



**SUSTAINABLE  
ENERGY FUND**

**SUSTAINABLE ENERGY FUND**

(Docket # M-00031715 F0003)

**Annual Report to the  
Pennsylvania Public Utility Commission  
and to the Joint Petitioners**

**For the Period July 1, 2008 - June 30, 2009**

**October 28, 2009**

**Sustainable Energy Fund**

**968 Postal Road**

**Suite 315**

**Allentown, PA 18109**

**610-264-4440**

**610-264-4949 Fax**

**Jennifer Hopkins**

**President**

**Email: [TheSEF@TheSEF.org](mailto:TheSEF@TheSEF.org)**

**[www.TheSEF.org](http://www.TheSEF.org)**

## TABLE OF CONTENTS

<b>EXECUTIVE SUMMARY .....</b>	<b>3</b>
<b>EDUCATIONAL INITIATIVES .....</b>	<b>3</b>
SOLAR SCHOLARS <sup>®</sup> /SUSTAINABLE ENERGY CONFERENCE .....	4
CFL PROGRAM .....	5
<b>PROGRAM RELATED INVESTMENTS .....</b>	<b>6</b>
SMALL BUSINESS LIGHTING RETROFIT REBATE PROGRAM.....	6
COMMERCIAL ENERGY EFFICIENT FINANCING PROGRAM (CEEF) .....	6
ENERGY EFFICIENT PROJECTS.....	6
RENEWABLE ENERGY FINANCING PROGRAM (REF) .....	7
SOLAR.....	7
GENERAL PROGRAM RELATED INVESTMENTS .....	8
<b>INTERNAL ACTIVITIES.....</b>	<b>10</b>
STAFF.....	10
BOARD.....	10
<b>GREEN CONNEXIONS .....</b>	<b>10</b>
<b>CONCLUSION .....</b>	<b>10</b>

APPENDIX A: Energy Metrics  
APPENDIX B: Auditor's Report  
APPENDIX C: Board of Directors

## **EXECUTIVE SUMMARY**

This is the Sustainable Energy Fund (SEF) ninth annual report to the Pennsylvania Public Utility Commission (PA PUC) and to the joint petitioners in the PPL Utilities restructuring proceeding (Docket # R-0093954).

SEF was formed pursuant to a joint settlement agreement arising from the PA Public Utility Commission's electric utility deregulation proceedings in 1998. SEF operates in an entrepreneurial manner as a financially independent and self-sustaining private non-profit enterprise, fully incorporated as a 501(c)(3) organization for charitable, educational, and scientific purposes. SEF is led by a President who reports to a seven member Board of Directors.

The organization seeks out, focuses on, and invests in economically viable, energy related businesses, projects, and educational initiatives that create innovative, market-based technologies and solutions to enable environmentally sound sustainable energy use in the Commonwealth of Pennsylvania.

SEF assists all types of commercial entities including small businesses, municipalities, school districts, non-profits, farmers, manufacturing facilities, warehouses, and transportation companies to reduce the consumption of energy from non sustainable sources. These reductions are achieved by reducing or removing financial and/or educational barriers that prevent these organizations from generating energy from renewable resources and implementing improvements in efficiency of energy utilization as well as reducing energy consumption through behavioral change. Focus areas include:

- **Renewable Energy:** Energy generated from naturally replenished resources such as sunlight, wind, hydro, and geothermal as well as rapidly renewable biomass.
- **Energy Efficiency Measures:** Measures that provide the same benefit while consuming less energy such as envelope insulation, LED lighting and efficient motors.
- **Energy Conservation:** Activities that reduce energy usage by changing behavior.

Traditional financial barriers are overcome by SEF's innovative and flexible loan, leasing, and equity programs as well as experienced and knowledgeable staff. SEF's educational and outreach programs improve the knowledge of educators and students as well as business owners and residential energy users.

## **EDUCATIONAL INITIATIVES**

SEF funds a variety of educational initiatives that raise public awareness of sustainable energy as well as provide intense topic specific training for energy users and educators. This year, saw the continued expansion of SEF's award winning Solar Scholars<sup>®</sup> Program, continuation of its <sup>SM</sup>CFL Education Program, and a plethora of activities designed to increase public awareness of energy related topics throughout Pennsylvania.

## **Solar Scholars<sup>®</sup>/Sustainable Energy Conference**

SEF's Solar Scholars<sup>®</sup> program, a first-in-the nation solar education initiative that promotes the adoption and integration of renewable energy concepts and technologies into the curriculum of colleges and universities throughout Pennsylvania, continued in 2008 with a new class of students and faculty

The goals of the Solar Scholars<sup>®</sup> Program are to: a) “seed” the adoption and integration of renewable energy concepts and technologies into an on-going curriculum of schools that currently do not have renewable energy or sustainability programs; and b) expand and enrich existing renewable energy or sustainability college programs.

The Class of 2008 consisted of 83 professors and students representing 31 of Pennsylvania's institutions of higher learning. SEF provided each attendee with a scholarship that covered all costs except transportation to and from the conference in exchange for agreeing to integrate sustainable energy into their institution's curricula. This year's week-long intensive training conference was hosted at Dickinson College from July 27<sup>th</sup> to August 1<sup>st</sup>. The week's training included both theoretical and hands-on training which centered on solar photovoltaic technology and included sessions on photovoltaic (PV) science and manufacturing, system design and installation, marketing and financing of current technologies, other renewable energy technologies, electric industry power production, utilities and the grid.

