

SUSTAINABLE ENERGY UTILITY, INC.

**FINANCIAL STATEMENTS AND
ACCOUNTANTS' COMPILATION REPORT**

DECEMBER 31, 2010

B E L F I N T

L Y O N S &

S H U M A N

CERTIFIED PUBLIC ACCOUNTANTS

SUSTAINABLE ENERGY UTILITY, INC.
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Accountants' Compilation Report

To the Board of Directors of
Sustainable Energy Utility, Inc.

CERTIFIED
PUBLIC
ACCOUNTANTS
& CONSULTANTS

1011 CENTRE ROAD
SUITE 310
WILMINGTON,
DE 19805
T: 302.225.0600
F: 302.225.0625
WWW.BELFINT.COM

We have compiled the accompanying statement of financial position of Sustainable Energy Utility, Inc. (a nonprofit organization) as of December 31, 2010, the related statements of activities and cash flows for the month and year then ended, and the accompanying schedules of supplementary information, which are presented only for additional analysis, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and supplementary schedules and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the organization's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to Sustainable Energy Utility, Inc.

Belfint, Lyons & Shuman, P.A.

January 10, 2011
Wilmington, Delaware

SUSTAINABLE ENERGY UTILITY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010
(See Accountants' Compilation Report)

ASSETS

Cash and Cash Equivalents

Checking

Regional Greenhouse Gas Initiative	\$	5,100
SEE ARP ARRA Appliance Rebate		100
SEP ARRA Financing Programs		100
		100

Total Checking		5,300
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Money Market

Regional Greenhouse Gas Initiative		5,524,675
SEE ARP ARRA Appliance Rebate		1,431
SEP ARRA Financing Programs		9,018,661
SEP ARRA Incentive Programs		919,447
		919,447

Total Money Market		15,464,214
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Total Cash and Cash Equivalents		15,469,514
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Governmental Grants Receivable

Regional Greenhouse Gas Initiative		1,879,628
SEP ARRA Financing Programs		3,000,000
SEP ARRA Incentive Programs		6,365,000
		6,365,000

Total Governmental Grants Receivable		11,244,628
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TOTAL ASSETS		\$ 26,714,142
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LIABILITIES

Accrued Liabilities	
RGGI	\$ 357,772
SEE ARP ARRA Incentive Programs	1,500
SEP ARRA Incentive Programs	<u>83,514</u>
 Total Accrued Liabilities	 <u>442,786</u>
 TOTAL LIABILITIES	 <u>442,786</u>

NET ASSETS

Unrestricted Net Assets	
Regional Greenhouse Gas Initiative	7,051,631
Temporarily Restricted Net Assets	
SEE ARP ARRA Appliance Rebate Program	31
Residential Renewable Energy Lending Program	1,000,000
Residential Energy Efficiency Lending Program	2,000,000
Commercial/Industrial Lending Program	2,004,169
Nonprofit/Small MUSH Lending Program	2,505,211
Nonresidential Renewables Lending Program	1,002,085
Low Income Multi-Family Lending Program	3,507,296
Appliance Rebate Incentive Program	206,435
Residential Lighting Markdown Incentive Program	803,362
Residential New Construction Incentive Program	300,250
Residential Energy Efficiency Incentive Program	3,915,417
Commercial/Industrial Incentive Program	975,156
Nonprofit/Small MUSH Incentive Program	<u>1,000,313</u>
 TOTAL NET ASSETS	 <u>26,271,356</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 26,714,142</u>

SUSTAINABLE ENERGY UTILITY, INC.
STATEMENT OF ACTIVITIES
MONTH ENDED DECEMBER 31, 2010
(See Accountants' Compilation Report)

