

FINANCIAL STATEMENTS

SOLAR ELECTRIC LIGHT FUND

**FOR THE YEAR ENDED DECEMBER 31, 2001
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2000**

SOLAR ELECTRIC LIGHT FUND

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Solar Electric Light Fund
Washington, D.C.

We have audited the accompanying statement of financial position of the Solar Electric Light Fund as of December 31, 2001 and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended. These statements are the responsibility of the Solar Electric Light 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 Solar Electric Light Fund's December 31, 2000 financial statements, and in our report dated August 14, 2001, 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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, 2001, and its change in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Gelman, Rosenberg & Freedman

May 28, 2002

SOLAR ELECTRIC LIGHT FUND
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2001
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2000

ASSETS

	2001	2000
CURRENT ASSETS		
Cash and cash equivalents (Note 2)	\$623,207	\$235,250
Grants and donations receivable	115,276	235,000
Contracts receivable	5,000	5,000
Refunds receivable	2,051	81
Inventory	300	390
Prepaid expenses	5,013	6,917
Total current assets	750,847	482,638
FIXED ASSETS		
Furniture, equipment and software	47,782	44,872
Less: Accumulated depreciation	(32,335)	(32,618)
Net fixed assets	15,447	12,254
OTHER ASSETS		
Refunds receivable	2,794	2,794
Long-term investments (Note 3)	4,709	4,424
Total other assets	7,503	7,218
TOTAL ASSETS	\$773,797	\$502,110

See accompanying notes

LIABILITIES AND NET ASSETS

	<u>2001</u>	<u>2000</u>
CURRENT LIABILITIES		
Accounts payable	\$ 73,396	\$ 10,482
Payroll and related taxes payable	-	138
Deferred revenue and contracts	<u>430,473</u>	<u>24,953</u>
Total current liabilities	<u>503,869</u>	<u>35,573</u>
NET ASSETS		
Unrestricted	103,047	200,198
Temporarily restricted (Note 4)	<u>166,881</u>	<u>266,339</u>
Total net assets	<u>269,928</u>	<u>466,537</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$773,797</u></u>	<u><u>\$502,110</u></u>

to financial statements.

SOLAR ELECTRIC LIGHT FUND

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2001
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2000**

	2001			2000
	Unrestricted	Temporarily Restricted	Total	Total
PUBLIC SUPPORT AND REVENUE				
Grants and donations	\$119,553	\$ 87,241	\$ 206,794	\$325,557
Hybrid contracts	29,520	-	29,520	47
Sale of program related materials	265	-	265	35
Investment income	40,654	-	40,654	31,820
Net assets released from restrictions - satisfaction of donor restrictions (Note 5)	186,699	(186,699)	-	-
Total public support and revenue	376,691	(99,458)	277,233	357,459
EXPENSES				
Program services	435,358	-	435,358	277,866
Management and general	30,582	-	30,582	23,577
Fundraising	7,902	-	7,902	4,813
Total expenses	473,842	-	473,842	306,256
Change in net assets	(97,151)	(99,458)	(196,609)	51,203
Net assets, beginning of year	200,198	266,339	466,537	415,334
NET ASSETS, END OF YEAR	\$103,047	\$ 166,881	\$ 269,928	\$466,537

See accompanying notes to financial statements.

SOLAR ELECTRIC LIGHT FUND

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2001
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2000**

	2001				2000
	Program Services	Managemen t and General	Fundraising	Total	Total
Cost of goods sold	\$ 91	\$ -	\$ -	\$ 91	\$ 13
Payroll and related expense	188,950	18,003	4,149	211,102	130,652
US independent contractor services	34,869	6,922	-	41,791	18,374
Building occupancy expense	36,833	-	-	36,833	36,777
Depreciation	5,241	-	-	5,241	5,166
Supplies	5,724	-	-	5,724	4,825
Communications	12,653	1,719	285	14,657	14,235
Publications and subscriptions	156	1,928	1,252	3,336	1,810
Promotional and educational material	27,285	-	1,803	29,088	11,604
Business meeting and meals	1,147	-	58	1,205	3,201
Conference fees	954	-	-	954	1,530
Employee travel	23,026	-	355	23,381	18,190
Bank and finance charges	243	520	-	763	587
Furniture and equipment expense	2,306	-	-	2,306	1,787
Insurance (D&O)	-	1,287	-	1,287	240
Purchase of PV insurance	7,468	-	-	7,468	14,701
N-I taxes, licenses and fees	-	90	-	90	-
Other U.S. operating expenses	1,496	113	-	1,609	7,836
Goods purchased US shipped overseas	43,804	-	-	43,804	661
Goods purchased overseas	9,500	-	-	9,500	-
US independent contract services	4,219	-	-	4,219	-
OS independent contract services	10,360	-	-	10,360	14,000
Funds contributed to OS contributions	13,524	-	-	13,524	-
Loss/gains U. S. overseas	5,509	-	-	5,509	20,067
TOTAL EXPENSES	<u>\$435,358</u>	<u>\$30,582</u>	<u>\$7,902</u>	<u>\$473,842</u>	<u>\$306,256</u>

See accompanying notes to financial statements.