Each of the participants returned to their campus as “solar champions” ready to advocate solar power as a viable, efficient and environmentally sound solution for today's and tomorrow's energy needs as well as renewable energy technologies and sustainability.

Following the conference each college was eligible to compete for one of twelve, \$15,000 grants toward the installation of an on-campus photovoltaic system that has a minimum capacity of 3 kilowatts. The grants were awarded to: Dickinson College, Elizabethtown College, Franklin & Marshall College, HACC Harrisburg, Lycoming College, Muhlenberg College, Northampton Community College, Penn College of Technology, Penn State Hazleton, Penn State Schuylkill, Thaddeus Stevens College, and the University of Scranton.

During the 2008/2009 year grant recipients worked on the design, the location, and the installation of the array. All schools are anticipated to have their solar systems commissioned by the end of 2009.

Throughout the 2008/2009 year work continued on the Solar Scholars<sup>®</sup> Program in anticipation of the 2009 Solar Scholars<sup>®</sup> Program which was held at Lafayette College in Easton, PA. The planning included expanding the Solar Scholars<sup>®</sup> program to include Wind Scholars, a USGBC LEED technical review, a sustainable energy expo, and a green job session which offers assistance to train dislocated workers who may want to forge a new career path into the coming wave of green jobs.

With the growth of the conference the name of the conference changed from the Solar Scholars<sup>®</sup> program to the Sustainable Energy Conference. The goals expanded also; not only to the integration of renewable energy concepts and technologies into an on-going curriculum of schools, but to cultivate a comprehensive understanding of and passion for sustainable energy technologies, economics, and public policy in students, educators, policy makers, consumers, business leaders, and entrepreneurs so that they can make informed decisions on energy related

topics. SEF advocates the integration of renewable energy studies in higher education curriculum, while contributing to the training of tomorrow's workforce.

### **CFL Program**

SEF continued the CFL program which utilizes the differences between incandescent and compact fluorescent light bulbs to develop an understanding of electric generation and energy efficiency in middle and high school students. SEF provides teachers with the SEF developed "Investigating CFLs and Incandescent Bulbs" curriculum unit that includes lesson plans, hands-on activities, and resource page as well as training on how to implement the curriculum. The curriculum and training is provided free for teachers and the curriculum is available for free download on SEF's website at <http://www.TheSEF.org>.

SEF showcased the program and materials at the 2008 PA Science Teachers Annual Convention. SEF presented the lesson plans and provided hands-on training demonstrating the difference in efficiency and amount of heat loss of the CFL bulb when compared to the incandescent bulb. A key element of the demonstration three critical factors related of the CFL bulb vs. the incandescent bulb: energy, environment, and economy.

Regional school districts were notified of the CFL program via the science coordinators to promote the CFL lesson plans and SEF's CFL fundraising program.

### **Educational Outreach**

The purpose of SEF's educational outreach is to equip Pennsylvania's energy users with the knowledge necessary to make fact based energy decisions that include the long term environmental and resource impacts of various energy sources. The report titled "Energy Learning Curve" notes that more than 50% of Americans cannot name at least one renewable energy source, 39% cannot name at least one fossil fuel, and 32% believe that electricity generated by solar PV contributes to global warming. Pennsylvanian's were further challenged by a rapidly changing landscape brought about by significant legislative and regulatory changes including the American Reinvestment and Recovery Act, Pennsylvania's Alternative Energy Investment Act and changes to the Pennsylvania Utility Code Title 66 brought about by ACT 129.

To meet this increasing challenge SEF created a series of new seminars on a variety of topics including but not limited to ARRA, the Alternative Energy Investment Act, How to Finance Energy Projects, and Carbon Reduction Management. SEF provided these seminars for free to a wide audience including students, residential and commercial energy users dispersed geographically throughout Eastern and Central Pennsylvania.

As the economy deteriorated in the last year many Pennsylvanian's were left to search for a new career. To aid these Pennsylvanian's SEF created a Green Jobs Career Overview and partnered with the Lehigh Valley Workforce Investment Board to bring the training to dislocated workers. SEF is currently working with the Workforce Investment Board to provide additional training for dislocated workers.

SEF also created seminars to develop the skills of front-line employees, managers, and owners of energy related companies. In December 2008 SEF initiated its first Finance 101 Class which helps participants develop a basic knowledge of financial terms, financial instruments, financial concepts, credit, and underwriting; as well as how to overcome barriers in the sale of energy

efficiency and renewable energy projects. The first training was attended by thirteen entities, including economic developers, energy efficient contractors, and renewable energy contractors. The attendees left the conference with insight into how they can help their customers reduce energy costs in this tough economic environment.

SEF actively provides expert speakers to community organizations for keynote speeches, participation in panels and conference breakout sessions. During the last year SEF has provided speakers to a variety of organizations including Penn State, the Greater Lehigh Valley Chamber of Commerce, Lehigh Valley Green Builders Forum, Mack Trucks, and Partners in Education, as well as many others. In addition, SEF has raised awareness through radio and television talk shows.

## **PROGRAM RELATED INVESTMENTS**

SEF promotes its mission by financially incentivizing projects for municipalities, school districts, manufacturing facilities, warehouses and other businesses. As the date of deregulation approaches, SEF is developing various programs to promote energy efficiency which will provide businesses with the opportunity to implement strategies to decrease energy consumption. All projects presented to SEF for funding are reviewed for financial sustainability, reliability, and feasibility.

