

SUSTAINABLE ENERGY UTILITY, INC.

**FINANCIAL STATEMENTS AND
ACCOUNTANTS' COMPILATION REPORT**

JANUARY 31, 2011

Draft (Subject to Change)

BELFINT

LYONS &

SHUMAN

CERTIFIED PUBLIC ACCOUNTANTS

SUSTAINABLE ENERGY UTILITY, INC.
TABLE OF CONTENTS
JANUARY 31, 2011

| | <u>Page No.</u> |
|--|-----------------|
| Accountants' Compilation Report | 1 |
| Financial Statements | |
| Statement of Financial Position | 2 |
| Statement of Activities | 3 |
| Statement of Cash Flows | 4 |
| Supplementary Information | |
| Schedule of SEP ARRA Financing Assets | 6 |
| Schedule of SEP ARRA Incentive Assets | 7 |
| Schedule of SEP ARRA Financing Programs Activities | 8 |

Draft (Subject to Change)



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 January 31, 2011, and the related statements of activities and cash flows for the month then ended and the accompanying supplementary schedules, which are presented only for supplementary analysis purposes. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statement on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. 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.

February 10, 2011
Wilmington, Delaware

SUSTAINABLE ENERGY UTILITY, INC.
STATEMENT OF FINANCIAL POSITION
JANUARY 31, 2011
(See Accountants' Compilation Report)

ASSETS

Cash and Cash Equivalents

Checking

Regional Greenhouse Gas Initiative

\$ 100

SEP ARRA Financing Programs

100

Total Checking

200

Money Market

Regional Greenhouse Gas Initiative

5,177,641

SEE ARP ARRA Appliance Rebate

-

SEP ARRA Financing Programs

9,021,488

SEP ARRA Incentive Programs

599,138

Total Money Market

14,798,267

Total Cash and Cash Equivalents

14,798,467

Governmental Grants Receivable

Regional Greenhouse Gas Initiative

1,879,628

SEP ARRA Financing Programs

3,000,000

SEP ARRA Incentive Programs

6,365,000

Total Governmental Grants Receivable

11,244,628

TOTAL ASSETS

\$ 26,043,095

Draft (Subject to Change)

LIABILITIES

Accrued Liabilities

\$ 585,412

TOTAL LIABILITIES

585,412

NET ASSETS

Unrestricted Net Assets

Regional Greenhouse Gas Initiative

7,014,764

Temporarily Restricted Net Assets

SEE ARP ARRA Appliance Rebate Program

-

Residential Renewable Energy Lending Program

1,000,000

Residential Energy Efficiency Lending Program

2,000,000

Commercial/Industrial Lending Program

2,004,797

Nonprofit/Small MUSH Lending Program

2,505,996

Nonresidential Renewables Lending Program

1,002,399

Low Income Multi-Family Lending Program

3,508,396

Appliance Rebate Incentive Program

206,436

Residential Lighting Markdown Incentive Program

714,731

Residential New Construction Incentive Program

299,710

Residential Energy Efficiency Incentive Program

3,364,764

Commercial/Industrial Incentive Program

835,330

Nonprofit/Small MUSH Incentive Program

1,000,360

TOTAL NET ASSETS

25,457,683

TOTAL LIABILITIES AND NET ASSETS

\$ 26,043,095

SUSTAINABLE ENERGY UTILITY, INC.
STATEMENT OF ACTIVITIES
ONE MONTH ENDED JANUARY 31, 2011
(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 | \$ - | \$ - | \$ - | \$ - | \$ - |
| EXPENSES | | | | | |
| Program Services | | | | | |
| Rebates | 20,000 | 31 | - | 495,040 | 515,071 |
| Supporting Services | | | | | |
| Contract Administrator Fees | - | - | - | 93,987 | 93,987 |
| Fiscal Agent Fees | - | - | - | - | - |
| Program Vendor Fees | - | - | - | 190,822 | 190,822 |
| Insurance Expense | - | - | - | - | - |
| Legal Fees | 18,526 | - | - | - | 18,526 |
| Bank Fees | - | - | - | - | - |
| Loan Fees | - | - | - | - | - |
| TOTAL EXPENSES | 38,526 | 31 | - | 779,849 | 818,406 |
| OTHER INCOME | | | | | |
| Interest Income | 1,659 | - | 2,827 | 247 | 4,733 |
| CHANGE IN NET ASSETS | (36,867) | (31) | 2,827 | (779,602) | (813,673) |
| NET ASSETS AT BEGINNING OF PERIOD | 7,051,631 | 31 | 12,018,761 | 7,200,933 | 26,271,356 |
| NET ASSETS AT END OF PERIOD | \$ 7,014,764 | \$ - | \$ 12,021,588 | \$ 6,421,331 | \$ 25,457,683 |

SUSTAINABLE ENERGY UTILITY, INC.
STATEMENT OF CASH FLOWS
MONTH ENDED JANUARY 31, 2011
(See Accountants' Compilation Report)