SOLAR ELECTRIC LIGHT FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2001
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2000

	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$(196,609)	\$ 51,203
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	5,241	5,166
Donated investments	(252)	-
Unrealized loss on investments	(89)	487
Realized gain on investments	(24,944)	(24,950)
(Increase) decrease in:		
Grants and donations receivable	119,724	(148,000)
Contracts receivable	-	-
Refunds receivable	(1,970)	313
Inventory	90	1,260
Prepaid expenses	1,904	(1,189)
Increase (decrease) in:		
Accounts payable	62,814	1,949
Payroll and related taxes payable	(38)	38
Deferred revenue and contracts	405,520	24,953
Net cash provided (used) by operating activities	371,391	(88,770)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture, fixtures and equipment	(8,434)	(4,169)
Proceeds from sale of investments	25,000	25,000
Net cash provided by investing activities	16,566	20,831
Net increase (decrease) in cash and cash equivalents	387,957	(67,939)
Cash and cash equivalents at beginning of year	235,250	303,189
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 623,207	\$ 235,250

See accompanying notes to financial statements.

SOLAR ELECTRIC LIGHT FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization -

The Solar Electric Light Fund was incorporated in the District of Columbia on August 22, 1990 as a nonprofit corporation. The Fund was founded to promote, develop, and facilitate solar rural electrification and energy self-sufficiency in developing countries. A summary of major accounting policies followed in the preparation of the organization's financial statements is presented below:

Basis of presentation -

The Fund's financial statements are prepared on the accrual basis of accounting. The financial statements have been prepared in accordance with Statements of Financial Accounting Standard (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations".

Inventory -

Inventory is stated at cost, using the first-in, first-out method.

Investments -

Investments are stated at market value.

Furniture and equipment -

Furniture and equipment are stated at cost and are being depreciated using the straight-line method of accounting over the estimated useful life of the assets, which is three, five or seven years, as applicable.

Contributions -

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Grants and contracts -

The Fund receives revenue in the form of grants and contracts from organizations for various programs. Grants and contributions are recorded when the award is received.

Income tax -

Under provisions of the Internal Revenue Code Section 501(c)(3) and applicable state income tax regulations, the Fund is exempt from income taxes, and is not a private foundation.

Program costs -

Program costs have not been separately reported in the accompanying financial statements. The Fund has three major program areas: public education, project development and project implementation.

SOLAR ELECTRIC LIGHT FUND

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2001

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash equivalents -

For purposes of the statement of cash flows, the Fund considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Project expenses -

In addition to direct project expenses, the following costs are incurred on projects: travel, telephone, consultants, a portion of salaries, and postage.

Use of 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. CONCENTRATION OF CREDIT RISK

At times during the year, the Fund maintains cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limits. Management believes the risk in these situations to be minimal.

3. INVESTMENTS

Investments at December 31, 2001 consisted of the following:

	<u>Market Value</u>
Stocks	<u><u>\$4,709</u></u>

4. TEMPORARILY RESTRICTED NET ASSETS

The following is a summary of the temporarily restricted net assets balance at December 31, 2001:

Program Development	\$100,799
South Africa Schools Project	31,969
Solomons Project	12,138
Overseas Account	4,525
Brazil/Amazon Project	15,897
Bhutan Project	108
SELF Capital Equipment	1,370
Donations, Tibet	75
	<u>75</u>
	<u><u>\$166,881</u></u>

SOLAR ELECTRIC LIGHT FUND

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001**

5. NET ASSETS RELEASED FROM RESTRICTIONS

The following is a summary of the net assets which were released from donor restrictions by incurring expenses which satisfied the restricted purposes specified by the donors:

South Africa Schools	\$ 30,387
Mozambique Project	5,500
Program Development	80,709
Solomons Project	313
Brazil/Amazon Project	55,269
Dalai Llama Project	10,891
SELF Capital Equipment	<u>3,630</u>
	<u><u>\$186,699</u></u>

6. COMMITMENTS

The Fund extended its lease for office space from the Airport Council International – North America on August 19, 1999. The lease commenced on November 24, 2001 and expires on November 23, 2002.

The future minimum lease commitments under the office lease are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2002	<u><u>\$32,964</u></u>

7. RETIREMENT PLAN

On December 16, 1994, the Board of Directors of the Fund voted to begin a simplified employee pension plan (SEP). Contributions to the plan are to be made once each year in an amount determined by the Board. The plan requires a three-year length of service in order to be an eligible participant of the plan. Total pension expense for 2001 was \$0.

8. 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 and change in net assets. Accordingly, certain costs have been allocated among program and supporting services.