



# Solar Electric Light Fund

## Financial Statements

*For the Year Ended December 31, 2020*

*(With Summarized Financial Information for the Year Ended December 31, 2019)*



**and  
Report Thereon**



**SOLAR ELECTRIC LIGHT FUND**

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**For the Year Ended December 31, 2020**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the  
Solar Electric Light Fund

### **Report on the Financial Statements**

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, 2020, 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.

### ***Auditors' 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 auditors' 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 entity'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 entity'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 2020 financial statements referred to above present fairly, in all material respects, the financial position of the Solar Electric Light Fund as of December 31, 2020, 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 2019 financial statements, and in our report dated May 21, 2020, we expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Marcum LLP*

Washington, DC  
May 14, 2021

**SOLAR ELECTRIC LIGHT FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2020**  
**(With Summarized Financial Information as of December 31, 2019)**

	2020	2019
<b>ASSETS</b>		
Cash	\$ 95,730	\$ 518,959
Grants and donations receivable	326,988	242,586
Prepaid expenses	12,947	133,181
Deposit and other assets	23,451	6,090
<b>TOTAL ASSETS</b>	<b>\$ 459,116</b>	<b>\$ 900,816</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 153,413	\$ 45,564
Note payable – paycheck protection program	130,200	-
Notes payable – related party	80,000	-
Refundable advances	53,641	424,574
<b>TOTAL LIABILITIES</b>	<b>417,254</b>	<b>470,138</b>
<b>Net Assets</b>		
Without donor restrictions (deficit)	(273,901)	155,483
With donor restrictions	315,763	275,195
<b>TOTAL NET ASSETS</b>	<b>41,862</b>	<b>430,678</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 459,116</b>	<b>\$ 900,816</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, 2020**

**(With Summarized Financial Information for the Year Ended December 31, 2019)**

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
<b>REVENUE AND SUPPORT</b>				
Grants and donations	\$ 1,185,099	\$ 795,734	\$ 1,980,833	\$ 1,682,889
In-kind revenue	5,297	-	5,297	-
Interest and other income	8,170	-	8,170	484
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>755,166</u>	<u>(755,166)</u>	<u>-</u>	<u>-</u>
<b>TOTAL REVENUE AND SUPPORT</b>	<u>1,953,732</u>	<u>40,568</u>	<u>1,994,300</u>	<u>1,683,373</u>
<b>EXPENSES</b>				
Program services	1,935,302	-	1,935,302	1,514,974
Management and general	258,822	-	258,822	226,232
Fundraising	<u>188,992</u>	<u>-</u>	<u>188,992</u>	<u>195,958</u>
<b>TOTAL EXPENSES</b>	<u>2,383,116</u>	<u>-</u>	<u>2,383,116</u>	<u>1,937,164</u>
<b>CHANGE IN NET ASSETS</b>	(429,384)	40,568	(388,816)	(253,791)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>155,483</u>	<u>275,195</u>	<u>430,678</u>	<u>684,469</u>
<b>NET ASSETS (DEFICIT), END OF YEAR</b>	<u>\$ (273,901)</u>	<u>\$ 315,763</u>	<u>\$ 41,862</u>	<u>\$ 430,678</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, 2020**  
**(With Summarized Financial Information for the Year Ended December 31, 2019)**

	Program Services	Management and General	Fundraising	2020 Total	2019 Total
Goods purchased overseas	\$ 1,194,859	\$ -	\$ -	\$ 1,194,859	\$ 646,028
Payroll and related expenses	620,107	190,983	147,505	958,595	1,016,768
Occupancy and office expenses	95,536	26,808	20,291	142,635	148,749
U.S. independent contractor services	2,888	25,916	425	29,229	68,246
Communications	8,595	5,577	2,618	16,790	23,215
Promotional and educational	1,670	1,679	12,576	15,925	5,935
Other	4,961	4,606	900	10,467	6,243
Employee travel and meals	5,330	529	2,252	8,111	16,811
Publications and subscriptions	619	704	2,188	3,511	1,915
Supplies	597	2,020	194	2,811	3,115
Business meetings	140	-	43	183	139
<b>TOTAL EXPENSES</b>	<b>\$ 1,935,302</b>	<b>\$ 258,822</b>	<b>\$ 188,992</b>	<b>\$ 2,383,116</b>	<b>\$ 1,937,164</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, 2020**  
**(With Summarized Financial Information for the Year Ended December 31, 2019)**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (388,816)	\$ (253,791)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Changes in assets and liabilities:		
Grants and donations receivable	(84,402)	423,407
Prepaid expenses	120,234	(113,586)
Deposit and other assets	(17,361)	1,662
Accounts payable and accrued expenses	107,849	(34,755)
Refundable advances	(370,933)	234,212
	<b>(633,429)</b>	<b>257,149</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from note payable – paycheck protection program	130,200	-
Proceeds from notes payable – related party	80,000	-
	<b>210,200</b>	<b>-</b>
<b>NET (DECREASE) INCREASE IN CASH</b>	<b>(423,229)</b>	<b>257,149</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>518,959</b>	<b>261,810</b>
<b>CASH, END OF YEAR</b>	<b>\$ 95,730</b>	<b>\$ 518,959</b>

