



Solar Electric Light Fund

Financial Statements

For the Year Ended December 31, 2012

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



and
Report Thereon





INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Solar Electric Light Fund

Report on the Financial Statements

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, 2012, 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 Fund as of December 31, 2012, 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 2011 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 16, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011 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 8, 2013

SOLAR ELECTRIC LIGHT FUND
STATEMENT OF FINANCIAL POSITION
December 31, 2012
(With Summarized Financial Information as of December 31, 2011)

	2012	2011
ASSETS		
Cash	\$ 1,543,170	\$ 1,540,153
Investments	488	1,722
Grants and donations receivable	870,511	1,355,669
Prepaid expenses	27,743	86,838
Inventory	-	11,200
Deposits	3,554	3,554
Fixed assets, net of accumulated depreciation of \$10,000 and \$10,000 for 2012 and 2011, respectively	-	-
TOTAL ASSETS	\$ 2,445,466	\$ 2,999,136
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 111,711	\$ 141,886
Refundable advances	112,998	10,000
TOTAL LIABILITIES	224,709	151,886
Net Assets		
Unrestricted	315,460	477,446
Temporarily restricted	1,905,297	2,369,804
TOTAL NET ASSETS	2,220,757	2,847,250
TOTAL LIABILITIES AND NET ASSETS	\$ 2,445,466	\$ 2,999,136

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

SOLAR ELECTRIC LIGHT FUND

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2012

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

	Unrestricted	Temporarily Restricted	2012 Total	2011 Total
REVENUE				
Grants and donations	\$ 545,898	\$ 1,744,098	\$ 2,289,996	\$ 2,482,264
Contracts	303,367	-	303,367	815,131
In-kind revenue	168,740	-	168,740	247,033
Investment income	1,762	-	1,762	1,447
Other income	-	-	-	967
Net assets released from restrictions:				
Satisfaction of program restrictions	2,208,605	(2,208,605)	-	-
TOTAL REVENUE	3,228,372	(464,507)	2,763,865	3,546,842
EXPENSES				
Program services	2,900,865	-	2,900,865	2,733,898
Management and general	338,720	-	338,720	208,065
Fundraising	150,773	-	150,773	155,838
TOTAL EXPENSES	3,390,358	-	3,390,358	3,097,801
CHANGE IN NET ASSETS	(161,986)	(464,507)	(626,493)	449,041
NET ASSETS, BEGINNING OF YEAR	477,446	2,369,804	2,847,250	2,398,209
NET ASSETS, END OF YEAR	\$ 315,460	\$ 1,905,297	\$ 2,220,757	\$ 2,847,250

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, 2012
(With Summarized Financial Information for the Year Ended December 31, 2011)

	Supporting Services			2012 Total	2011 Total
	Program Services	Management and General	Fundraising		
Goods purchased overseas	\$ 1,309,948	\$ -	\$ -	\$ 1,309,948	\$ 1,376,122
Payroll and related expenses	992,872	210,892	101,783	1,305,547	1,017,082
Independent contractors	341,075	72,747	1,150	414,972	316,252
Occupancy and office expenses	106,468	24,898	10,316	141,682	98,171
Promotional and educational expense	58,051	1,689	31,399	91,139	132,876
Employee travel and meals	45,732	6,208	2,393	54,333	83,330
Communications	29,417	10,231	1,619	41,267	34,229
Other	6,366	4,688	517	11,571	13,559
Supplies	4,247	6,241	68	10,556	14,444
Business meetings	3,491	1,101	1,413	6,005	8,130
Publications and subscriptions	3,198	25	115	3,338	2,495
Depreciation	-	-	-	-	1,111
TOTAL	\$ 2,900,865	\$ 338,720	\$ 150,773	\$ 3,390,358	\$ 3,097,801

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, 2012
(With Summarized Financial Information for the Year Ended December 31, 2011)
Increase (Decrease) in Cash and Cash Equivalents

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (626,493)	\$ 449,041
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	-	1,111
Unrealized loss on investments	1,234	-
Changes in assets and liabilities:		
Grants and donations receivable	485,158	(139,427)
Prepaid expenses	59,095	(56,723)
Inventory	11,200	-
Deposits	-	(800)
Accounts payable and accrued expenses	(30,175)	36,967
Refundable advances	102,998	(260,601)
	3,017	29,568
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,017	29,568
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,017	29,568
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,540,153	1,510,585
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,543,170	\$ 1,540,153

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, 2012

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.

SOLAR ELECTRIC LIGHT FUND

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2012

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.

SOLAR ELECTRIC LIGHT FUND

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2012**

2. Grants and Donations Receivable

Grants and donations receivable represent amounts due from individual donors. As of December 31, 2012, grants and donations receivable totaled \$870,511, which is due in less than one year and is deemed fully collectible.

3. Risks and Contingencies

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, 2012, the Fund had \$1,507,071 composed of demand deposits and money market accounts, which exceeded the maximum limit insured by FDIC by approximately \$1,257,000. The Fund monitors the creditworthiness of these institutions and has not experienced any credit losses on its cash and cash equivalents. At December 31, 2012, the cash in foreign financial institutions totaled \$34,757, which is subject to the banking laws of those countries.

Conditional Grant

The Fund was awarded a one-year grant totaling \$105,000 during the year ended December 31, 2012, all of which is contingent upon the Fund raising \$210,000. Payments are to be made to the Fund in two installments. The first installment of \$39,200 was received in July 2012 and has been recognized by the Fund as revenue during the year ended December 31, 2012, as the grantor accepted the first report from the Fund noting \$90,000 matching funds were raised. The second payment for the remaining amount will be paid when the Fund meets the matching requirements.

4. Temporarily Restricted Net Assets

As of December 31, 2012, temporarily restricted net assets were held for support of the Fund's programs in the following foreign countries and programs:

Benin	\$ 1,040,296
Haiti	849,191
Colombia	<u>15,810</u>
Total Temporarily Restricted Net Assets	<u>\$ 1,905,297</u>

SOLAR ELECTRIC LIGHT FUND

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2012

5. Office Lease

The Fund leases its current office space under a noncancelable, three-year operating lease, which expires in December 31, 2014. Under the terms of the lease, rent increases 2% per annum and the Fund is responsible for its proportionate share of real estate taxes and operating and maintenance costs of the landlord.

The future minimum rental payments required under the operating lease are as follows as of December 31, 2012:

For the Year Ending December 31,	
2013	\$ 88,500
2014	<u>90,270</u>
Total	<u>\$ 178,770</u>

Rent expense totaled \$86,765 for the year ended December 31, 2012.

6. 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, 2012.

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, 2012, 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 2009 through 2011 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, 2012, the Fund had no accruals for interest and/or penalties.

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.

SOLAR ELECTRIC LIGHT FUND

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2012

8. Subsequent Events

In preparing these financial statements, the Fund has evaluated events and transactions for potential recognition or disclosure through May 8, 2013, 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.