	Unrestricted	Temporarily Restricted			Total
	Regional Greenhouse Gas Initiative	SEE ARP ARRA Appliance Rebate	SEP ARRA Financing Programs	SEP ARRA Incentive Programs	
REVENUES					
Governmental Grants	\$ 797,008	\$ -	\$ -	\$ -	\$ 797,008
EXPENSES					
Program Services					
Rebates	70,000	78,165	-	164,937	313,102
Supporting Services					
Contract Administrator Fees	108,934	-	-	-	108,934
Fiscal Agent Fees	10,537	-	-	-	10,537
Program Vendor Fees	185,234	-	-	-	185,234
Insurance Expense	-	-	-	-	-
Legal Fees	39,000	-	-	-	39,000
Bank Fees	-	(25)	-	-	(25)
Loan Fees	-	-	-	-	-
TOTAL EXPENSES	413,705	78,140	-	164,937	656,782
OTHER INCOME					
Interest Income	1,803	-	2,914	305	5,022
CHANGE IN NET ASSETS	385,106	(78,140)	2,914	(164,632)	145,248
NET ASSETS AT BEGINNING OF PERIOD	6,666,525	78,171	12,015,847	7,365,565	26,126,108
NET ASSETS AT END OF PERIOD	\$ 7,051,631	\$ 31	\$ 12,018,761	\$ 7,200,933	\$ 26,271,356

SUSTAINABLE ENERGY UTILITY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2010
(See Accountants' Compilation Report)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>			<u>Total</u>
	<u>Regional Greenhouse Gas Initiative</u>	<u>SEE ARP ARRA Appliance Rebate</u>	<u>SEP ARRA Financing Programs</u>	<u>SEP ARRA Incentive Programs</u>	
REVENUES					
Governmental Grants	\$ 4,783,692	\$ 835,500	\$ 12,000,000	\$ 8,000,000	\$ 25,619,192
EXPENSES					
Program Services					
Rebates	217,300	836,200	-	622,155	1,675,655
Supporting Services					
Contract Administrator Fees	1,075,303	-	-	-	1,075,303
Fiscal Agent Fees	50,622	-	-	-	50,622
Program Vendor Fees	1,804,561	-	-	179,697	1,984,258
Insurance Expense	1,080	-	-	-	1,080
Legal Fees	106,048	-	-	-	106,048
Bank Fees	114	-	-	88	202
Loan Fees	5,000	-	-	-	5,000
TOTAL EXPENSES	<u>3,260,028</u>	<u>836,200</u>	<u>-</u>	<u>801,940</u>	<u>4,898,168</u>
OTHER INCOME					
Interest Income	20,167	731	18,761	2,873	42,532
CHANGE IN NET ASSETS	1,543,831	31	12,018,761	7,200,933	20,763,556
NET ASSETS AT BEGINNING OF PERIOD	<u>5,507,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,507,800</u>
NET ASSETS AT END OF PERIOD	<u>\$ 7,051,631</u>	<u>\$ 31</u>	<u>\$ 12,018,761</u>	<u>\$ 7,200,933</u>	<u>\$ 26,271,356</u>

SUSTAINABLE ENERGY UTILITY, INC.
STATEMENTS OF CASH FLOWS
MONTH AND YEAR ENDED DECEMBER 31, 2010
(See Accountants' Compilation Report)

CASH FLOWS FROM OPERATING ACTIVITIES	<u>Month Ended December 31, 2010</u>	<u>Year Ended December 31, 2010</u>
Change in Net Assets	\$ 145,248	\$ 20,763,556
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities		
Changes in Assets		
Accounts Receivable	(797,008)	(5,545,009)
Deposits	76,450	-
Changes in Liabilities		
Accrued Liabilities	<u>430,719</u>	<u>159,433</u>
NET CASH FROM OPERATING ACTIVITIES	<u>(144,591)</u>	<u>15,377,980</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(144,591)	15,377,980
CASH AND CASH EQUIVALENTS - Beginning	<u>15,614,105</u>	<u>91,534</u>
CASH AND CASH EQUIVALENTS - Ending	<u><u>\$ 15,469,514</u></u>	<u><u>\$ 15,469,514</u></u>

SUPPLEMENTARY INFORMATION

SUSTAINABLE ENERGY UTILITY, INC.
SCHEDULE OF SEP ARRA FINANCING ASSETS
DECEMBER 31, 2010
(See Accountants' Compilation Report)

Checking	
SEP ARRA Financing Programs	<u>\$ 100</u>
Money Market	
Commercial/Industrial Lending Program	\$ 2,004,069
Nonprofit/Small MUSH Lending Program	2,505,211
Nonresidential Renewables Lending Program	1,002,085
Low Income Multi-Family Lending Program	<u>3,507,296</u>
Total Money Market	<u>\$ 9,018,661</u>
Governmental Grants Receivable	
Residential Renewable Energy Lending Program	\$ 1,000,000
Residential Energy Efficiency Lending Program	<u>2,000,000</u>
Total Contributions Receivable	<u>\$ 3,000,000</u>

