OF YEAR	<u>\$ 477,446</u>	<u>\$ 2,369,804</u>	<u>\$ 2,847,250</u>	<u>\$ 2,398,209</u>

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, 2011
(With Summarized Financial Information for the Year Ended December 31, 2010)

	Supporting Services			2011 Total	2010 Total
	Program Services	Management and General	Fundraising		
Goods purchased overseas	\$ 1,375,548	\$ -	\$ 574	\$ 1,376,122	\$ 840,631
Payroll and related expenses	790,246	130,035	96,801	1,017,082	853,516
Independent contractors	274,390	37,399	4,463	316,252	219,274
Promotional and educational expense	88,505	257	44,114	132,876	135,210
Occupancy and office expenses	73,061	19,086	6,024	98,171	55,932
Employee travel and meals	77,971	4,285	1,074	83,330	65,408
Communications	28,334	4,788	1,107	34,229	23,961
Supplies	8,927	5,365	152	14,444	12,289
Other	7,844	5,670	45	13,559	9,090
Business meetings	8,077	53	-	8,130	14,502
Publications and subscriptions	995	16	1,484	2,495	4,278
Depreciation	-	1,111	-	1,111	3,333
TOTAL	\$ 2,733,898	\$ 208,065	\$ 155,838	\$ 3,097,801	\$ 2,237,424

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, 2011
(With Summarized Financial Information for the Year Ended December 31, 2010)
Increase (Decrease) in Cash and Cash Equivalents

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 449,041	\$ 1,324,505
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,111	3,333
Unrealized loss on investments	-	930
Changes in assets and liabilities:		
Grants and donations receivable	(139,427)	(1,083,877)
Prepaid expenses	(56,723)	16,667
Deposits	(800)	(405)
Accounts payable and accrued expenses	36,967	27,302
Refundable advances	(260,601)	260,601
	<u>29,568</u>	<u>549,056</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
	<u>29,568</u>	<u>549,056</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		
	29,568	549,056
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,510,585</u>	<u>961,529</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,540,153</u>	<u>\$ 1,510,585</u>

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, 2011

1. Organization and Summary of Significant Accounting Policies

Organization

The Solar Electric Light Fund (the Fund) was incorporated on August 22, 1990, in the District of Columbia 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 nonfederal grants and donations.

Basis of Presentation

The accompanying financial statements are presented on the accrual basis of accounting and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 205, *Presentation of Financial Statements*.

Investments

Investments consist of corporate stock. These investments are recorded in the accompanying financial statements at fair value based upon quoted market prices.

Inventory

Inventory consists of solar panels. Inventory is stated at the lower of cost or market value, net of an allowance for obsolete inventory, on a first-in, first-out basis.

Fixed Assets and Related Depreciation

Furniture and equipment with an acquisition value of \$5,000 or greater are stated at cost and are depreciated using the straight-line method over the assets' estimated service lives of three to seven years. Expenditures for major additions, renewals and betterments are capitalized. Expenditures for equipment with an acquisition value of less than \$5,000, 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 Fund's net assets 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.

Continued

SOLAR ELECTRIC LIGHT FUND

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2011

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

Donated Goods and Services

The Fund's programs are furthered through contributions of goods and services by various individuals and organizations. Donated goods and services are recorded at fair value as of the date of donation and are included in grants and donation revenue, goods purchased overseas, and promotional and educational expenses in the accompanying financial statements. Donated goods and services consist of donated equipment and advertising and are used for health and education programs.

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. Revenue recognized on grants and donations that have been promised to the Fund, but have not been received, is reflected as grants and donations receivable in the accompanying statement of financial position.

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

Functional Allocation of Expenses

The costs of providing the 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.

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SOLAR ELECTRIC LIGHT FUND

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2011

2. Grants and Donations Receivable

Grants and donations receivable represent amounts due from individual donors. As of December 31, 2011, grants and donations receivable totaled \$1,355,669, which is due in less than one year and is deemed fully collectible.

3. Concentration of Credit Risk

The Fund maintains its cash and cash equivalents with certain commercial financial institutions, both in the United States and in several foreign countries, which aggregate balance, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor per institution. As of December 31, 2011, the Fund had \$1,555,960 composed of demand deposits and money market accounts, which exceeded the maximum limit insured by FDIC by approximately \$1,306,000. The Fund monitors the creditworthiness of these institutions and has not experienced any credit losses on its cash and cash equivalents. At December 31, 2011, the cash in foreign financial institutions totaled \$4,033, which is subject to the banking laws of those countries.

4. Temporarily Restricted Net Assets

As of December 31, 2011, temporarily restricted net assets were held for support of the Fund's programs in the following foreign countries and programs:

Haiti	\$ 1,354,124
Benin	727,874
Capacity building	133,771
Burundi	40,764
Other	36,427
Lesotho	33,376
Rwanda	27,527
South Africa	10,731
Kenya	<u>5,210</u>
Total Temporarily Restricted Net Assets	<u>\$ 2,369,804</u>

Continued

SOLAR ELECTRIC LIGHT FUND

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2011

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 Internal Revenue Code (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, 2011.

The Fund adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in ASC Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Fund performed an evaluation of uncertain tax positions for the year ended December 31, 2011, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of December 31, 2011, the statute of limitations for tax years 2008 through 2010 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Fund files tax returns. It is the Fund's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of December 31, 2011, the Fund had no accruals for interest and/or penalties.

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.

7. Subsequent Events

In preparing these financial statements, the Fund has evaluated events and transactions for potential recognition or disclosure through May 16, 2012, the date the financial statements were available to be issued. There were no subsequent events that require recognition of, or disclosure in, these financial statements.