### **Small Business Lighting Retrofit Rebate Program**

SEF and PPL partnered together to design and implement a rebate program that gives small businesses up to \$2,000 to help replace old or inefficient lighting with new energy efficient technology. An increased number of companies are interested in saving energy, reducing their energy bills, and protecting the environment. This program provided a rebate to financially subsidize the lighting improvements now while providing long-lasting energy savings.

The program is for small businesses with less than 100 employees, 25,000 square feet, in good standing with PPL, and desire to replace all inefficient lighting with Energy Star products.

The program launched in July 2008 and over the year 186 inquiries and 48 qualified applications were received. The rebate program total project costs were \$714,944. As a result, over 1,305,249 KWh of annual energy was saved or the equivalent of \$166,904 in saved expenses. The deadline for the program is August 31, 2009 after which any used funds will be used to provide grant funding for small business energy efficient projects.

### **Commercial Energy Efficient Financing Program (CEEF)**

Given the present economic conditions, businesses have concern of increasing debt to pay for energy efficient projects. SEF developed a commercial energy efficient financing program where the costs of the energy efficient projects are paid back with the energy savings. With the CEEF loan there is no increase in the operating costs and no up-front out of pocket expenses.

### **Energy Efficient Projects**

George F. Kempf Supply Company, Inc. is a family-owned and operated business which sells building materials and supplies to contractors and sub-contractors who are primarily located in PA, NJ, and DE. The company's products include drywall, metal studs, ceiling tiles, sheetrock, and grid insulation along with 10,000 building material products. George F.

Kempf Supply Company upgraded the lighting system at the company's Philadelphia headquarters and 206,000 sq. ft. warehouse operation in West Philadelphia. These upgrades, costing \$147,288, have a projected annual energy reduction of 549,378 kWh translating to an annual savings of \$69,000.

Jewish Home of Greater Harrisburg is a non-profit 501(c)(3) corporation organized in July of 1965 for the purpose of establishing and maintaining a home for the aged and infirmed, and to provide shelter and healthcare services in Harrisburg, PA. The home consists of a 138-bed skilled nursing facility and a 64-bed assisted living facility. Jewish Home used the \$224,000 loan proceeds to weather-strip doors, seal air leaks above the acoustical ceiling tiles, and redo the domestic hot water systems in both the assisted living and skilled nursing facilities. Annual energy savings for the hot water and weatherization projects are estimated to be \$25,666.

Diversified Information Technologies, Inc. located in Scranton, PA provides technology-based information management services including electronic mailroom processing, document and data capture and conversion, automated forms and healthcare claims processing, and internet-based access and retrieval. Diversified Information Technologies used the \$68,500 loan proceeds to upgrade the lighting system at the company's 182,300 sq. ft. headquarters building. Annual energy savings for the lighting system upgrade are estimated at 255,790 for 49% reduction in energy consumption. Estimated annual cost savings are \$23,788 per year.

H&A Diner, Inc., who operates under the trade name of Double D Diner, is a family restaurant that is open 7 days a week for breakfast, lunch, and dinner. The \$10,578 loan proceeds were used to install seven KVAR energy controllers on the following pieces of equipment: walk-in cooler, freezer, 3 roof-top air conditioner units, and 2 electrical breaker panels in the basement at the Double D Diner in Coatesville. Annual kilowatt hours saved is estimated to be 23,799, which translates to an annual savings of \$2,975.

### **Renewable Energy Financing Program (REF)**

Over the past year some favorable tax credits were passed which resulted in an increase in activity in the Commonwealth of Pennsylvania. On the State level, Pennsylvania unveiled the PA Sunshine Program which offered solar rebates; and on the federal level, the American Reinvested Recovery Act allowed businesses to take the investment tax credits in the form of a grant. Both the state solar rebate and the federal grant require upfront payment and then reimbursement will follow at the completion of the project. SEF developed a short term loan program in which the solar owner would use the loan proceeds to purchase solar equipment. The loan would be repay, approximately 6 to 9 months later, upon receipt of the federal grant and the state rebate.

### **Solar**

Campus Square Solar, LLC is owner and operator of a 50.5 kilowatt solar power system located on a newly constructed commercial building located at 1426 N. 3<sup>rd</sup> Street, Harrisburg, Dauphin County, PA. The solar system will be the primary source of electricity for all common area spaces, estimated at nearly 5,000 square feet. The building, in general, is helping to redevelop the Harrisburg Area Community College Midtown Campus area. This building is designed to incorporate the latest in sustainable technologies including geothermal and photovoltaic systems. The building is registered with the United States

Green Building Council and has been designed to achieve LEED Silver status. The overall savings from the solar system is 50,529 kWhs per year which translate to \$5,812 per year based on the 2009 electric rates.

### **General Program Related Investments**

SEF's niche market is the creativity in meeting the financial needs of businesses that support SEF's mission. There still remains a generic program that supports all types of projects that don't necessarily fit into a currently defined program.

Plextronics, Inc., headquartered in Pittsburgh, PA is an international technology company that specializes in printed solar, lighting, and other electronics with a focus on OLED, (organic light emitting diode) lighting. In addition, Plextronics' conductive inks can be used with traditional printing processes so that, ultimately, anywhere you can print, you can have lighting, power, and circuitry. SEF, as a result of their first investment in Plextronics, is a Major Investor who has an option to participate in future funding opportunities. SEF was notified of a second series of funding, Series B-1 Preferred, and invested an additional \$100,000 on the same terms and condition of the first closing. SEF's total equity investment in Plextronics totals \$400,000.

