

SOLAR LIGHT FOR AFRICA, LTD.

FINANCIAL STATEMENTS

Years Ended December 31, 2009 and 2008

OFFICERS AND DIRECTORS

The Right Reverend Alden M. Hathaway, Founder and Chairman of the Board

Alden Hathaway, Jr., Vice Chairman

Taylor P. Pearson, President

Paul Maycock, Secretary

John H. Forsgren, Treasurer

B.G. Stephenson, Esq., Legal Advisor

Carol Hathaway, Executive Director, elected November 2009

Rev. Eric Turner, Director

The Right Reverend William Rukirande (Retired), Director

W. Price Dunaway, Director

Bryan Jacob, Director

Therrell "Sonny" Murphy, Director

Katherine Lucey, Director, elected November 2009

SOLAR LIGHT FOR AFRICA, LTD.

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Gross
Collins

Certified Public Accountants and Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of

Solar Light for Africa, Ltd.

We have audited the accompanying statements of financial position of

SOLAR LIGHT FOR AFRICA, LTD.
(A Nonprofit Organization)

as of December 31, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the management of Solar Light for Africa, Ltd. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 Solar Light for Africa, Ltd. as of December 31, 2009 and 2008, and its activities and cash flows for the years then ended.

Our audits were made for the purpose of expressing an opinion on the financial statements taken as a whole. The additional information on page 8 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

HLB Gross Collins, P.C.

Atlanta, Georgia

February 1, 2010

SOLAR LIGHT FOR AFRICA, LTD.

STATEMENTS OF FINANCIAL POSITION

December 31, 2009 and 2008

	ASSETS	
	<u>2009</u>	<u>2008</u>
CASH	\$ 27,796	\$ 7,480
PROPERTY AND EQUIPMENT, NET (Note 3)	<u>275</u>	<u>458</u>
TOTAL ASSETS	<u>\$ 28,071</u>	<u>\$ 7,938</u>
	LIABILITIES	
ACCOUNTS PAYABLE	\$ -	\$ 903
	NET ASSETS	
UNRESTRICTED NET ASSETS	<u>28,071</u>	<u>7,035</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 28,071</u>	<u>\$ 7,938</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

SOLAR LIGHT FOR AFRICA, LTD.

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
SUPPORT AND REVENUE		
Contributions	\$ 125,859	\$ 87,068
In-kind donations	55,190	54,000
Other income	-	11,441
TOTAL SUPPORT AND REVENUE	<u>181,049</u>	<u>152,509</u>
 FUNCTIONAL EXPENSES		
Program services	144,330	110,375
Management and general	9,904	11,295
Fundraising	5,779	14,269
TOTAL FUNCTIONAL EXPENSES	<u>160,013</u>	<u>135,939</u>
 INCREASE IN UNRESTRICTED NET ASSETS	21,036	16,570
 UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	<u>7,035</u>	<u>(9,535)</u>
 UNRESTRICTED NET ASSETS, END OF YEAR	<u>\$ 28,071</u>	<u>\$ 7,035</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

SOLAR LIGHT FOR AFRICA, LTD.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
CASH, BEGINNING OF YEAR	<u>\$ 7,480</u>	<u>\$ 1,876</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Increase in unrestricted net assets	21,036	16,570
Adjustment to reconcile change in unrestricted net assets to net cash provided by operating activities		
Depreciation	183	184
Increase (decrease) in:		
Accounts payable	<u>(903)</u>	<u>(11,150)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>20,316</u>	<u>5,604</u>
CASH, END OF YEAR	<u><u>\$ 27,796</u></u>	<u><u>\$ 7,480</u></u>

The accompanying Notes to Financial Statement are an integral part of these statements.

SOLAR LIGHT FOR AFRICA, LTD.

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2009 and 2008

(1) Nature of Organization

Solar Light for Africa, Ltd. (the "Organization") is a nonprofit collaboration between U.S. and African churches, non-governmental organizations, and governments to provide light, power, and water sources for rural Africa using the natural power of the sun. The Organization's purpose also includes educating the public on the advantages of renewable energy for the benefit of impoverished communities throughout the world. The organization is supported primarily by individual and corporate donors.

(2) Summary of significant accounting policies

Basis of accounting - The financial statements have been prepared on the accrual basis in accordance with U.S. generally accepted accounting principles. Under this method, income and expenses are recognized in the period when they are earned or incurred.

Cash - The Organization considers all highly liquid investments with maturity of three months or less to be cash.

Property and equipment - Purchased property and equipment is capitalized at cost. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. The straight line method is used for computing depreciation on all property and equipment. Depreciation is based on the estimated useful life of the assets, which is 7 years for office equipment.