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, 2020

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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 contracts, grants and donations.

##### **Basis of Accounting**

The financial statements of the Fund have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when the obligation is incurred.

##### **Classification of Net Assets**

The Fund's net assets are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for support of the Fund's operations.
- Net assets with donor restrictions 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.

##### **Revenue Recognition**

Unconditional grants and contributions are reported as revenue and support in the year in which payments are received and/or unconditional promises are made. Unconditional grants and contributions are considered without donor restrictions unless specifically restricted by the grantor. Amounts received that are designated for future periods or restricted by the grantor for specific purposes are reported as revenue and support with donor restrictions. When a grantor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is met), net assets are reclassified from net assets with donor restriction to net assets without donor restriction and reported in the accompanying statement of activities as net assets released from restrictions. Unconditional grants that have been committed to the Fund but have not been received as of year-end are reflected as grants and donations receivable in the accompanying statement of financial position. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Amounts related to these conditional grants that are recognized and released in the same year are included as grants and donations without donor restrictions in the accompanying statement of activities. Contracts which represent services performed are recognized at the time the services are provided based on deliverables established in the contracts.

**SOLAR ELECTRIC LIGHT FUND**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

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

**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 functional expenses. Expenses directly attributed to specific functional areas of the Fund are reported as expenses of those functional areas. Salaries are allocated to programs and supporting services based on employees' timesheets. Fringe benefits and shared costs (such as rent, insurance and telephone services) that benefit multiple functional areas have been allocated among the various functional areas based on the actual time and effort expended on those functional areas.

**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. Grants and Donations Receivable

Grants and donations receivable of \$326,988 as of December 31, 2020, are recorded at net realizable value and are all due within one year. All amounts were deemed to be fully collectible.

The Fund had cost-reimbursable grants with foreign government agencies totaling \$4,655,546 conditioned upon the incurrence of qualifying expenditures. During the year ended December 31, 2020, the Fund recognized \$618,288 under these conditional grants. As of December 31, 2020, amounts totaling \$53,642 had not yet been recognized under the agreements as qualifying expenditures had not yet been incurred.

3. Program Services Expenses

For the year ended December 31, 2020, program services expenses consisted of the following:

Africa	\$ 741,452
Caribbean and South America	674,230
Other global programs	402,088
Communications	<u>117,532</u>
Total Program Services Expenses	<u>\$ 1,935,302</u>

## SOLAR ELECTRIC LIGHT FUND

### NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2020

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#### 4. Note Payable – Paycheck Protection Program

On May 3, 2020, the Fund's Small Business Administration loan application under the Paycheck Protection Program (PPP) in the amount of \$130,200 was approved by a financial institution. The loan will mature on May 3, 2022, with a fixed interest rate of 1% per annum. The loan amount may be eligible for forgiveness pursuant to the PPP, which established minimum amounts of the loan to be used to cover payroll costs and the remainder could be used for mortgage interest, rent and utility costs over a specified period of time after the loan is made; and the number of employees and compensation levels are maintained. The Fund believes it meets these requirements for forgiveness and subsequent to year-end has applied for loan forgiveness. If the loan is forgiven, it shall be recognized in the financial statements as forgiveness of PPP loan at that time. Effective January 11, 2021, the SBA forgave the entire principal and associated accrued interest of the Fund's PPP note payable.

#### 5. Notes Payable – Related Party

On September 8, 2020 and November 17, 2020, the Fund obtained a \$30,000 loan and \$50,000 loan, respectively, from a member of the Board of Directors. The proceeds of the loans are to be used to support the Haiti Micro-Grid Rebuild Project and to fund the operations of the Fund. The note is unsecured, interest-free and to be repaid when funding is available to the Fund. No payment was made on these notes during 2020. On March 3, 2021, the Fund paid in full the \$30,000 note payable.