SEF is pleased with our contribution to-date in establishing a sustainable energy environment within the PPL territory and throughout Pennsylvania. We understand that there is more to do. Our position of investing in various types of sustainable energy projects, various sizes of projects, and in various locations throughout our territory remains an important factor in SEF's ability to have an influence on developing an improved, sustainable energy environment in Pennsylvania.

Leases, Loans, Investments, Grants, Rebates			
Entity	Amount	Total Project	
George F. Kemp Supply	\$147,250	\$147,250	
Jewish Home of Greater Harrisburg	\$203,950	\$203,950	
Diversified Information Technology	\$68,500	\$107,144	
H&A Diner	\$10,578	\$10,578	
Campus Square Solar, LLC	\$280,000	\$280,000	
Plextronics	\$100,000	Investment	
Dickinson College	\$15,000	\$30,030	
Elizabethtown College	\$15,000	\$24,500	
Franklin & Marshall College	\$15,000	\$28,500	
HACC Harrisburg	\$15,000	\$23,168	
Lycoming College	\$15,000	\$21,000	
Muhlenberg College	\$15,000	\$51,556	
Northampton Community College	\$15,000	\$29,080	
Penn College of Technology	\$15,000	\$26,800	
Penn State Hazleton	\$15,000	\$31,000	
Penn State Schuylkill	\$15,000	\$25,700	
Thaddeus Stevens College	\$15,000	\$29,129	
University of Scranton	\$15,000	\$38,980	
Small Business Lighting Retrofit Rebates	\$63,643	\$714,944	
Total	\$1,053,921	\$1,823,309	

## **INTERNAL ACTIVITIES**

### **Staff**

In October of 2008, SEF hired John Costlow as Director of Technical Services. Mr. Costlow brings 20 years of energy knowledge and experience to SEF. His experiences include the private sector and as Marketing and Energy conservation Manager for a public utility. Mr. Costlow is 1 of 38 Certified Carbon Reduction Managers in the North America.

### **Board**

During the SEF Annual Meeting Andrew Stein replaced Gary Lamont as Chairman of the SEF Board and Eric Epstein replaced Dennis Maloskey as Vice Chairman. The Board reviews governance, policy and structure. There are three standing committees: Finance, Human Resources, and Program Related Investment. The Finance Committee also functions as the Board Audit Committee and the Board Investment Committee. Over the past year, the Board met nine times.

## **GREEN CONNEXIONS**

Green Connexions, Inc. is a for-profit C corporation owned by SEF organization. The mission of Green Connexions is to provide products and services through renewable energy and energy efficiency business ventures. Profits from Green Connexions are used in support of SEF to help sustain its mission. Green Connexions continues to develop opportunities in the renewable energy and energy conservation business sectors.

## **CONCLUSION**

As SEF approaches its 10th year, we have a solid foundation of successful projects and programs to build upon and we move confidently into a new decade in service to our mission. The knowledge we garnered from our first nine years of service has focused the organization's efforts anew to help PA businesses adopt renewable energy technologies, and energy efficiency measures.

As SEF was funded by the ratepayers of the PPL territory, SEF monitors various activities to ensure the best interest for the ratepayers. Educational initiatives, financial opportunities, and administration of programs will continue to be critical parts in helping the ratepayers mitigate the escalating cost of local electric services. The current energy environment is a challenge for everyone, but SEF remains committed to the ratepayers.

Since inception of the fund, SEF has participated in funding for projects with a total cost exceeding \$70 million. SEF has committed \$1.6 million in grants and \$20 million in loans to a variety of entities with a variety of projects promoting renewable energy and energy efficiency. SEF will continue fulfillment of our mission via education, finance, and program administration.

The success of the organization depends upon many and we would like to thank all who contributed. Much has been done, but much more awaits us with new challenges on the path of renewable energy and energy efficiency. Each of us, as individuals and as a collective unit,

understands that we must be good stewards of the earth: we must meet the energy needs of our generation without jeopardizing future generations in meeting theirs.

A true and correct copy of this report was filed with the PUC on November 30, 2009.

SEF SEAL



*Jennifer Hopkins*  
\_\_\_\_\_  
Jennifer Hopkins, President  
Sustainable Energy Fund

