

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

*For the Year Ended December 31, 2017*

*(With Summarized Financial Information for the Year Ended December 31, 2016)*



**and  
Report Thereon**





**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, 2017, 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, 2017, 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 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 12, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, 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  
April 23, 2018

**SOLAR ELECTRIC LIGHT FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2017**  
**(With Summarized Financial Information as of December 31, 2016)**

	2017	2016
<b>ASSETS</b>		
Cash	\$ 758,917	\$ 2,064,105
Grants and donations receivable	582,046	263,695
Prepaid expenses	113,091	67,222
Deposit and other assets	6,554	14,863
Fixed assets, net of accumulated depreciation of \$10,000 for 2017 and 2016	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,460,608</b>	<b>\$ 2,409,885</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 124,597	\$ 55,700
Refundable advances	484,511	1,577,476
<b>TOTAL LIABILITIES</b>	<b>609,108</b>	<b>1,633,176</b>
<b>Net Assets</b>		
Unrestricted	248,856	321,533
Temporarily restricted	602,644	455,176
<b>TOTAL NET ASSETS</b>	<b>851,500</b>	<b>776,709</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,460,608</b>	<b>\$ 2,409,885</b>

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

**SOLAR ELECTRIC LIGHT FUND**

**STATEMENT OF ACTIVITIES**

**For the Year Ended December 31, 2017**

**(With Summarized Financial Information for the Year Ended December 31, 2016)**

	Unrestricted	Temporarily Restricted	2017 Total	2016 Total
<b>REVENUE AND SUPPORT</b>				
Contracts	\$ 3,318,811	\$ -	\$ 3,318,811	\$ 1,973,028
Grants and donations	468,809	754,828	1,223,637	1,055,737
In-kind revenue	125,438	-	125,438	85,953
Interest and other income	1,881	-	1,881	1,331
Net assets released from restrictions:				
Satisfaction of program restrictions	607,360	(607,360)	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>4,522,299</b>	<b>147,468</b>	<b>4,669,767</b>	<b>3,116,049</b>
<b>EXPENSES</b>				
Program services	4,143,513	-	4,143,513	2,834,931
Management and general	226,937	-	226,937	231,076
Fundraising	224,526	-	224,526	217,679
<b>TOTAL EXPENSES</b>	<b>4,594,976</b>	<b>-</b>	<b>4,594,976</b>	<b>3,283,686</b>
<b>CHANGE IN NET ASSETS</b>	<b>(72,677)</b>	<b>147,468</b>	<b>74,791</b>	<b>(167,637)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>321,533</b>	<b>455,176</b>	<b>776,709</b>	<b>944,346</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 248,856</b>	<b>\$ 602,644</b>	<b>\$ 851,500</b>	<b>\$ 776,709</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, 2017**

**(With Summarized Financial Information for the Year Ended December 31, 2016)**

	Program Services			Supporting Services		2017 Total	2016 Total
	Other Program Services	United Nations Environment Programme – Street Lights	Total Program Services	Management and General	Fundraising		
Goods purchased overseas	\$ 2,459,586	\$ 88,216	\$ 2,547,802	\$ -	\$ -	\$ 2,547,802	\$ 1,236,404
Salaries and benefits	1,029,533	87,995	1,117,528	169,902	152,210	1,439,640	1,406,711
Occupancy and office expenses	113,614	9,183	122,797	14,204	15,698	152,699	141,035
Independent contractors	112,333	2,589	114,922	30,814	6,500	152,236	183,533
Employee travel and meals	126,512	6,041	132,553	2,730	8,172	143,455	182,889
Promotional and educational expenses	69,362	-	69,362	995	36,686	107,043	90,087
Communications	18,108	1,174	19,282	3,459	1,996	24,737	28,484
Other	10,295	3,418	13,713	1,082	790	15,585	8,383
Supplies	2,779	-	2,779	3,354	34	6,167	5,437
Business meetings	2,238	-	2,238	-	2,020	4,258	380
Publications and subscriptions	537	-	537	397	420	1,354	343
<b>TOTAL EXPENSES</b>	<b>\$ 3,944,897</b>	<b>\$ 198,616</b>	<b>\$ 4,143,513</b>	<b>\$ 226,937</b>	<b>\$ 224,526</b>	<b>\$ 4,594,976</b>	<b>\$ 3,283,686</b>

