



*Solar Electric Light Fund*

**Financial Statements**

*For the Year Ended December 31, 2013*

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



**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, 2013, 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, 2013, 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 2012 financial statements, and our report dated May 8, 2013, expressed an unmodified opinion on those audited financial statements. 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 13, 2014

**SOLAR ELECTRIC LIGHT FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2013**  
**(With Summarized Financial Information as of December 31, 2012)**

	2013	2012
<b>ASSETS</b>		
Cash	\$ 1,266,658	\$ 1,543,170
Investments	5,750	488
Grants and donations receivable	628,282	870,511
Prepaid expenses	65,519	27,743
Deposits	6,554	3,554
Fixed assets, net of accumulated depreciation of \$10,000 for 2013 and 2012	-	-
TOTAL ASSETS	\$ 1,972,763	\$ 2,445,466
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 75,824	\$ 111,711
Refundable advances	283,879	112,998
TOTAL LIABILITIES	359,703	224,709
Net Assets		
Unrestricted	278,343	315,460
Temporarily restricted	1,334,717	1,905,297
TOTAL NET ASSETS	1,613,060	2,220,757
TOTAL LIABILITIES AND NET ASSETS	\$ 1,972,763	\$ 2,445,466

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

**SOLAR ELECTRIC LIGHT FUND**

**STATEMENT OF ACTIVITIES**

**For the Year Ended December 31, 2013**

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

	Unrestricted	Temporarily Restricted	2013 Total	2012 Total
<b>REVENUE AND SUPPORT</b>				
Grants and donations	\$ 806,233	\$ 628,661	\$ 1,434,894	\$ 2,289,996
Contracts	526,409	-	526,409	303,367
In-kind revenue	147,379	-	147,379	168,740
Investment income	1,184	-	1,184	1,762
Net assets released from restrictions:				
Satisfaction of program restrictions	1,199,241	(1,199,241)	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>2,680,446</b>	<b>(570,580)</b>	<b>2,109,866</b>	<b>2,763,865</b>
<b>EXPENSES</b>				
Program Services:				
Caribbean and South America	1,035,443	-	1,035,443	1,673,623
Africa	782,446	-	782,446	478,687
Communications	188,366	-	188,366	241,701
Other programs	323,790	-	323,790	506,854
Total Program Services	2,330,045	-	2,330,045	2,900,865
Supporting Services:				
Management and general	242,836	-	242,836	338,720
Fundraising	144,682	-	144,682	150,773
Total Supporting Services	387,518	-	387,518	489,493
<b>TOTAL EXPENSES</b>	<b>2,717,563</b>	<b>-</b>	<b>2,717,563</b>	<b>3,390,358</b>
<b>CHANGE IN NET ASSETS</b>	(37,117)	(570,580)	(607,697)	(626,493)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>315,460</b>	<b>1,905,297</b>	<b>2,220,757</b>	<b>2,847,250</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 278,343</b>	<b>\$ 1,334,717</b>	<b>\$ 1,613,060</b>	<b>\$ 2,220,757</b>

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, 2013**  
**(With Summarized Financial Information for the Year Ended December 31, 2012)**

	Supporting Services			2013 Total	2012 Total
	Program Services	Management and General	Fundraising		
Payroll and related expenses	\$ 1,234,198	\$ 178,899	\$ 83,412	\$ 1,496,509	\$ 1,305,547
Goods purchased overseas	679,740	-	-	679,740	1,309,948
Occupancy and office expenses	112,777	17,675	8,110	138,562	141,682
Independent contractors	95,178	27,874	3,675	126,727	414,972
Promotional and educational expense	80,869	-	40,656	121,525	91,139
Employee travel and meals	86,112	582	5,590	92,284	54,333
Communications	20,282	12,931	642	33,855	41,267
Other	9,617	1,756	680	12,053	11,571
Supplies	7,264	2,989	378	10,631	10,556
Publications and subscriptions	2,300	-	1,539	3,839	3,338
Business meetings	1,708	130	-	1,838	6,005
TOTAL	\$ 2,330,045	\$ 242,836	\$ 144,682	\$ 2,717,563	\$ 3,390,358

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, 2013**  
**(With Summarized Financial Information for the Year Ended December 31, 2012)**  
**Increase (Decrease) in Cash and Cash Equivalents**

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (607,697)	\$ (626,493)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Unrealized loss on investments	16	1,234
Changes in assets and liabilities:		
Grants and donations receivable	242,229	485,158
Prepaid expenses	(37,776)	59,095
Inventory	-	11,200
Deposits	(3,000)	-
Accounts payable and accrued expenses	(35,887)	(30,175)
Refundable advances	170,881	102,998
	<u>(271,234)</u>	<u>3,017</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	<u>(5,278)</u>	<u>-</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(5,278)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(276,512)	3,017
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,543,170</u>	<u>1,540,153</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,266,658</u>	<u>\$ 1,543,170</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, 2013

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#### 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 non-federal 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, which are recorded in the accompanying financial statements at fair value based upon quoted market prices.

##### **Fixed Assets and Related Depreciation**

Furniture and equipment with an acquisition value of \$1,000 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 \$1,000, 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.

##### **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 and goods purchased overseas, and promotional and educational expenses in the accompanying statement of financial position. Donated goods and services consist of donated equipment and advertising and are used in the communication and Colombia programs.

## SOLAR ELECTRIC LIGHT FUND

### NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2013

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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 and support 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.

2. Grants and Donations Receivable

Grants and donations receivable represent amounts due from individual donors and private foundations. As of December 31, 2013, grants and donations receivable totaled \$628,282, which is 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, 2013**

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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, 2013, the Fund had \$1,271,145 composed of demand deposits and money market accounts, which exceeded the maximum limit insured by FDIC by approximately \$1,021,000. The Fund monitors the creditworthiness of these institutions and has not experienced any credit losses on its cash and cash equivalents. At December 31, 2013, the cash in foreign financial institutions totaled \$1,830, which is subject to the banking laws of the countries in which the funds reside.

4. Contract Revenue

Prior to 2013, the Fund's revenue was generated primarily from grants that were deemed to be non-reciprocal exchanges or contributions to the organization. As such, revenue from the grants was recognized as revenue at the time of the award. Beginning in 2013, the Fund began receiving awards which constituted the collection of fees for services performed. Conversely, revenue on these exchange transactions is recognized as expenses are incurred or as the project is completed, which has resulted in a drop in the revenue for the year ended December 31, 2013. The most significant award received by the Fund, which is deemed to be an exchange transaction, is with the Inter-American Development Bank for \$1,359,293 of which only \$73,495 was recognized as revenue for the year ended December 31, 2013. The unrecognized portion of the award, which totals \$1,285,798, will be recognized in future years as expenses are incurred.

5. Temporarily Restricted Net Assets

As of December 31, 2013, temporarily restricted net assets were held for support of the following programs:

Benin	\$ 616,073
Haiti	581,736
Colombia	<u>136,908</u>
Total Temporarily Restricted Net Assets	<u>\$ 1,334,717</u>

## SOLAR ELECTRIC LIGHT FUND

### NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2013

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#### 6. 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. Lease payments required under the operating lease, which relate to the year ended December 31, 2014, totals \$90,270.

Rent expense totaled \$88,500 for the year ended December 31, 2013.

#### 7. 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, 2013.

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, 2013, 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, 2013, the statute of limitations for tax years 2010 through 2012 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, 2013, the Fund had no accruals for interest and/or penalties.

#### 8. 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, 2013**

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9. Subsequent Events

In preparing these financial statements, the Fund has evaluated events and transactions for potential recognition or disclosure through May 13, 2014, 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.