

 *Solar Electric Light Fund***Financial Statements**

For the Year Ended December 31, 2016

(With Summarized Financial Information for the Year Ended December 31, 2015)



**and
Report Thereon**





Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Solar Electric Light Fund

We have audited the accompanying financial statements of the Solar Electric Light Fund (the Fund), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements 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 the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Fund's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 12, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Raffa P.C.

Raffa, P.C.

Washington, DC
May 12, 2017

SOLAR ELECTRIC LIGHT FUND
STATEMENT OF FINANCIAL POSITION
December 31, 2016
(With Summarized Financial Information as of December 31, 2015)

	2016	2015
ASSETS		
Cash	\$ 2,064,105	\$ 1,465,407
Grants and donations receivable	263,695	263,794
Prepaid expenses	67,222	35,300
Deposit and other assets	14,863	10,850
Fixed assets, net of accumulated depreciation of \$10,000 for 2016 and 2015	-	-
TOTAL ASSETS	\$ 2,409,885	\$ 1,775,351
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 55,700	\$ 83,960
Refundable advances	1,577,476	747,045
TOTAL LIABILITIES	1,633,176	831,005
Net Assets		
Unrestricted	321,533	188,932
Temporarily restricted	455,176	755,414
TOTAL NET ASSETS	776,709	944,346
TOTAL LIABILITIES AND NET ASSETS	\$ 2,409,885	\$ 1,775,351

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

SOLAR ELECTRIC LIGHT FUND

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2016

(With Summarized Financial Information for the Year Ended December 31, 2015)

	Unrestricted	Temporarily Restricted	2016 Total	2015 Total
REVENUE AND SUPPORT				
Contracts	\$ 1,973,028	\$ -	\$ 1,973,028	\$ 1,429,319
Grants and donations	880,485	175,252	1,055,737	1,389,195
In-kind revenue	85,953	-	85,953	90,012
Interest and other income	998	333	1,331	1,433
Net assets released from restrictions:				
Satisfaction of program restrictions	475,823	(475,823)	-	-
TOTAL REVENUE AND SUPPORT	3,416,287	(300,238)	3,116,049	2,909,959
EXPENSES				
Program Services:				
Africa	1,396,073	-	1,396,073	152,442
Caribbean and South America	797,047	-	797,047	1,411,883
Other global programs	316,159	-	316,159	377,109
Energy harvesting	203,167	-	203,167	118,597
Communications	100,972	-	100,972	181,647
United Nations Environment Programme – Street Lights	21,513	-	21,513	316,317
Total Program Services	2,834,931	-	2,834,931	2,557,995
Supporting Services:				
Management and general	231,076	-	231,076	227,946
Fundraising	217,679	-	217,679	247,013
Total Supporting Services	448,755	-	448,755	474,959
TOTAL EXPENSES	3,283,686	-	3,283,686	3,032,954
CHANGE IN NET ASSETS	132,601	(300,238)	(167,637)	(122,995)
NET ASSETS, BEGINNING OF YEAR	188,932	755,414	944,346	1,067,341
NET ASSETS, END OF YEAR	\$ 321,533	\$ 455,176	\$ 776,709	\$ 944,346

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, 2016

(With Summarized Financial Information for the Year Ended December 31, 2015)

	Program Services			Supporting Services		2016 Total	2015 Total
	Other Program Services	United Nations Environment Programme – Street Lights	Total Program Services	Management and General	Fundraising		
Salaries and benefits	\$ 1,055,795	\$ 15,289	\$ 1,071,084	\$ 175,459	\$ 160,168	\$ 1,406,711	\$ 1,540,961
Goods purchased overseas	1,231,908	4,496	1,236,404	-	-	1,236,404	857,477
Independent contractors	155,592	-	155,592	27,941	-	183,533	267,366
Employee travel and meals	173,297	1,569	174,866	224	7,799	182,889	59,263
Occupancy and office expenses	107,363	42	107,405	18,046	15,584	141,035	141,909
Promotional and educational expenses	59,128	-	59,128	392	30,567	90,087	103,705
Communications	21,073	117	21,190	4,700	2,594	28,484	32,446
Other	6,802	-	6,802	915	666	8,383	8,912
Supplies	2,195	-	2,195	3,242	-	5,437	7,780
Business meetings	228	-	228	23	129	380	11,573
Publications and subscriptions	37	-	37	134	172	343	1,562
TOTAL EXPENSES	\$ 2,813,418	\$ 21,513	\$ 2,834,931	\$ 231,076	\$ 217,679	\$ 3,283,686	\$ 3,032,954

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, 2016

(With Summarized Financial Information for the Year Ended December 31, 2015)

Increase (Decrease) in Cash

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (167,637)	\$ (122,995)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Changes in assets and liabilities:		
Grants and donations receivable	99	(41,243)
Prepaid expenses	(31,922)	80,682
Deposit and other assets	(4,013)	(3,303)
Accounts payable and accrued expenses	(28,260)	(61,133)
Refundable advances	830,431	322,605
	<u>598,698</u>	<u>174,613</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
	598,698	174,613
NET INCREASE IN CASH		
	1,465,407	1,290,794
CASH, BEGINNING OF YEAR		
	<u>1,465,407</u>	<u>1,290,794</u>
CASH, END OF YEAR		
	<u>\$ 2,064,105</u>	<u>\$ 1,465,407</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, 2016

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*.

