



Financial Statements

For the Year Ended December 31, 2021

(With Summarized Financial Information for the Year Ended December 31, 2020)



**and
Report Thereon**



SOLAR ELECTRIC LIGHT FUND

TABLE OF CONTENTS
For the Year Ended December 31, 2021

	Page
Independent Auditors' Report.....	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows.....	6
Notes to Financial Statements.....	7-11

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Solar Electric Light Fund

Opinion

We have audited the financial statements of the Solar Electric Light Fund (the Fund), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Fund's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matter

Report on Summarized Comparative Information

We have previously audited the Fund's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 14, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Marcum LLP

Washington, DC
November 28, 2022

SOLAR ELECTRIC LIGHT FUND
STATEMENT OF FINANCIAL POSITION
December 31, 2021
(With Summarized Financial Information as of December 31, 2020)

	2021	2020
ASSETS		
Cash	\$ 684,001	\$ 95,730
Grants and donations receivable	420,556	326,988
Prepaid expenses	7,632	12,947
Crypto assets held	394,703	-
Deposit and other assets	405	23,451
TOTAL ASSETS	\$ 1,507,297	\$ 459,116
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 69,028	\$ 153,413
Note payable – paycheck protection program (PPP)	-	130,200
Notes payable – related party	50,000	80,000
Refundable advances	28,763	53,641
TOTAL LIABILITIES	147,791	417,254
Net Assets		
Without donor restrictions (deficit)	416,170	(273,901)
With donor restrictions	943,336	315,763
TOTAL NET ASSETS	1,359,506	41,862
TOTAL LIABILITIES AND NET ASSETS	\$ 1,507,297	\$ 459,116

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

SOLAR ELECTRIC LIGHT FUND

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2021

(With Summarized Financial Information for the Year Ended December 31, 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
REVENUE AND SUPPORT				
Grants and donations	\$ 1,408,313	\$ 1,356,292	\$ 2,764,605	\$ 1,980,833
Crypto assets donations	-	394,703	394,703	-
In-kind revenue	94,021	-	94,021	5,297
Interest and other income	248	-	248	8,170
Net assets released from restrictions:				
Satisfaction of time restrictions	200,000	(200,000)	-	-
Satisfaction of program restrictions	923,422	(923,422)	-	-
	<u>2,626,004</u>	<u>627,573</u>	<u>3,253,577</u>	<u>1,994,300</u>
TOTAL REVENUE AND SUPPORT				
EXPENSES				
Program services	1,620,069	-	1,620,069	1,935,302
Management and general	259,529	-	259,529	258,822
Fundraising	186,535	-	186,535	188,992
	<u>2,066,133</u>	<u>-</u>	<u>2,066,133</u>	<u>2,383,116</u>
TOTAL EXPENSES				
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS FROM OPERATIONS	559,871	627,573	1,187,444	(388,816)
Forgiveness of note payable – PPP	130,200	-	130,200	-
CHANGE IN NET ASSETS	690,071	627,573	1,317,644	(388,816)
NET ASSETS, BEGINNING OF YEAR	(273,901)	315,763	41,862	430,678
NET ASSETS, END OF YEAR	<u>\$ 416,170</u>	<u>\$ 943,336</u>	<u>\$ 1,359,506</u>	<u>\$ 41,862</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, 2021
(With Summarized Financial Information for the Year Ended December 31, 2020)

	Program Services	Management and General	Fundraising	2021 Total	2020 Total
Goods purchased overseas	\$ 1,230,587	\$ -	\$ -	\$ 1,230,587	\$ 1,194,859
Payroll and related expenses	330,943	213,026	137,133	681,102	958,595
U.S. independent contractor services	17,692	32,427	25,397	75,516	29,229
Occupancy and office expenses	20,674	5,530	3,040	29,244	142,635
Promotional and educational	9,110	736	17,788	27,634	15,925
Other	4,580	1,579	1,221	7,380	10,467
Communications	1,762	3,986	527	6,275	16,790
Employee travel and meals	4,149	406	-	4,555	8,111
Publications and subscriptions	-	336	1,306	1,642	3,511
Supplies	572	1,503	123	2,198	2,811
Business meetings	-	-	-	-	183
TOTAL EXPENSES	\$ 1,620,069	\$ 259,529	\$ 186,535	\$ 2,066,133	\$ 2,383,116

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, 2021
(With Summarized Financial Information for the Year Ended December 31, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,317,644	\$ (388,816)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Forgiveness of note payable – PPP	(130,200)	-
Crypto assets received as donations	(394,703)	-
Changes in assets and liabilities:		
Grants and donations receivable	(93,568)	(84,402)
Prepaid expenses	5,315	120,234
Deposit and other assets	23,046	(17,361)
Accounts payable and accrued expenses	(84,385)	107,849
Refundable advances	(24,878)	(370,933)
	618,271	(633,429)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable – PPP	-	130,200
Proceeds from notes payable – related party	-	80,000
Repayment of notes payable – related party	(30,000)	-
	(30,000)	210,200
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH	588,271	(423,229)
CASH, BEGINNING OF YEAR	95,730	518,959
CASH, END OF YEAR	\$ 684,001	\$ 95,730
NONCASH FINANCING ACTIVITIES		
Forgiveness of note payable – PPP	\$ 130,200	\$ -

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, 2021

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.

