



Financial Statements

For the Year Ended December 31, 2009

(With Summarized Financial Information for the Year Ended December 31, 2008)



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, 2009, 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 2008 financial statements and, in our report dated August 26, 2009, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, 2009, 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.

Raffa, P.C.

RAFFA, P.C.

Washington, DC
May 14, 2010

SOLAR ELECTRIC LIGHT FUND
STATEMENT OF FINANCIAL POSITION
December 31, 2009
(With Summarized Financial Information For the Year Ended December 31, 2008)

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash	\$ 961,529	\$ 1,141,622
Investments	2,652	2,731
Grants and donations receivable	132,365	130,959
Prepaid expenses	46,782	14,172
Inventory	11,200	-
Deposits	2,349	2,349
Fixed assets, net of accumulated depreciation of \$5,556 and \$26,419 for 2009 and 2008, respectively	4,444	18,506
TOTAL ASSETS	<u>\$ 1,161,321</u>	<u>\$ 1,310,339</u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 77,617	\$ 29,084
Refundable advances	10,000	10,000
TOTAL LIABILITIES	<u>87,617</u>	<u>39,084</u>
Net Assets		
Unrestricted	598,136	745,588
Temporarily restricted	475,568	525,667
TOTAL NET ASSETS	<u>1,073,704</u>	<u>1,271,255</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,161,321</u>	<u>\$ 1,310,339</u>

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

SOLAR ELECTRIC LIGHT FUND
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2009
(With Summarized Financial Information for the Year Ended December 31, 2008)

	Unrestricted	Temporarily Restricted	2009 Total	2008 Total
REVENUE				
Grants and donations	\$ 815,268	\$ 212,826	\$ 1,028,094	\$ 1,885,846
Contracts	119,193	384,702	503,895	-
Investment income	1,504	-	1,504	8,842
Other income	7,802	-	7,802	-
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>647,627</u>	<u>(647,627)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE	<u>1,591,394</u>	<u>(50,099)</u>	<u>1,541,295</u>	<u>1,894,688</u>
EXPENSES				
Program services	1,383,124	-	1,383,124	1,378,362
Management and general	189,980	-	189,980	76,253
Fundraising	<u>165,742</u>	<u>-</u>	<u>165,742</u>	<u>91,972</u>
TOTAL EXPENSES	<u>1,738,846</u>	<u>-</u>	<u>1,738,846</u>	<u>1,546,587</u>
CHANGE IN NET ASSETS	(147,452)	(50,099)	(197,551)	348,101
NET ASSETS, BEGINNING OF YEAR	<u>745,588</u>	<u>525,667</u>	<u>1,271,255</u>	<u>923,154</u>
NET ASSETS, END OF YEAR	<u>\$ 598,136</u>	<u>\$ 475,568</u>	<u>\$ 1,073,704</u>	<u>\$ 1,271,255</u>

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, 2009
(With Summarized Financial Information for the Year Ended December 31, 2008)

	Supporting Services				
	Program Services	Management and General	Fundraising	2009 Total	2008 Total
Goods purchased overseas	\$ 477,912	\$ -	\$ -	\$ 477,912	\$ 493,652
Payroll and related expenses	531,735	79,770	110,096	721,601	377,903
U.S. independent contractor services	103,199	72,013	-	175,212	364,637
In-kind expenses	102,551	-	39,802	142,353	92,810
Building occupancy expenses	48,151	7,618	8,118	63,887	40,345
Employee travel and meals	57,225	3,544	1,399	62,168	66,115
Communications	23,914	7,648	680	32,242	35,160
Promotional and educational expense	25,223	1,102	3,284	29,609	45,526
Supplies	2,555	6,314	2,017	10,886	10,495
Other	3,538	4,368	-	7,906	7,600
Depreciation	-	6,706	-	6,706	6,037
Publications and subscriptions	3,613	485	300	4,398	4,371
Business meetings	<u>3,508</u>	<u>412</u>	<u>46</u>	<u>3,966</u>	<u>1,936</u>
TOTAL	<u>\$ 1,383,124</u>	<u>\$ 189,980</u>	<u>\$ 165,742</u>	<u>\$ 1,738,846</u>	<u>\$ 1,546,587</u>

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, 2009
(With Summarized Financial Information for the Year Ended December 31, 2008)
Increase (Decrease) in Cash and Cash Equivalents

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (197,551)	\$ 348,101
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	6,706	6,037
Loss on disposal of fixed assets	7,356	-
Unrealized loss (gain) on investments	79	(30)
Changes in assets and liabilities:		
Grants and donations receivable	(1,406)	(60,959)
Prepaid expenses	(32,610)	(2,822)
Inventory	(11,200)	17,775
Accounts payable and accrued expenses	<u>48,533</u>	<u>(218,471)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(180,093)</u>	<u>89,631</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of furniture and equipment	-	(10,000)
NET CASH USED IN INVESTING ACTIVITIES	<u>-</u>	<u>(10,000)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(180,093)</u>	<u>79,631</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,141,622</u>	<u>1,061,991</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 961,529</u>	<u>\$ 1,141,622</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, 2009

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.

New Accounting Standard

During the year ended December 31, 2009, the Fund adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 105-10, *FASB Codification* (the Codification). The Codification is the single source of authoritative U.S. generally accepted accounting principles (GAAP). Accordingly, references to GAAP have been updated for the appropriate Codification reference.

Investments

Investments consist of corporate stock. These investments 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 \$5,000 or greater 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; 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.

In 2009, the Fund changed its accounting policy for fixed assets and prepared a write-off of all fixed assets with an acquisition cost of less than \$5,000. This change resulted in a loss on disposal of fixed assets of \$8,771.

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.

SOLAR ELECTRIC LIGHT FUND

NOTES TO FINANCIAL STATEMENTS **For the Year Ended December 31, 2009**

1. Organization and Summary of Significant Accounting Policies (continued)

Donated Services

The Fund's programs are furthered through the contribution of services by various individuals and organizations. Donated services 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 services consist of donated professional services and advertising.

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 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.

SOLAR ELECTRIC LIGHT FUND

NOTES TO FINANCIAL STATEMENTS **For the Year Ended December 31, 2009**

2. Grants and Donations Receivable

Grants and donations receivable represent amounts due from individual donors. As of December 31, 2009, grants and donations receivable totaled \$132,365, which is due in less than one year and is deemed fully collectible.

3. 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, 2009, the amount in excess of the amount guaranteed by federal agencies was \$726,909.

4. Temporarily Restricted Net Assets

As of December 31, 2009, temporarily restricted net assets were for support of the Fund's programs in the following foreign countries and programs:

Benin	\$ 163,346
Haiti	80,686
Burundi	58,805
Lesotho	42,609
Rwanda	40,295
Kenya	33,000
South Africa	27,650
PATH	19,177
Brazil	<u>10,000</u>
Total Temporarily Restricted Net Assets	<u>\$ 475,568</u>

5. 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, 2009.

SOLAR ELECTRIC LIGHT FUND

NOTES TO FINANCIAL STATEMENTS **For the Year Ended December 31, 2009**

5. Income Taxes (continued)

Effective January 1, 2009, the Fund adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in ASC Topic *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, 2009, and determined that there were no matters that would require recognition in the financial statements or which may have any affect on its tax-exempt status. As of December 31, 2009, the statute of limitations for tax years 2006 through 2008 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, 2009, the Fund had no accruals for interest and/or penalties.

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.

7. Subsequent Events

The Fund's management has evaluated subsequent events through May 14, 2010, the date the financial statements were available to be issued. There were no subsequent events identified required to be disclosed in these financial statements through May 14, 2010.