## APPENDIX A: ENERGY METRICS

### ENERGY ANALYSIS FOR YEAR ENDING JUNE 30, 2009 SEF FUNDED PROJECTS

Project	Committed/Disbursed Funds	Kilowatt-hours generated per year	Kilowatt-hours saved per year	Greenhouse Gases Saved (metric tons per year)
<b>George Kempf Supply Co, Inc.</b>	<b>\$147,250</b>		<b>549,378</b>	<b>285.4</b>
<b>Jewish Home of Greater Harrisburg</b>	<b>\$203,950</b>		<b>23,014</b>	<b>12.7</b>
<b>Campus Square Partners</b>	<b>\$280,000</b>	<b>50,529</b>		<b>26.3</b>
<b>Diversified Information Technologies</b>	<b>\$68,500</b>		<b>255,790</b>	<b>132.9</b>
<b>H&amp;A Diner, Inc</b>	<b>\$10,578</b>	<b>23,799</b>		<b>12.4</b>
<b>Plextronics</b>	<b>\$100,000</b>		<b>Unknown</b>	<b>Unknown</b>
<b>Small Business Lighting Retrofit Rebate Program</b>	<b>\$63,643</b>		<b>1,305,249</b>	<b>678.1</b>
<b>Dickinson College</b>	<b>\$15,000</b>	<b>3,819</b>		<b>2.0</b>
<b>Elizabethtown College</b>	<b>\$15,000</b>	<b>3,646</b>		<b>1.9</b>
<b>Franklin &amp; Marshall College</b>	<b>\$15,000</b>	<b>3,553</b>		<b>1.8</b>
<b>HACC Harrisburg</b>	<b>\$15,000</b>	<b>3,742</b>		<b>1.9</b>
<b>Lycoming College</b>	<b>\$15,000</b>	<b>3,314</b>		<b>1.7</b>
<b>Muhlenberg College</b>	<b>\$15,000</b>	<b>3,553</b>		<b>1.8</b>
<b>Northampton Community College</b>	<b>\$15,000</b>	<b>3,553</b>		<b>1.8</b>
<b>Penn College of Technology</b>	<b>\$15,000</b>	<b>3,314</b>		<b>1.7</b>
<b>Penn State Hazleton</b>	<b>\$15,000</b>	<b>3,553</b>		<b>1.8</b>
<b>Thaddeus Stevens College</b>	<b>\$15,000</b>	<b>3,580</b>		<b>1.9</b>
<b>University of Scranton</b>	<b>\$15,000</b>	<b>3,314</b>		<b>1.7</b>
<b>Penn State Schuylkill</b>	<b>\$15,000</b>	<b>5,341</b>		<b>2.8</b>
<b>Totals</b>	<b>\$1,053,921</b>	<b>118,610</b>	<b>2,133,431</b>	<b>1,170.6</b>

**Note:**

1. The calculation used to generate the greenhouse gases reduced is based upon the national average of CO2 emissions caused by various power generation facilities. The US EPA provides this number (1.64 lbs/kw-hr).
2. The calculations for kilowatt-hours saved and greenhouse gases reduced are based upon the 8-year life of the LED lens.

**APPENDIX B**

**SUSTAINABLE ENERGY FUND  
(A Not-for Profit Corporation)**

**Financial Statements and Auditors' Report**

**June 30, 2009**

**CAMPBELL, RAPPOLD & YURASITS LLP**  
Certified Public Accountants  
1033 SOUTH CEDAR CREST BOULEVARD  
ALLENTOWN, PA 18103

**SUSTAINABLE ENERGY FUND  
(A Not-for Profit Corporation)  
TABLE OF CONTENTS**

---

	<b>Page(s)</b>
<b>Independent Auditors' Report</b>	1
<i><u>Financial Statements:</u></i>	
Consolidated Statement of Financial Position	2
Consolidated Statement of Activities	3
Consolidated Statement of Functional Expenses	4
Consolidated Statement of Cash Flows	5
Notes to Financial Statements	6 - 15



**CAMPBELL, RAPPOLD & YURASITS LLP**

Certified Public Accountants

1033 SOUTH CEDAR CREST BOULEVARD ALLENTOWN, PA 18103-5443  
PHONE (610) 435-7489 FAX (610) 435-8794 www.crycpas.com

LUTHER R. CAMPBELL, JR., CPA, CSEP, CSRP  
JAMES S. ANDERSON, CPA  
JAMES F. BOVA, CPA  
MARYSUE BULCAVAGE, CPA  
MELISSA A. GRUBE, CPA, CSEP  
DENNIS S. HELLER, CPA  
WARREN R. HENDERSON, CPA  
ROBERT J. TUCKER, CPA

---

DAWN C. ANDERSON, CPA  
TARA L. BENDER, CPA  
MICHELLE R. BITNER, CPA  
MARC A. BRINKER, CPA  
HEIDI D. WOJCIECHOWSKI, CPA

---

CONSULTANT  
DALLAS C. HENNINGER, CPA

**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Sustainable Energy Fund  
Allentown, PA

We have audited the accompanying consolidated statement of financial position of the Sustainable Energy Fund (A Not-for-Profit Corporation) and Subsidiary as of June 30, 2009 and the related consolidated statements of activities, functional expense and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Fund's 2008 financial statements and in our report dated October 14, 2008, we expressed an unqualified opinion on them.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 audit provides 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 SUSTAINABLE ENERGY FUND as of June 30, 2009, and the results of its operations and changes in net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Campbell, Rappold & Yurasits LLP*

Certified Public Accountants

October 27, 2009

**SUSTAINABLE ENERGY FUND**  
**(A Not-for Profit Corporation)**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**June 30, 2009**  
**With Comparative Totals for 2008**

	June 30 2009	June 30 2008
<b>ASSETS:</b>		
Cash and Cash Equivalents	\$ 550,396	\$ 1,500,543
Accounts Receivable	125,392	191,126
Accrued Interest Income	6,384	-
Inventory	3,700	22,221
Investments (Note 4)	13,156,985	15,955,377
Program Related Investments (Note 5)	403,777	300,000
Program Related Loans Receivable, Net (Note 5)	4,126,674	4,288,297
Office Equipment, Net (Note 6)	51,182	48,743
Prepaid Expense and Deposits	28,275	9,722
Acquisition Costs	-	25,050
Organizational Costs	6,263	8,400
	<u>\$ 18,459,028</u>	<u>\$ 22,349,479</u>
<b>LIABILITIES:</b>		
Accounts Payable	\$ 42,999	\$ 224,157
Accrued Expense/Deferred Revenue	311,053	-
Accrued Salary/Benefits	67,887	46,313
	<u>421,939</u>	<u>270,470</u>
<b>NET ASSETS:</b>		
Unrestricted Net Assets	<u>18,037,089</u>	<u>22,079,009</u>
	<u>\$ 18,459,028</u>	<u>\$ 22,349,479</u>

See notes to financial statements.