Revenue and expense recognition - Revenue and expenses are recognized under the accrual basis of accounting.

Basis of presentation - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in ASC 958-205, *Not-for-Profit Entities, Presentation of Financial Statements* (formally Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements for Non-Profit Organizations*). These standards require the organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There were no permanently or temporarily restricted net assets at December 31, 2009 and 2008.

Income taxes - Solar Light for Africa, Ltd. is a nonprofit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code; therefore, no provision for income taxes has been made in the financial statements. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 590(a) and qualifies for deductible contributions as provided in Section 170(b) (A) (vi).

SOLAR LIGHT FOR AFRICA, LTD.

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2009 and 2008

(2) Summary of significant accounting policies (continued)

Functional allocation of expenses – Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and support services on the basis of an estimate of periodic time and expense. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide to the overall support and direction of the Organization.

Estimates - The preparation of the financial statements requires the use of estimates based on management's knowledge and experience. Due to their prospective nature, actual results could differ from those estimates.

Fair value of financial instruments – Unless otherwise indicated, the fair values of all reported assets and liabilities that represent financial instruments (none of which are held for trading purposes) approximate the carrying values of such amounts.

Donated goods and services – Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired net assets are placed in service as instructed by the donor. The Organization reclassifies temporary restricted net assets to unrestricted at that time.

Many individuals have donated time and services to advance the Organization's programs and objectives. The value of these services has not been recorded in the financial statements because it does not meet the definition for recognition under U.S. generally accepted accounting principles. Contributions of donated services that create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Non-cash donations in 2009 and 2008 included engineering expertise valued at \$39,450 and \$46,800, respectively, for solar electrification installations received from a Board member. Free use of office facilities valued at \$7,440 and \$7,200 was donated during 2009 and 2008, respectively. Solar panel kits valued at \$8,300 were donated in 2009.

Contributions – Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Temporarily restricted net assets represent funds provided with a type-of-use restriction. There are no temporarily restricted net assets that are time-of-availability restricted.

SOLAR LIGHT FOR AFRICA, LTD.

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2009 and 2008

(2) Summary of significant accounting policies (continued)

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a 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. The Organization has elected to report donor restricted contributions and grants whose restrictions are met in the same reporting period as unrestricted support.

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Recent pronouncements – In June 2009, the FASB issued SFAS No. 168, “*The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles*,” which was primarily codified into ASC Topic 105, “*Generally Accepted Accounting Standards*.” This standard is the single source of authoritative non-governmental U.S. generally accepted accounting principles (“GAAP”), superseding existing FASB, American Institute of Certified Public Accountants (“AICPA”), Emerging Issues Task Force (“EITF”), and related accounting literature. Also included in relevant Securities and Exchange Commission guidance organized using the same topical structure in separate sections. This guidance is effective for financial statements for reporting periods that end after September 15, 2009. This guidance impacts the Organization’s financial statements and related disclosures as all references to authoritative literature reflect the newly adopted codification.

(3) Property and equipment

Property and equipment at December 31, 2009 and 2008 consists of office equipment with an original cost of \$1,285. Accumulated depreciation at December 31, 2009 and 2008 was \$1,010 and \$827, respectively. Depreciation expense was \$183 and \$184 for the years ended December 31, 2009 and 2008, respectively. The depreciation policies are described in Note (2).

(4) Major contributors

There were two major contributors to the Organization in 2008 which represented 37% of total contributed support. There were no major contributors in 2009.

ADDITIONAL INFORMATION

SOLAR LIGHT FOR AFRICA, LTD.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2009

(with comparative totals for Year Ended December 31, 2008)

	Program Services	Supporting Services		Totals	
		Management and General	Fundraising	2009	2008
Solar systems	\$ 95,117	\$ -	\$ -	\$ 95,117	\$ 83,914
Travel	36,008	-	-	36,008	3,098
Payroll	5,760	960	2,880	9,600	26,467
Occupancy	4,311	2,155	718	7,184	7,200
Professional fees	-	4,302	-	4,302	5,080
Insurance	1,936	1,872	-	3,808	-
Postage and delivery	642	214	1,284	2,140	6,052
Printing and publication	405	135	810	1,350	2,696
Depreciation	110	55	18	183	184
Supplies	41	83	14	138	816
Bank charges	-	128	-	128	17
Fundraising fees	-	-	55	55	243
Telephone and internet	-	-	-	-	38
Other costs	-	-	-	-	134
Total	<u>\$ 144,330</u>	<u>\$ 9,904</u>	<u>\$ 5,779</u>	<u>\$ 160,013</u>	<u>\$ 135,939</u>