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, 2017**

**(With Summarized Financial Information for the Year Ended December 31, 2016)**

**Increase (Decrease) in Cash**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 74,791	\$ (167,637)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Changes in assets and liabilities:		
Grants and donations receivable	(318,351)	99
Prepaid expenses	(45,869)	(31,922)
Deposit and other assets	8,309	(4,013)
Accounts payable and accrued expenses	68,897	(28,260)
Refundable advances	<u>(1,092,965)</u>	<u>830,431</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(1,305,188)</u>	<u>598,698</u>
NET INCREASE (DECREASE) IN CASH	(1,305,188)	598,698
CASH, BEGINNING OF YEAR	<u>2,064,105</u>	<u>1,465,407</u>
CASH, END OF YEAR	<u>\$ 758,917</u>	<u>\$ 2,064,105</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, 2017

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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 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 online search engine services and solar equipment, 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 met, 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, 2017

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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, 2017, the Fund held \$29,701 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, 2017, grants and donations receivable totaled \$582,046, 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, 2017

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#### 4. Other Program Services Expenses

For the year ended December 31, 2017, other program services expenses consisted of the following:

Africa	\$ 2,058,854
Caribbean and South America	1,580,626
Other global programs	143,503
Communications	101,694
Energy harvest	<u>60,220</u>
Total Other Program Services	<u>\$ 3,944,897</u>

#### 5. Concentration of Credit Risk

The Fund maintains its cash with certain commercial financial institutions, the 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, 2017, the Fund had approximately \$762,000 composed of demand deposits, which exceeded the maximum limit insured by FDIC by approximately \$512,000. The Fund monitors the creditworthiness of these institutions and has not experienced any credit losses on its cash.

#### 6. 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, 2017, the Fund received cash payments of \$2,277,697 from contracts with various organizations. The Fund earned revenue totaling \$3,318,811 from these contracts, which is reflected as contract revenue in the accompanying statement of activities.

As of December 31, 2016, there was deferred revenue from the United Nations Environment Programme – Street Lights (UNEP) totaling \$24,565, which is included in refundable advances in the accompanying statement of financial position. In 2017, the Fund entered into a new contract with UNEP, and received an additional cash payment of \$205,000 from UNEP for both contracts. The Fund earned revenue totaling \$198,988 from these contracts for the year ended December 31, 2017, which is included in contracts revenue in the accompanying statement of activities. As of December 31, 2017, the Fund had a refundable advance from UNEP, which represents the advances received on the new contract, totaling \$30,577, which is included in refundable advances in the accompanying statement of financial position.

## SOLAR ELECTRIC LIGHT FUND

### NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2017

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#### 7. Temporarily Restricted Net Assets

As of December 31, 2017, temporarily restricted net assets were held for support of the following programs:

Caribbean and South America	\$ 387,444
Africa	<u>215,200</u>
Total Temporarily Restricted Net Assets	<u>\$ 602,644</u>

#### 8. Income Taxes

The Fund is exempt from federal taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code. For the year ended December 31, 2017, no provision for income taxes was made, as the Fund had no net unrelated business income.

The Fund has adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB 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 evaluated its uncertainty in income taxes for the year ended December 31, 2017, 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, 2017, the statute of limitations for tax years 2014 through 2016 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 uncertainty in income taxes, if any, in income tax expense. As of December 31, 2017, the Fund had no accruals for interest and/or penalties.

#### 9. 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, 2016, from which the summarized information was derived.

**SOLAR ELECTRIC LIGHT FUND**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2017**

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10. Reclassifications

Certain 2016 balances were reclassified to conform to the 2017 financial statements presentation.

11. Subsequent Events

In preparing these financial statements, the Fund has evaluated events and transactions, for potential recognition or disclosure, through April 23, 2018, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in these financial statements.