



SOLAR ELECTRIC LIGHT FUND

Financial Statements

For the Year Ended December 31, 2007
(with Summarized Financial Information for 2006)



and
Report Thereon





INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Solar Electric Light Fund

CONSULTING
ACCOUNTING
TECHNOLOGY

*Certified Public
Accountants*

We have audited the accompanying statement of financial position of the Solar Electric Light Fund (the Fund) as of December 31, 2007, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the 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 Fund's 2006 financial statements and, in our report dated August 9, 2007, 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, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read 'Raffa P.C.' with a stylized flourish.

RAFFA, P.C.

Washington, DC
August 7, 2008

SOLAR ELECTRIC LIGHT FUND
STATEMENT OF FINANCIAL POSITION
December 31, 2007
(With Summarized Financial Information For the Year Ended December 31, 2006)

	2007	2006
ASSETS		
Current Assets		
Cash	\$ 1,061,991	\$ 1,353,128
Investments	2,700	2,626
Grants and donations receivable	70,000	209,644
Prepaid expenses	11,350	31,957
Inventory	17,775	17,775
Deposits	2,349	2,349
Fixed assets, net of accumulated depreciation of \$22,820 and \$47,288 for 2007 and 2006, respectively	14,544	13,309
TOTAL ASSETS	\$ 1,180,709	\$ 1,630,788
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 46,954	\$ 44,060
Refundable advances	10,000	447,321
TOTAL LIABILITIES	56,954	491,381
Net Assets		
Unrestricted	\$ 218,466	\$ 234,299
Temporarily restricted	905,289	905,108
TOTAL NET ASSETS	1,123,755	1,139,407
TOTAL LIABILITIES AND NET ASSETS	\$ 1,180,709	\$ 1,630,788

The accompanying notes are an integral part
of these financial statements

SOLAR ELECTRIC LIGHT FUND
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2007
(With Summarized Financial Information For the Year Ended December 31, 2006)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2007 Total</u>	<u>2006 Total</u>
REVENUE				
Grants and donations	\$ 478,714	\$ 557,593	\$ 1,036,307	\$ 1,561,484
Contracts	502,323	-	502,323	164,840
Investment income	23,329	-	23,329	10,700
Other income	583	-	583	-
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>557,412</u>	<u>(557,412)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE	<u>1,562,361</u>	<u>181</u>	<u>1,562,542</u>	<u>1,737,024</u>
EXPENSES				
Program services	1,283,446	-	1,283,446	1,056,969
Management and general	206,783	-	206,783	88,350
Fundraising	<u>87,965</u>	<u>-</u>	<u>87,965</u>	<u>85,862</u>
TOTAL EXPENSES	<u>1,578,194</u>	<u>-</u>	<u>1,578,194</u>	<u>1,231,181</u>
Change in net assets	(15,833)	181	(15,652)	505,843
NET ASSETS, BEGINNING OF YEAR	<u>234,299</u>	<u>905,108</u>	<u>1,139,407</u>	<u>633,564</u>
NET ASSETS, END OF YEAR	<u>\$ 218,466</u>	<u>\$ 905,289</u>	<u>\$ 1,123,755</u>	<u>\$ 1,139,407</u>

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of these financial statements**

SOLAR ELECTRIC LIGHT FUND

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2007

(With Summarized Financial Information For the Year Ended December 31, 2006)

	Program Services	Supporting Services		2007 Total	2006 Total
		Management and General	Fundraising		
Goods purchased overseas	775,461	\$ 4,524	\$ -	\$ 779,985	\$ 570,150
Payroll and related expenses	228,045	32,577	65,156	325,778	369,431
U.S. independent contractor services	180,370	93,693	2,200	276,263	112,447
Employee travel and meals	32,961	11,552	8,880	53,393	75,044
Building occupancy expenses	26,088	3,728	7,453	37,269	31,929
Communications	10,677	21,157	2,500	34,334	21,295
Other	7,009	22,773	9	29,791	6,851
In-kind expenses	15,700	-	-	15,700	-
Promotional and educational expense	6,255	3,602	659	10,516	17,532
Supplies	854	6,013	1,033	7,900	8,265
Depreciation	-	3,378	-	3,378	2,904
Publications and subscriptions	26	3,020	-	3,046	4,076
Business meetings	-	766	75	841	4,016
Funds contributed to overseas organizations	-	-	-	-	7,241
TOTAL	\$ 1,283,446	\$ 206,783	\$ 87,965	\$ 1,578,194	\$ 1,231,181