**SUSTAINABLE ENERGY FUND**  
**(A Not-for Profit Corporation)**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2009**  
**With Comparative Totals for 2008**

	June 30 2009	June 30 2008
<i><u>Revenues and Gains</u></i>		
Grant Revenue	\$ 345,321	\$ 440,854
Project Revenue	2,846	44,142
Interest Income - Operating and Money Market	13,929	105,859
Investment Return (Note 4):		
Interest and Dividend Income	403,635	424,456
Net Realized and Unrealized Gains (Losses)	(3,610,752)	(2,426,056)
Less Investment Advisory and Custodian Fees	(88,344)	(105,893)
Interest-Program Loans	173,701	189,898
Realized Gain-Program Related Investments	211,490	188,063
Other	7,132	2,631
Total Revenue and Gains	(2,541,042)	(1,136,046)
<i><u>Expenses</u></i>		
Program Services		
Grants Awarded	313,036	(1,806)
Loss Reserve	73,029	(21,710)
Cost of Good Sold	7,252	33,670
Operating Expenses	666,257	802,001
	1,059,574	812,155
Management and General	441,304	308,186
Total Expenses	1,500,878	1,120,341
Increase (Decrease) in Unrestricted Net Assets	(4,041,920)	(2,256,387)
Unrestricted Net Assets, Beginning	22,079,009	24,335,396
Unrestricted Net Assets, Ending	\$ 18,037,089	\$ 22,079,009

See notes to financial statements.

**SUSTAINABLE ENERGY FUND**  
**(A Not-for Profit Corporation)**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2009**  
**With Comparative Totals for 2008**

	Program	Management	Total	
	Services	& General	2009	2008
Grants Awarded	\$ 313,036	\$ -	\$ 313,036	\$ (1,806)
Program Related Investments		-		
Loss Reserve	73,029	-	73,029	(21,710)
Cost of Goods Sold	7,252	-	7,252	33,670
Operating Expenses:				
Salaries and Wages	350,710	167,247	517,957	352,586
Fringe Benefits	42,353	20,197	62,550	37,281
Payroll Taxes/Fees	35,715	17,032	52,747	41,528
Contract Managers	10,493	-	10,493	46,100
Training	3,808	1,816	5,624	7,998
Recruiting	13,177	4,392	17,569	28,763
Subtotal Staff	456,256	210,684	666,940	514,256
Rent	25,515	11,814	37,329	35,623
Insurance	542	709	1,251	1,290
Depreciation	9,714	4,498	14,212	12,991
Subtotal Occupancy	35,771	17,021	52,792	49,904
Board Stipends	14,475	29,225	43,700	55,500
Board Expense	6,929	7,781	14,710	16,330
Director Recruitment	-	11,452	11,452	8,827
Dues and Publications	1,282	610	1,892	1,446
Marketing	59,587	-	59,587	33,145
Office Supplies	8,009	3,709	11,718	18,424
Residential Program	-	-	-	1,250
Audit	-	13,650	13,650	11,825
Legal	49,792	59,562	109,354	22,539
Due Diligence	238	-	238	375
Organization Design	-	4,125	4,125	19,567
Financial System Support	376	2,133	2,509	2,176
Contractual Services	2,000	-	2,000	301,305
Printing and Postage	2,892	2,073	4,965	4,464
Telephone	5,163	2,390	7,553	6,263
Travel	11,941	4,636	16,577	14,240
MIS Support/Web Hosting	6,982	6,982	13,964	12,523
Director and Officer Insurance	514	4,624	5,138	5,138
Acquisition Fees	-	55,575	55,575	-
Amortization of Organ. Costs	-	3,132	3,132	2,800
Taxes	-	-	-	-
Miscellaneous	4,050	1,940	5,990	7,890
Subtotal Other	174,230	213,599	387,829	546,027
Total Expenses	666,257	441,304	1,107,561	1,110,187
Totals	\$ 1,059,574	\$ 441,304	\$ 1,500,878	\$ 1,120,341

See notes to financial statements.

**SUSTAINABLE ENERGY FUND**  
**(A Not-for Profit Corporation)**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2009**  
**With Comparative Totals for 2008**

	Years Ended June 30,	
	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase (Decrease) in Net Assets	\$ (4,041,920)	\$ (2,256,387)
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	14,212	12,991
Amortization	2,137	2,800
Loss Reserve	73,029	(21,710)
Net Realized and Unrealized (Gains) Losses on Investments	3,614,529	2,426,056
Realized Gain-Program Related Investment	(211,490)	(188,063)
Changes in Assets and Liabilities		
Decrease (Increase) in Accounts and Grants Receivables	65,734	(190,721)
Decrease (Increase) in Interest Receivables	(6,384)	25,828
Decrease (Increase) in Prepaid Expense and Deposits	6,497	(29,981)
Decrease (Increase) in Inventory	18,521	1,646
Increase (Decrease) in Accounts Payable	129,895	157,934
Increase (Decrease) in Accrued Salary/Benefits	21,573	636
	(313,667)	(58,971)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(313,667)</b>	<b>(58,971)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Equipment and Furniture	(19,578)	(5,409)
Loss on Early Disposition of Assets	2,928	-
Appreciation of PRI Investments	(3,777)	-
Net Purchase of Investments	(816,137)	(2,617,265)
Increase in Program Related Investments	(941,400)	(816,951)
Return of Program Related Investments	929,994	897,457
Proceeds-Sale Program Related Investments	211,490	188,063
	(636,480)	(2,354,105)
<b>Net Cash (Used) Provided in Investing Activities</b>	<b>(636,480)</b>	<b>(2,354,105)</b>
Increase (Decrease) in Cash and Cash Equivalents	(950,147)	(2,413,076)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>1,500,543</b>	<b>3,913,619</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 550,396</b>	<b>\$ 1,500,543</b>

See notes to financial statements.