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.

In-Kind Contributions

The Fund's programs are furthered through contributions of goods and services by various individuals and organizations. In-kind contributions are recorded at fair value as of the date of donation and are included in in-kind revenue in the accompanying statement of activities. In-kind contributions consist of donated advertising and printing costs, which were used in program and fundraising activities.

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.

SOLAR ELECTRIC LIGHT FUND

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2016

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

Revenue Recognition (continued)

Unrestricted contributions and grants are reported as revenue and support in the year in which payments are received and/or unconditional promises to give 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. Revenue recognized on grants and contracts for which payments have not been received is reflected as grants and donations receivable in the accompanying statement of financial position. 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 activities 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 (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Cash

As part of agreements with various donors, the Fund is required to maintain funds received under the grant agreements with the donors in separate bank accounts. As of December 31, 2016, the Fund held \$412,362 in separate bank accounts as required under the terms of these agreements with the donors.

3. Grants and Donations Receivable

Grants and donations receivable represent amounts due from individual donors and private foundations. As of December 31, 2016, grants and donations receivable totaled \$263,695, which was due in less than one year and is deemed fully collectible.

SOLAR ELECTRIC LIGHT FUND

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2016

4. Concentration of Credit Risk

The Fund maintains its cash with certain commercial financial institutions, both in the United States and in several foreign countries; the U.S. 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, 2016, the Fund had \$2,065,000 composed of demand deposits, which exceeded the maximum limit insured by FDIC by approximately \$1,815,000. The Fund monitors the creditworthiness of these institutions and has not experienced any credit losses on its cash and cash equivalents. At December 31, 2016, the cash in foreign financial institutions totaled \$7,054, which is subject to the banking laws of the countries in which the funds reside.

5. Contract Revenue

The Fund receives awards which constitute collection of fees for services performed or to be performed. Revenue on these exchange transaction contracts is recognized as expenses are incurred or as the project is completed. For the year ended December 31, 2016, the Fund received cash payments of \$2,832,263 from contracts with various organizations. The Fund earned revenue totaling \$1,973,028 from these contracts, which is reflected as contract revenue in the accompanying statement of activities.

As of December 31, 2015, there were receivables from the United Nations Environment Programme – Street Lights (UNEP) totaling \$28,922, which is included in grants and donations receivable in the accompanying statement of financial position. In 2016, the Fund received an additional cash payment of \$75,000 from UNEP. The Fund earned revenue totaling \$21,513 from this contract for the year ended December 31, 2016, which is included in contracts revenue in the accompanying statement of activities. As of December 31, 2016, the Fund had a refundable advance from this contract totaling \$24,565, which is included in refundable advances in the accompanying statement of financial position.

6. Temporarily Restricted Net Assets

As of December 31, 2016, temporarily restricted net assets were held for support of the following programs:

Haiti	\$ 411,104
Benin	<u>44,072</u>
Total Temporarily Restricted Net Assets	<u>\$ 455,176</u>

7. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code (the IRC), the Fund is exempt from the payment of taxes on income other than net unrelated business income. The Fund reviews and assesses all activities annually to identify any changes in the scope of the activities and

SOLAR ELECTRIC LIGHT FUND

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2016

7. Income Taxes (continued)

revenue sources and the tax treatment thereof to identify any uncertainty in income taxes. For the year ended December 31, 2016, no provision for income taxes was made, as the Fund had no net unrelated business income and did not identify any uncertainty in income taxes requiring recognition or disclosure in these financial statements. The Fund's tax returns are subject to possible examination by the taxing authorities. For federal purposes, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

8. Summarized Financial Information

The accompanying 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 GAAP. Accordingly, such information should be read in conjunction with the Fund's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

9. Subsequent Events

In February 2017, the Fund entered into a fiscal sponsorship agreement with an unincorporated organization to implement solar-powered river transportation in indigenous communities of the Amazon basin (the Project). On behalf of the Project, the Fund will collect grants and contributions and distribute the funds for the purposes specified in the agreement. The Fund will receive 7% of all grants and contributions collected for the Project to cover administrative and overhead costs. The fiscal sponsorship agreement is effective through December 31, 2017.

In preparing these financial statements, the Fund has evaluated events and transactions for potential recognition or disclosure through May 12, 2017, the date the financial statements were available to be issued. Except for the subsequent event described above, there were no other subsequent events that require recognition or disclosure in these financial statements.