SUSTAINABLE ENERGY UTILITY, INC.
SCHEDULE OF SEP ARRA INCENTIVE ASSETS
DECEMBER 31, 2010
(See Accountants' Compilation Report)

Money Market	
Appliance Rebate Incentive Program	\$ 6,436
Residential Lighting Markdown Incentive Program	153,741
Residential New Construction Incentive Program	120,250
Residential Energy Efficiency Incentive Program	389,870
Commercial/Industrial Incentive Program	98,837
Nonprofit/Small MUSH Incentive Program	<u>150,313</u>
 Total Money Market	 <u><u>\$ 919,447</u></u>
 Governmental Grants Receivable	
Appliance Rebate Incentive Program	\$ 200,000
Residential Lighting Markdown Incentive Program	675,000
Residential New Construction Incentive Program	180,000
Residential Energy Efficiency Incentive Program	3,580,000
Commercial/Industrial Incentive Program	880,000
Nonprofit/Small MUSH Incentive Program	<u>850,000</u>
 Total Governmental Grants Receivable	 <u><u>\$ 6,365,000</u></u>

SUSTAINABLE ENERGY UTILITY, INC.
SCHEDULE OF SEP ARRA FINANCING PROGRAMS ACTIVITIES
MONTH ENDED DECEMBER 31, 2010
(See Accountants' Compilation Report)

	Residential Renewable Energy Lending	Residential Energy Efficiency Lending	Commercial/ Industrial Lending	Nonprofit/ Small MUSH Lending	Non-residential Renewables Lending	Low Income Multi-Family Lending	Total
REVENUES							
Governmental Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENSES							
Program Services							
Rebates	-	-	-	-	-	-	-
Supporting Services							
Contract Administrator Fees	-	-	-	-	-	-	-
Fiscal Agent Fees	-	-	-	-	-	-	-
Program Vendor Fees	-	-	-	-	-	-	-
Legal Fees	-	-	-	-	-	-	-
Bank Fees	-	-	-	-	-	-	-
Loan Fees	-	-	-	-	-	-	-
TOTAL EXPENSES	-	-	-	-	-	-	-
OTHER INCOME							
Interest Income	-	-	648	809	324	1,133	2,914
CHANGE IN NET ASSETS	-	-	648	809	324	1,133	2,914
NET ASSETS AT BEGINNING OF PERIOD	1,000,000	2,000,000	2,003,521	2,504,402	1,001,761	3,506,163	12,015,847
NET ASSETS AT END OF PERIOD	\$ 1,000,000	\$ 2,000,000	\$ 2,004,169	\$ 2,505,211	\$ 1,002,085	\$ 3,507,296	\$ 12,018,761

SUSTAINABLE ENERGY UTILITY, INC.
SCHEDULE OF SEP ARRA FINANCING PROGRAMS ACTIVITIES
YEAR ENDED DECEMBER 31, 2010
(See Accountants' Compilation Report)

	Residential Renewable Energy Lending	Residential Energy Efficiency Lending	Commercial/ Industrial Lending	Nonprofit/ Small MUSH Lending	Non-residential Renewables Lending	Low Income Multi-Family Lending	Total
REVENUES							
Governmental Grants	\$ 1,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,500,000	\$ 1,000,000	\$ 3,500,000	\$ 12,000,000
EXPENSES							
Program Services							
Rebates	-	-	-	-	-	-	-
Supporting Services							
Contract Administrator Fees	-	-	-	-	-	-	-
Fiscal Agent Fees	-	-	-	-	-	-	-
Program Vendor Fees	-	-	-	-	-	-	-
Legal Fees	-	-	-	-	-	-	-
Bank Fees	-	-	-	-	-	-	-
Loan Fees	-	-	-	-	-	-	-
TOTAL EXPENSES	-	-	-	-	-	-	-
OTHER INCOME							
Interest Income	-	-	4,169	5,211	2,085	7,296	18,761
CHANGE IN NET ASSETS	1,000,000	2,000,000	2,004,169	2,505,211	1,002,085	3,507,296	12,018,761
NET ASSETS AT BEGINNING OF PERIOD	-	-	-	-	-	-	-
NET ASSETS AT END OF PERIOD	<u>\$ 1,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,004,169</u>	<u>\$ 2,505,211</u>	<u>\$ 1,002,085</u>	<u>\$ 3,507,296</u>	<u>\$ 12,018,761</u>