**SUSTAINABLE ENERGY FUND**  
**(A Not-for Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

---

**1. Nature of Organization**

PP&L Sustainable Energy Fund, d/b/a Sustainable Energy Fund (the Fund) is a Pennsylvania non-profit corporation formed to promote, research and invest in clean and renewable energy technologies, energy conservation, energy efficiency and sustainable energy enterprises that provide opportunities and benefits for PPL ratepayers.

The Fund was formed pursuant to a joint settlement agreement arising from the Pennsylvania Utility Commission (PUC) electric utility deregulation proceedings in 1998. The agreement provides, in part, a rate surcharge on electric power consumers (ratepayers) which expired on December 31, 2006.

The Fund is managed by a president who reports to a Board of Directors. The PUC also maintains oversight of the Fund.

a. Principles of Consolidation

The consolidated financial statements include the accounts of Green Connexions, Inc., a for profit wholly owned subsidiary. All material intercompany balances and transactions have been eliminated. Green Connexions, Inc. was incorporated as a C Corporation in December, 2005.

**2. Summary of Significant Accounting Policies**

*Basis of Accounting*

The financial statements of the Fund have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

*Basis of Presentation*

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Fund is required 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. At June 30, 2009 and 2008, all net assets are unrestricted.

*Cash and Cash Equivalents*

For purposes of the Statement of Cash Flows, the Fund considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**SUSTAINABLE ENERGY FUND  
(A Not-for Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

---

**2. Summary of Significant Accounting Policies (Continued)**

*Donated Services*

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, individuals volunteer their time and perform a variety of tasks that assist the Organization with specific investment programs, and various committee assignments.

*Estimates*

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

*Investments in Marketable Securities*

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Investment income or loss (including gains and losses on investments, interest and dividends) is included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

*Program Related Investments*

(a) Loans

Loans are stated at their outstanding unpaid principal balance. Interest income is recognized as revenue when received.

(b) Allowance for Loan Losses

The allowance for loan losses has been established through provisions for loan losses charged against income. Loans deemed to be uncollectible are charged against the allowance and subsequent recoveries, if any, are credited to the allowance. The allowance is maintained at a level considered adequate to provide for potential loan losses. In making this determination, management takes into consideration the results of internal review procedures, prior loan loss experience, an assessment of the effect of current and anticipated future economic conditions, the financial condition of the borrower and such other factors that, in management's judgment, deserve consideration. The determination of the adequacy of the allowance is inherently subjective, as it requires material estimates including the amounts and timing of future cash flows expected to be received on impaired loans that may be susceptible to significant change.

**SUSTAINABLE ENERGY FUND  
(A Not-for Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

---

**2. Summary of Significant Accounting Policies (Continued)**

*Program Related Investments (Continued)*

(c) Nonmarketable Equity Securities

Nonmarketable equity investments are holdings of less than 20% of the stock of investees and are carried at fair market value. The shares carry various conditions or restrictions on transfers and redemptions. Investees are typically start-up developmental activities and as such are highly speculative. The determination of write-downs, if any or ultimate realization of the investment is inherently subjective and as such, it requires material estimates regarding their valuation that are susceptible to significant change. Royalty and dividend income is recognized as revenue when received.

*Concentration of Credit and Market Risk*

Financial instruments that potentially expose the Fund to concentrations of credit and market risk consist primarily of cash equivalents and investments. The Fund places its cash at a high credit quality financial institution. From time to time, deposits at the institution exceed federal depository insurance limits. The Fund has significant investments in stocks and bonds. Though the market value of investments is subject to fluctuations, management believes the investment policy is prudent for the long-term welfare of the Fund. In addition, investments do not represent significant concentrations of market risk in as much as the Fund's investment portfolio is adequately diversified among issuers.

Concentrations of credit risk with respect to program related investments are subject to the individual credit worthiness of the borrowers and investees who are predominately located in Central Eastern Pennsylvania and dedicated to the use of renewable energy, clean energy technology, energy efficiency/conservation and education. Consequently, the ability to realize the amounts may be affected by economic and political fluctuations in the power industry in this geographic region. The Fund performs ongoing credit evaluations and reserves for estimated and known uncollectibles.

*Office Equipment*

Office equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful lives of the assets of three to five years and computed on straight-line and accelerated methods.

Additions and betterments of \$500 or more are capitalized, while maintenance and repairs that do not improve or extend the original useful lives of the assets are expensed as incurred.

*Advertising Costs*

Advertising costs are expensed as incurred.

**SUSTAINABLE ENERGY FUND  
(A Not-for Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

---

**2. Summary of Significant Accounting Policies (Continued)**

*New Accounting Standards*

The financial statements reflect the adoption of Statement on Financial Accounting Standards No. 157 (SFAS No. 157), *Fair Value Measurements*. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. SFAS No. 157 established a single authoritative definition of fair value, and sets a framework for measuring fair value and requires additional disclosures about fair value measurement.