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of these financial statements

SOLAR ELECTRIC LIGHT FUND
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2007
(With Summarized Financial Information For the Year Ended December 31, 2006)
Increase (Decrease) in Cash and Cash Equivalents

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (15,652)	\$ 505,843
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation	3,378	2,904
Loss on disposal of fixed assets	19	
Unrealized gain on investments	-	(2,626)
Donated investments	(101,005)	-
Changes in assets and liabilities:		
Grants and donations receivable	139,644	90,356
Prepaid expenses	20,607	(25,239)
Inventory	-	(6,120)
Refundable advances	(437,321)	447,321
Accounts payable and accrued expenses	2,894	31,406
	<u>(387,436)</u>	<u>1,043,845</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of investments	101,005	3,806
Purchases of investments	(74)	-
Purchases of furniture and equipment	(4,632)	(10,136)
	<u>96,299</u>	<u>(6,330)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(291,137)	1,037,515
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,353,128</u>	<u>315,613</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,061,991</u>	<u>\$ 1,353,128</u>
NONCASH INVESTING ACTIVITIES		
Donated investments	<u>\$ 101,005</u>	<u>\$ -</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, 2007**

1. Organization and Summary of Significant Accounting Policies

Organization

The Solar Electric Light Fund (the 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. These activities are funded principally through non-federal grants and donations.

Investments

Investments consist of corporate stock. These investments are recorded in the accompanying financial statements at their fair market value, as based upon quoted market prices as of December 31, 2007. The fair value approximates cost as of December 31, 2007.

Fixed Assets and Related Depreciation

Furniture and equipment are stated at cost and are depreciated using the straight-line method over the estimated service lives of the assets of three to seven years. Expenditures for major additions, renewals and betterments are capitalized; conversely, expenditures for 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 net assets of the Fund 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 the contribution of goods by various individuals and organizations. Donated goods are recorded at fair value as of the date of donation and are included in contribution revenue and in-kind expenses in the accompanying financial statements. Donated goods consist of donated solar panels.

SOLAR ELECTRIC LIGHT FUND

NOTES TO FINANCIAL STATEMENTS **For the Year Ended December 31, 2007**

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 in the year in which payments are received and/or unconditional promises are made.

The Fund has cost reimbursable grants and contracts with other organizations. Revenue from these grants and contracts is recognized as costs are incurred on the basis of direct costs plus allowable indirect costs. Funds received under these grants and contracts but not yet expended are reflected as refundable advances in the accompanying statement of financial position.

Functional Allocation of Expenses

The costs of providing 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. Concentration of Credit Risk

Cash of the Fund is comprised of amounts in accounts at various financial institutions. While the amounts at times exceed the amount guaranteed by federal agencies and, therefore, bear some risk, the Fund has not experienced, nor does it anticipate, any loss of funds. As of December 31, 2007, the amount in excess of the amount guaranteed by federal agencies was \$828,346.

SOLAR ELECTRIC LIGHT FUND

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2007

3. Temporarily Restricted Net Assets

As of December 31, 2007, temporarily restricted net assets were for support of the Fund's programs in the following foreign countries and U.S. city:

South Africa	\$ 380,998
Benin	257,469
New Orleans	194,509
Rwanda	32,736
Sri Lanka	25,960
Burundi	9,920
Lesotho	<u>3,697</u>
 Total Temporarily Restricted Net Assets	 <u>\$ 905,289</u>

4. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code, the Fund is exempt from federal taxes on income other than unrelated business income. No provision for income taxes is required for the year ended December 31, 2007 as the Fund had no net unrelated business income.

5. Reclassifications

Certain 2006 balances have been reclassified to conform to the 2007 presentation.

6. 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.