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|--|-----------------------------|
| Change in Net Assets | \$ (813,673) |
| Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities | |
| Changes in Assets | |
| Accounts Receivable | - |
| Changes in Liabilities | |
| Accrued Liabilities | <u>142,626</u> |
| NET CASH FROM OPERATING ACTIVITIES | <u>(671,047)</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (671,047) |
| CASH AND CASH EQUIVALENTS - Beginning | <u>15,469,514</u> |
| CASH AND CASH EQUIVALENTS - Ending | <u><u>\$ 14,798,467</u></u> |

Draft (Subject to Change)

SUPPLEMENTARY INFORMATION

Draft (Subject to Change)

SUSTAINABLE ENERGY UTILITY, INC.
SCHEDULE OF SEP ARRA FINANCING ASSETS
JANUARY 31, 2011

(See Accountants' Compilation Report)

| | | |
|---|----|------------------|
| Checking | | |
| SEP ARRA Financing Programs | \$ | <u>100</u> |
| Money Market | | |
| Commercial/Industrial Lending Program | \$ | 2,004,697 |
| Nonprofit/Small MUSH Lending Program | | 2,505,997 |
| Nonresidential Renewables Lending Program | | 1,002,399 |
| Low Income Multi-Family Lending Program | | <u>3,508,395</u> |
| Total Money Market | \$ | <u>9,021,488</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> |

Draft (Subject to Change)

SUSTAINABLE ENERGY UTILITY, INC.
SCHEDULE OF SEP ARRA INCENTIVE ASSETS
JANUARY 31, 2011
(See Accountants' Compilation Report)

| | |
|---|--------------------------------|
| Money Market | |
| Appliance Rebate Incentive Program | \$ 6,436 |
| Residential Lighting Markdown Incentive Program | 86,394 |
| Residential New Construction Incentive Program | 120,288 |
| Residential Energy Efficiency Incentive Program | 155,212 |
| Commercial/Industrial Incentive Program | 80,448 |
| Nonprofit/Small MUSH Incentive Program | <u>150,360</u> |
| Total Money Market | <u><u>\$ 599,138</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
ONE MONTH ENDED JANUARY 31, 2011
(See Accountants' Compilation Report)

| | <u>Residential Renewable Energy Lending</u> | <u>Residential Energy Efficiency Lending</u> | <u>Commercial/ Industrial Lending</u> | <u>Nonprofit/ Small MUSH Lending</u> | <u>Non-residential Renewables Lending</u> | <u>Low Income Multi-Family Lending</u> | <u>Total</u> |
|--|---|--|---|--|---|--|----------------------|
| 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 | - | - | 628 | 785 | 314 | 1,100 | 2,827 |
| CHANGE IN NET ASSETS | - | - | 628 | 785 | 314 | 1,100 | 2,827 |
| NET ASSETS AT BEGINNING OF PERIOD | 1,000,000 | 2,000,000 | 2,004,169 | 2,505,211 | 1,002,085 | 3,507,296 | 12,018,761 |
| NET ASSETS AT END OF PERIOD | \$ 1,000,000 | \$ 2,000,000 | \$ 2,004,797 | \$ 2,505,996 | \$ 1,002,399 | \$ 3,508,396 | \$ 12,021,588 |

SUSTAINABLE ENERGY UTILITY, INC.
SCHEDULE OF SEP ARRA INCENTIVE PROGRAMS ACTIVITIES
ONE MONTH ENDED JANUARY 31, 2011
(See Accountants' Compilation Report)

| | Appliance Rebate Incentive | Residential Lighting Markdown Incentive | Residential New Construction Incentive | Residential Energy Efficiency Incentive | Commercial/ Industrial Incentive | Nonprofit/ Small MUSH Incentive | Total |
|--|----------------------------------|--|---|--|--|---------------------------------------|---------------------|
| REVENUES | | | | | | | |
| Governmental Grants | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| EXPENSES | | | | | | | |
| Program Services | | | | | | | |
| Rebates | - | 88,662 | - | 391,648 | 14,730 | - | 495,040 |
| Supporting Services | | | | | | | |
| Contract Administrator Fees | - | - | 191 | 52,507 | 41,289 | - | 93,987 |
| Fiscal Agent Fees | - | - | - | - | - | - | - |
| Program Vendor Fees | - | - | 387 | 106,606 | 83,829 | - | 190,822 |
| Legal Fees | - | - | - | - | - | - | - |
| Bank Fees | - | - | - | - | - | - | - |
| Loan Fees | - | - | - | - | - | - | - |
| TOTAL EXPENSES | - | 88,662 | 578 | 550,761 | 139,848 | - | 779,849 |
| OTHER INCOME | | | | | | | |
| Interest Income | 1 | 31 | 38 | 108 | 22 | 47 | 247 |
| CHANGE IN NET ASSETS | 1 | (88,631) | (540) | (550,653) | (139,826) | 47 | (779,602) |
| NET ASSETS AT BEGINNING OF PERIOD | \$ 206,435 | \$ 803,362 | \$ 300,250 | \$ 3,915,417 | \$ 975,156 | \$ 1,000,313 | \$ 7,200,933 |
| NET ASSETS AT END OF PERIOD | \$ 206,436 | \$ 714,731 | \$ 299,710 | \$ 3,364,764 | \$ 835,330 | \$ 1,000,360 | \$ 6,421,331 |