



## **Financial Statements**

*For the Year Ended December 31, 2022*

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



**and  
Report Thereon**



**SOLAR ELECTRIC LIGHT FUND**

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**For the Year Ended December 31, 2022**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the  
**Solar Electric Light Fund**

### ***Qualified Opinion***

We have audited the financial statements of the Solar Electric Light Fund (SELF), which comprise the statement of financial position as of December 31, 2022, 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of SELF as of December 31, 2022, 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 Qualified Opinion**

The risks and rewards associated with digital asset activities are contingent upon factors beyond SELF's control, including the unregulated and immature nature of digital asset markets, including clearing, settlement, custody, and trading mechanisms, as well as the dependency on information technology for digital asset continuity, and valuation and volume volatility. The uncertainty surrounding the future viability and value of digital assets complicates the assessment of their financial performance.

We were unable to obtain sufficient appropriate audit evidence to substantiate the reported figures for digital asset contributions, losses for the year, and year-end digital asset balance. We were not able to gain an understanding of the procedures or controls in place related to access and control of SELF's digital wallets or safeguarding of the related private keys, and we were not able to perform alternative procedures to sufficiently address the existence of those digital assets under auditing standards generally accepted in the United States of America. Therefore, we were unable to form an opinion regarding the digital asset contributions, losses for the year, and year-end digital asset balance.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 SELF 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 qualified 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 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 28, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Marcum LLP*

Washington, DC  
July 14, 2023

**SOLAR ELECTRIC LIGHT FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2022**  
**(With Summarized Financial Information as of December 31, 2021)**

	2022	2021
<b>ASSETS</b>		
Cash	\$ 554,320	\$ 684,001
Grants and donations receivable	208,609	420,556
Prepaid expenses	42,868	7,632
Digital assets held	99,900	394,703
Deposit and other assets	405	405
<b>TOTAL ASSETS</b>	<b>\$ 906,102</b>	<b>\$ 1,507,297</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 27,167	\$ 69,028
Notes payable – related party	-	50,000
Refundable advances	9,276	28,763
<b>TOTAL LIABILITIES</b>	<b>36,443</b>	<b>147,791</b>
<b>Net Assets</b>		
Without donor restrictions	496,786	416,170
With donor restrictions	372,873	943,336
<b>TOTAL NET ASSETS</b>	<b>869,659</b>	<b>1,359,506</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 906,102</b>	<b>\$ 1,507,297</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, 2022**

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

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
<b>REVENUE AND SUPPORT</b>				
Grants and donations	\$ 816,693	\$ 326,915	\$ 1,143,608	\$ 2,764,605
Digital assets donations	-	99,900	99,900	394,703
In-kind revenue	3,384	-	3,384	94,021
Interest and other income	1,847	-	1,847	248
Net assets released from restrictions:				
Satisfaction of time restrictions	10,445	(10,445)	-	-
Satisfaction of program restrictions	986,833	(986,833)	-	-
	<u>1,819,202</u>	<u>(570,463)</u>	<u>1,248,739</u>	<u>3,253,577</u>
<b>TOTAL REVENUE AND SUPPORT</b>				
<b>EXPENSES</b>				
Program services	974,981	-	974,981	1,620,069
Management and general	636,425	-	636,425	259,529
Fundraising	127,180	-	127,180	186,535
	<u>1,738,586</u>	<u>-</u>	<u>1,738,586</u>	<u>2,066,133</u>
<b>TOTAL EXPENSES</b>				
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS FROM OPERATIONS</b>	80,616	(570,463)	(489,847)	1,187,444
Forgiveness of note payable – PPP	-	-	-	130,200
	<u>80,616</u>	<u>(570,463)</u>	<u>(489,847)</u>	<u>1,317,644</u>
<b>CHANGE IN NET ASSETS</b>				
<b>NET ASSETS, BEGINNING OF YEAR</b>	416,170	943,336	1,359,506	41,862
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 496,786</u>	<u>\$ 372,873</u>	<u>\$ 869,659</u>	<u>\$ 1,359,506</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, 2022**  
**(With Summarized Financial Information for the Year Ended December 31, 2021)**