SUSTAINABLE ENERGY UTILITY, INC.
SCHEDULE OF SEP ARRA INCENTIVE PROGRAMS ACTIVITIES
MONTH ENDED DECEMBER 31, 2010
(See Accountants' Compilation Report)

	<u>Appliance Rebate Incentive</u>	<u>Residential Lighting Markdown Incentive</u>	<u>Residential New Construction Incentive</u>	<u>Residential Energy Efficiency Incentive</u>	<u>Commercial/ Industrial Incentive</u>	<u>Nonprofit/ Small MUSH Incentive</u>	<u>Total</u>
REVENUES							
Governmental Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENSES							
Program Services							
Rebates	1,050	83,003	-	77,203	3,681	-	164,937
Supporting Services							
Contract Administrator Fees	-	-	-	-	-	-	-
Fiscal Agent Fees	-	-	-	-	-	-	-
Program Vendor Fees	-	-	-	-	-	-	-
Legal Fees	-	-	-	-	-	-	-
Bank Fees	-	-	-	-	-	-	-
Loan Fees	-	-	-	-	-	-	-
TOTAL EXPENSES	<u>1,050</u>	<u>83,003</u>	<u>-</u>	<u>77,203</u>	<u>3,681</u>	<u>-</u>	<u>164,937</u>
OTHER INCOME							
Interest Income	-	63	39	131	23	49	305
CHANGE IN NET ASSETS	(1,050)	(82,940)	39	(77,072)	(3,658)	49	(164,632)
NET ASSETS AT BEGINNING OF PERIOD	<u>207,485</u>	<u>886,302</u>	<u>300,211</u>	<u>3,992,489</u>	<u>978,814</u>	<u>1,000,264</u>	<u>7,365,565</u>
NET ASSETS AT END OF PERIOD	<u>\$ 206,435</u>	<u>\$ 803,362</u>	<u>\$ 300,250</u>	<u>\$ 3,915,417</u>	<u>\$ 975,156</u>	<u>\$ 1,000,313</u>	<u>\$ 7,200,933</u>

SUSTAINABLE ENERGY UTILITY, INC.
SCHEDULE OF SEP ARRA INCENTIVE PROGRAMS ACTIVITIES
YEAR ENDED DECEMBER 31, 2010
(See Accountants' Compilation Report)

	<u>Appliance Rebate Incentive</u>	<u>Residential Lighting Markdown Incentive</u>	<u>Residential New Construction Incentive</u>	<u>Residential Energy Efficiency Incentive</u>	<u>Commercial/ Industrial Incentive</u>	<u>Nonprofit/ Small MUSH Incentive</u>	<u>Total</u>
REVENUES							
Governmental Grants	\$ 500,000	\$ 1,200,000	\$ 300,000	\$ 4,000,000	\$ 1,000,000	\$ 1,000,000	\$ 8,000,000
EXPENSES							
Program Services							
Rebates	293,705	217,943	-	85,453	25,054	-	622,155
Supporting Services							
Contract Administrator Fees	-	-	-	-	-	-	-
Fiscal Agent Fees	-	-	-	-	-	-	-
Program Vendor Fees	-	179,697	-	-	-	-	179,697
Legal Fees	-	-	-	-	-	-	-
Bank Fees	69	19	-	-	-	-	88
Loan Fees	-	-	-	-	-	-	-
TOTAL EXPENSES	<u>293,774</u>	<u>397,659</u>	<u>-</u>	<u>85,453</u>	<u>25,054</u>	<u>-</u>	<u>801,940</u>
OTHER INCOME							
Interest Income	209	1,021	250	870	210	313	2,873
CHANGE IN NET ASSETS	206,435	803,362	300,250	3,915,417	975,156	1,000,313	7,200,933
NET ASSETS AT BEGINNING OF PERIOD	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS AT END OF PERIOD	<u>\$ 206,435</u>	<u>\$ 803,362</u>	<u>\$ 300,250</u>	<u>\$ 3,915,417</u>	<u>\$ 975,156</u>	<u>\$ 1,000,313</u>	<u>\$ 7,200,933</u>