#### 6. Risk and Uncertainties

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses across the country and the world for non-essential services. While the disruption is currently expected to be temporary, there is considerable uncertainty about the duration of closings. The Fund has been able to continue most of its operations in a disrupted environment and is making plans to adjust activities that cannot; however, at this point, the extent to which COVID-19 may impact the Fund's financial condition or results of operations is evolving and uncertain.

#### 7. Net Assets With Donor Restrictions

As of December 31, 2020, net assets with donor restrictions were restricted for the following purposes or period:

Subject to expenditure for specified purpose:	
Africa	\$ 104,431
Other global programs	10,000
Caribbean	<u>1,332</u>
Total Subject to Expenditure for Specified Purpose	<u>115,763</u>

**SOLAR ELECTRIC LIGHT FUND**

**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020**

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7. Net Assets With Donor Restrictions (continued)

*(continued)*

Subject to passage of time:

Grants and donations receivable	\$ 200,000
Total Subject to Passage of Time	<u>200,000</u>
Total Net Assets With Donor Restrictions	<u>\$ 315,763</u>

8. Liquidity and Availability of Resources

**Liquidity and Availability of Resources**

The Fund's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Financial assets at year-end:	
Cash	\$ 95,730
Grants and donations receivable	<u>326,988</u>
Total Financial Assets	422,718
Less Amounts Not Available to Be Used Within One Year:	
Restricted by donor for time and/or purpose	<u>(315,763)</u>
Financial Assets Available to Meet General Expenditures	<u>\$ 106,955</u>

The Fund has various sources of liquidity at its disposal, including cash and grants and donations receivable, which are available for general expenditures, liabilities and other obligations as they come due. The Fund's working capital and cash flows come from contracts and grants and contributions that are received at various times throughout the year. Management is focused on sustaining the financial liquidity of the Fund throughout the year. This is done through monitoring and reviewing the Fund's cash flow needs on a weekly basis. As a result, management is aware of the cyclical nature of the Fund's cash flows related to the Fund's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. The Fund can adjust the timing of disbursements when necessary.

9. Management's Plan

The Fund's plan to address the deficiency in net assets heading into 2021, which involves several steps to increase revenue and support while carefully controlling expenses. The Fund's management has significantly reduced operational expenses by terminating physical office leases in DC and Haiti and moving to a fully virtual environment. This move will reduce operating expenses by more than \$100,000 for 2021. The Fund also made staffing changes that will reduce labor costs by more than \$100,000 for the year. The Fund has also reached

## SOLAR ELECTRIC LIGHT FUND

### NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2020

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#### 9. Management's Plan (continued)

out to key donors and for the first quarter of 2021, brought in more than \$250,000 in new contributions and collected on \$200,000 in grants receivable. The Fund also received forgiveness on the PPP loan payable, which resulted in an additional \$130,200 in grant revenue during 2021. The Fund is also moving forward on implementation of a project in Benin, which is expected to result in more than \$500,000 revenue in 2021.

The Fund is also actively pursuing other program opportunities including funding for its Uganda program to stop violence against women, partnership with RMI to assist island communities in the Bahamas to convert from diesel energy to solar micro-grids and battery storage, to communities pursuing other major opportunities to use solar power to expand access to vaccine refrigeration and other healthcare enhancements, as well as expanding its solar training programs.

Management believes that these actions will enable the Fund to continue as a going concern at least twelve months from May 14, 2021, the date these financial statements were issued.

#### 10. 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, 2020, no provision for income taxes was made, as the Fund had no significant net unrelated business income.

The Fund has adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in the Financial Accounting Standards Board Accounting Standards Codification 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, 2020, 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; and there are currently no examinations pending or in progress. It is the Fund's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax or interest expense. As of December 31, 2020, the Fund had no accruals for interest and/or penalties.

#### 11. 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, 2019, from which the summarized information was derived.

**SOLAR ELECTRIC LIGHT FUND**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

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12. Subsequent Events

In the preparation of the financial statements, the Fund has evaluated events and transactions for potential recognition or disclosure through May 14, 2021, the date the financial statements were available to be issued. Except for subsequent events noted in Note 4, Note Payable – Paycheck Protection Program, and Note 5, Note Payable – Related Party, there were no subsequent events identified through May 14, 2021, that require recognition or disclosure in these financial statements.