	Program Services	Management and General	Fundraising	2022 Total	2021 Total
Goods purchased overseas	\$ 588,760	\$ -	\$ -	\$ 588,760	\$ 1,230,587
Payroll and related expenses	324,370	191,744	38,001	554,115	681,102
Impairment expense of digital assets	-	394,522	-	394,522	-
U.S. independent contractor services	23,694	30,450	72,432	126,576	75,516
Occupancy and office expenses	18,678	8,910	1,309	28,897	29,244
Communications	3,504	5,237	872	9,613	6,275
Promotional and educational	378	-	8,699	9,077	27,634
Other	3,622	2,935	603	7,160	7,380
Employee travel and meals	5,578	580	-	6,158	4,555
Publications and subscriptions	948	-	5,050	5,998	1,642
Business meetings	5,177	-	-	5,177	-
Supplies	272	2,047	214	2,533	2,198
<b>TOTAL EXPENSES</b>	<b>\$ 974,981</b>	<b>\$ 636,425</b>	<b>\$ 127,180</b>	<b>\$ 1,738,586</b>	<b>\$ 2,066,133</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, 2022**  
**(With Summarized Financial Information for the Year Ended December 31, 2021)**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (489,847)	\$ 1,317,644
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Forgiveness of note payable – PPP	-	(130,200)
Digital assets received as donations	(99,900)	(394,703)
Impairment loss of digital assets	394,522	-
Changes in assets and liabilities:		
Grants and donations receivable	211,947	(93,568)
Prepaid expenses	(35,236)	5,315
Deposit and other assets	-	23,046
Accounts payable and accrued expenses	(41,861)	(84,385)
Refundable advances	(19,487)	(24,878)
	<u>(79,862)</u>	<u>618,271</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investment	181	-
	<u>181</u>	<u>-</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of notes payable – related party	(50,000)	(30,000)
	<u>(50,000)</u>	<u>(30,000)</u>
NET CASH USED IN FINANCING ACTIVITIES		
NET (DECREASE) INCREASE IN CASH	(129,681)	588,271
CASH, BEGINNING OF YEAR	684,001	95,730
CASH, END OF YEAR	<u>\$ 554,320</u>	<u>\$ 684,001</u>
NONCASH FINANCING ACTIVITIES		
Forgiveness of note payable – PPP	-	130,200
	<u>\$ -</u>	<u>\$ 130,200</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, 2022

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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.

#### **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, 2022

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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 \$208,609 as of December 31, 2022, 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 \$3,556,269 conditioned upon the incurrence of various conditions. During the year ended December 31, 2022, the Fund recognized \$194,962 under these conditional grants. As of December 31, 2022, amounts totaling \$9,277 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, 2022

#### 3. Program Services Expenses

For the year ended December 31, 2022, program services expenses consisted of the following:

Africa	\$ 486,736
Communications	78,314
United States	259,877
Caribbean and South America	8,513
Other global programs	<u>141,541</u>
Total Program Services Expenses	<u>\$ 974,981</u>

#### 4. 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 were to be used to support the Haiti Micro-Grid Rebuild Project and the Millennium Challenge Corporation project in Benin. The notes were 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.

#### 5. Net Assets With Donor Restrictions

As of December 31, 2022, net assets with donor restrictions were restricted for the following purposes or period:

Subject to expenditure for time	\$ 99,900
Subject to expenditure for specified purpose:	
Texas	102,478
Africa	151,894
Other global programs	17,269
Caribbean	<u>1,332</u>
Total Subject to Expenditure for Time and Specified Purpose	<u>\$ 372,873</u>

#### 6. 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	\$ 554,320
Grants and donations receivable	<u>208,609</u>
Total Financial Assets	762,929

**SOLAR ELECTRIC LIGHT FUND**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2022**

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6. Liquidity and Availability of Resources (continued)

*(continued)*

Less Amounts Not Available to Be Used Within One Year:

Restricted by donor for time and/or purpose \$ (372,873)

Financial Assets Available to Meet

General Expenditures \$ 390,056

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.

7. 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, 2022, 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, 2022, 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, 2022, the Fund had no accruals for interest and/or penalties.

8. 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, 2021, from which the summarized information was derived.

## **SOLAR ELECTRIC LIGHT FUND**

### **NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2022**

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9. 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, 2022, the amount in excess of the insured limit of \$250,000 was approximately \$302,772.

10. Subsequent Events

In the preparation of the financial statements, the Fund has evaluated events and transactions for potential recognition or disclosure through July 14, 2023 the date the financial statements were available to be issued. There were no subsequent events identified through July 14, 2023, that require recognition or disclosure in these financial statements.