



Financial Statements

For the Year Ended December 31, 2010

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



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, 2010, 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 2009 financial statements and, in our report dated May 14, 2010, 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, 2010, 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 6, 2011

SOLAR ELECTRIC LIGHT FUND
STATEMENT OF FINANCIAL POSITION
December 31, 2010
(With Summarized Financial Information as of December 31, 2009)

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash	\$ 1,510,585	\$ 961,529
Investments	1,722	2,652
Grants and donations receivable	1,216,242	132,365
Prepaid expenses	30,115	46,782
Inventory	11,200	11,200
Deposits	2,754	2,349
Fixed assets, net of accumulated depreciation of \$8,889 and \$5,556 for 2010 and 2009, respectively	1,111	4,444
TOTAL ASSETS	<u>\$ 2,773,729</u>	<u>\$ 1,161,321</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 104,919	\$ 77,617
Refundable advances	<u>270,601</u>	<u>10,000</u>
TOTAL LIABILITIES	<u>375,520</u>	<u>87,617</u>
Net Assets		
Unrestricted	611,459	598,136
Temporarily restricted	<u>1,786,750</u>	<u>475,568</u>
TOTAL NET ASSETS	<u>2,398,209</u>	<u>1,073,704</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,773,729</u>	<u>\$ 1,161,321</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, 2010
(With Summarized Financial Information for the Year Ended December 31, 2009)

	Unrestricted	Temporarily Restricted	2010 Total	2009 Total
REVENUE				
Grants and donations	\$ 781,361	\$ 2,605,768	\$ 3,387,129	\$ 1,028,094
Contracts	-	173,286	173,286	503,895
Investment income	1,344	-	1,344	1,504
Other income	-	-	-	7,802
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>1,467,872</u>	<u>(1,467,872)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE	<u>2,250,577</u>	<u>1,311,182</u>	<u>3,561,759</u>	<u>1,541,295</u>
EXPENSES				
Program services	1,904,850	-	1,904,850	1,383,124
Management and general	161,554	-	161,554	189,980
Fundraising	170,850	-	170,850	165,742
TOTAL EXPENSES	<u>2,237,254</u>	<u>-</u>	<u>2,237,254</u>	<u>1,738,846</u>
CHANGE IN NET ASSETS	13,323	1,311,182	1,324,505	(197,551)
NET ASSETS, BEGINNING OF YEAR	<u>598,136</u>	<u>475,568</u>	<u>1,073,704</u>	<u>1,271,255</u>
NET ASSETS, END OF YEAR	<u>\$ 611,459</u>	<u>\$ 1,786,750</u>	<u>\$ 2,398,209</u>	<u>\$ 1,073,704</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, 2010
(With Summarized Financial Information for the Year Ended December 31, 2009)

	<u>Supporting Services</u>				
	Program Services	Management and General	Fundraising	2010 Total	2009 Total
Goods purchased overseas	\$ 840,631	\$ -	\$ -	\$ 840,631	\$ 477,912
Payroll and related expenses	638,940	101,550	113,026	853,516	721,601
U.S. independent contractor services	190,421	28,853	-	219,274	175,212
Promotional and educational expense	93,089	665	41,456	135,210	171,962
Employee travel and meals	63,367	80	1,791	65,238	62,168
Building occupancy expenses	42,325	8,677	4,930	55,932	59,690
Communications	15,866	6,898	1,197	23,961	32,242
Business meetings	6,465	59	7,978	14,502	3,966
Supplies	7,348	4,919	22	12,289	10,886
Other	3,204	5,826	60	9,090	12,103
Publications and subscriptions	3,194	694	390	4,278	4,398
Depreciation	-	3,333	-	3,333	6,706
 TOTAL	 \$ 1,904,850	 \$ 161,554	 \$ 170,850	 \$ 2,237,254	 \$ 1,738,846

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, 2010
(With Summarized Financial Information for the Year Ended December 31, 2009)
Increase (Decrease) in Cash and Cash Equivalents

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,324,505	\$ (197,551)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	3,333	6,706
Loss on disposal of fixed assets	-	7,356
Unrealized loss on investments	930	79
Changes in assets and liabilities:		
Grants and donations receivable	(1,083,877)	(1,406)
Prepaid expenses	16,667	(32,610)
Inventory	-	(11,200)
Deposits	(405)	-
Accounts payable and accrued expenses	27,302	48,533
Refundable advances	<u>260,601</u>	<u>-</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>549,056</u>	<u>(180,093)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	549,056	(180,093)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>961,529</u>	<u>1,141,622</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,510,585</u>	<u>\$ 961,529</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, 2010**

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 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 *Presentation of Financial Statements*.

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.

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, 2010**

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

Donated Goods and Services

The Fund's programs are furthered through the contribution 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 contribution revenue and in-kind expenses in the accompanying financial statements. Donated goods and services consist of donated equipment 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, 2010

2. Grants and Donations Receivable

Grants and donations receivable represent amounts due from individual donors. As of December 31, 2010, grants and donations receivable totaled \$1,216,242, which is due in less than one year and is deemed fully collectible.

During 2010, the Fund received a grant from a corporation in the amount of \$150,000 to support the program in Benin. The same corporation has conditionally promised an additional \$150,000 if the Fund is able to successfully implement a plan for the same program in other countries neighboring Benin. As of December 31, 2010, the Fund has not started working on the plan. The additional \$150,000 grant has not been recorded as a receivable as of December 31, 2010, since it is conditioned upon the Fund achieving the program objective.

3. Concentration of Credit Risk

The Fund's cash is composed of amounts in accounts at various financial institutions, both in the United States and in several foreign countries. While the amounts in domestic financial institutions, 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, 2010, the amount in excess of the amount guaranteed by federal agencies was \$1,260,157. The cash in foreign financial institutions totaled \$15,828 at December 31, 2010, and is subject to the banking laws of those countries.

4. Temporarily Restricted Net Assets

As of December 31, 2010, temporarily restricted net assets were held for support of the Fund's programs in the following foreign countries and programs:

Haiti	\$ 1,267,391
Benin	269,633
Burundi	54,661
Strategy Planning	50,000
Kenya	44,856
Lesotho	41,328
Rwanda	30,757
South Africa	20,690
Brazil	7,434
Total Temporarily Restricted Net Assets	<u>\$ 1,786,750</u>

SOLAR ELECTRIC LIGHT FUND

NOTES TO FINANCIAL STATEMENTS **For the Year Ended December 31, 2010**

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, 2010.

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, 2010, 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, 2010, the statute of limitations for tax years 2007 through 2009 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, 2010, 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 6, 2011, the date the financial statements were available to be issued. There were no subsequent events identified that were required to be disclosed in these financial statements through May 6, 2011.