Crypto assets held

The crypto assets held by the Fund are accounted for as intangible assets with indefinite useful lives, and are initially measured at the date of donation. Crypto assets accounted for as intangible assets are subject to impairment losses if the fair value of crypto assets decreases below the carrying value at any time during the period. The fair value is measured using the quoted price of the crypto asset at the time its fair value is being measured. Impairment expense is reflected in management and general expenses in the accompanying statement of activities. Impairment losses cannot be recovered for any subsequent increase in fair value until the sale or disposal of the asset.

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

SOLAR ELECTRIC LIGHT FUND

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2021

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

Revenue Recognition (continued)

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. Contracts which represent services performed are recognized at the time the services are provided based on deliverables established in the contracts.

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.

Measure of Operations

The Fund considers the forgiveness of note payable – paycheck protection program to be nonoperating in nature.

2. Grants and Donations Receivable

Grants and donations receivable of \$420,556 as of December 31, 2021, are a current period receivable recorded at net realizable value and are all due within one year. All amounts are deemed to be fully collectible.

The Fund had cost-reimbursable grants with foreign government agencies totaling \$4,661,419 conditioned upon the incurrence of various conditions. During the year ended December 31, 2021, the Fund recognized \$476,979 under these conditional grants. As of December 31, 2021, amounts totaling \$28,763 had not yet been recognized under the agreements as conditions had not yet been met.

SOLAR ELECTRIC LIGHT FUND

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2021

3. Program Services Expenses

For the year ended December 31, 2021, program services expenses consisted of the following:

Africa	\$ 1,186,519
Communications	296,160
United States	74,778
Caribbean and South America	54,654
Other global programs	<u>7,958</u>
Total Program Services Expenses	<u>\$ 1,620,069</u>

4. Note Payable – Paycheck Protection Program

To assist with operations, the Fund applied for and received a Small Business Administration (SBA) loan through the Paycheck Protection Program (PPP) in the amount of \$130,200 on May 3, 2020. The loan was scheduled to mature in May 2022 and included a fixed interest rate of 1% per annum. Payments of principal and interest were deferred while the loan was under consideration for forgiveness, pursuant to provisions of the PPP. On January 11, 2021, the Fund's PPP loan forgiveness was approved by the SBA. As the Fund elected to account for this transaction as a loan, the forgiveness has been presented as forgiveness of note payable – PPP in the accompanying statement of activities.

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. On March 3, 2021 and March 1, 2022, the Fund paid in full the \$30,000 and \$50,000 notes payable, respectively.

6. Net Assets With Donor Restrictions

As of December 31, 2021, net assets with donor restrictions were restricted for the following purposes or period:

Subject to expenditure for time	\$ 405,148
Subject to expenditure for specified purpose:	
Texas	377,385
Africa	152,597
Other global programs	17,500
Caribbean	<u>1,332</u>
Total Subject to Expenditure for Time and Specified Purpose	<u>\$ 953,962</u>

SOLAR ELECTRIC LIGHT FUND

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021**

7. 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	\$ 684,001
Grants and donations receivable	<u>420,556</u>
Total Financial Assets	1,104,557
Less Amounts Not Available to Be Used Within One Year:	
Restricted by donor for time and/or purpose	<u>(953,962)</u>
Financial Assets Available to Meet General Expenditures	<u>\$ 150,595</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.

8. 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, 2021, 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, 2021, 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, 2021, the Fund had no accruals for interest and/or penalties.

SOLAR ELECTRIC LIGHT FUND

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2021

9. 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, 2020, from which the summarized information was derived.

10. Concentration of Credit Risk

Financial instruments, which potentially subject the Fund to a concentration of credit risk, consist principally of cash balances maintained at various creditworthy financial institutions. While the amount at a given financial institution at times exceeds the amount guaranteed by the Federal Deposit Insurance Corporation and, therefore, bears some risk, the Fund has not experienced, nor does it anticipate, any losses on those funds. As of December 31, 2021, the amount in excess of the insured limit of \$250,000 was approximately \$434,000.

11. Subsequent Events

The Fund's crypto assets held as of December 31, 2021 were all in UST stablecoin. In May 2022, the cryptocurrency market was in turmoil, exacerbated by the collapse of luna and the UST stablecoin, both tied to the terra blockchain. The value of the crypto assets held by the Fund was impaired to zero.

In the preparation of the financial statements, the Fund has evaluated events and transactions for potential recognition or disclosure through November 28, 2022, the date the financial statements were available to be issued. Except for subsequent events noted above and in Note 5, Note Payable – Related Party, there were no subsequent events identified through November 28, 2022, that require recognition or disclosure in these financial statements.