The fair value of financial instruments have been determined through quoted market prices or present value techniques to approximate the amounts recorded in the statement of financial position.

**3. Fair Value of Financial Instruments**

The Fund adopted Statement of Financial Accounting Standards No. 157, *Fair Value Measurement* ("SFAS No. 157"), as it pertains to its financial assets and liabilities. SFAS No. 157 defines fair market value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, based on assumptions that market participants would use, including a consideration of non-performance risk.

Management assesses the inputs used to measure fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market. The three levels of the fair value hierarchy under FASB Statement No. 157 are described below:

Level 1            Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2            Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3            Inputs to the valuation methodology are unobservable and significant to the fair value measurement

**SUSTAINABLE ENERGY FUND**  
**(A Not-for Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

---

**3. Fair Value of Financial Instruments**

As required by SFAS No. 157, the Fund's financial instruments were classified as follows, based on fair values.

	Assets at Fair Value as of June 30, 2009			
	Level 1	Level 2	Level 3	Total
Cash Management Funds	\$ 309,854	\$ -	\$ -	\$ 309,854
U.S. Government Securities	1,023,794	-	-	1,023,794
Corporate Bonds	824,779	-	-	824,779
Equity Securities	10,998,558	-	-	10,998,558
Nonmarketable Equity Securities	-	403,777	-	403,777
<b>Total Assets at Fair Value</b>	<b>\$ 13,156,985</b>	<b>\$ 403,777</b>	<b>\$ -</b>	<b>\$ 13,560,762</b>

	Assets at Fair Value as of June 30, 2008			
	Level 1	Level 2	Level 3	Total
Cash Management Funds	\$ 833,314	\$ -	\$ -	\$ 833,314
U.S. Government Securities	2,884,178	-	-	2,884,178
Corporate Bonds	454,240	-	-	454,240
Equity Securities	11,783,645	-	-	11,783,645
Nonmarketable Equity Securities	-	300,000	-	300,000
<b>Total Assets at Fair Value</b>	<b>\$ 15,955,377</b>	<b>\$ 300,000</b>	<b>\$ -</b>	<b>\$ 16,255,377</b>

**SUSTAINABLE ENERGY FUND**  
**(A Not-for Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**4. Investments**

Investments are managed by professional investment managers. The investment managers are subject to the Fund's investment policies which contain objectives, guidelines and restrictions designed to complement the Fund's activities and mission. Investments at fair value at June 30, are comprised of the following:

	<u>2009</u>	<u>2008</u>
U.S. Government Obligations	\$ 1,023,794	\$ 2,884,178
Corporate Bonds	824,779	454,240
Equity Securities	10,998,558	11,783,645
Temporary Cash and Money Market	309,854	833,314
	<u>\$ 13,156,985</u>	<u>\$ 15,955,377</u>

Investment return is summarized as follows:

Interest and Dividend Income	\$ 403,635	\$ 424,456
Net Realized and Unrealized Gains (Losses) on Investments	<u>(3,610,752)</u>	<u>(2,426,056)</u>
	(3,207,117)	(2,001,600)
Less Investment Advisory and Custodian Fees	<u>(88,344)</u>	<u>(105,893)</u>
Total Investment Return	<u>\$ (3,295,461)</u>	<u>\$ (2,107,493)</u>

**5. Program Related Investments/Loans Receivable**

Program related investments consist of loans to and equity investments in entities to assist them in pursuing sustainable energy opportunities.

	<u>2009</u>	<u>2008</u>
<u>Loans</u>		
Powerweb Technologies, Inc. - New terms are being negotiated by outside Council.	211,500	223,000
Londonderry School - due in monthly installments of \$2,773 including interest at 3%, due in full May, 2011	382,752	404,195
Pine Hurst Acres - \$1,000 a month plus interest at 2%, due December, 2012	98,000	110,000
Diocese of Scranton - refinanced in June 2008 - due in monthly installments of \$3615, including interest of 2%, due June, 2013.	169,969	207,532
CEI - Wind Park Bear Creek, LLC Interest 4.5%, Principal payments subject to available cash, entire balance due December, 2013.	869,039	1,028,613

**SUSTAINABLE ENERGY FUND  
(A Not-for Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

---

**5. Program Related Investments/Loans Receivable (Continued)**

	<u>2009</u>	<u>2008</u>
Kountry Kraft Kitchens - due in monthly installments of \$2,760 including interest at 2%, due September, 2012.	192,025	220,995
Juniata County School District - due in monthly installments of \$5,792 including interest at 2%, due 2021.	702,056	756,258
Forest City School District - due in monthly installments of \$1,470 including interest at 2%, due May 2021.	188,026	201,752
Kauffman-Gamber - due in monthly installments of \$142, non interest bearing, due October, 2009.	566	2,267
Children's Wonderland Child Care Center - due in quarterly installments of \$500, non interest bearing, due April, 2010.	2,000	4,000
Plextronics, Inc. - converted \$100,000 from loan to equity. Loan balance due in monthly installments of \$20,144, including 7.25% interest, due January 2011.	360,568	567,927
Wanner Farms - due in monthly installments of \$3,676 including 6.5% interest, due January 2017.	263,574	289,632
Shazaam Realty - Paid in full May 2009	-	122,163
EMG International - Paid in Full January 2009	-	158,927
Sinewave - committed \$500,000; first draw \$100,000 Payments for first 6 months 10% interest only; thereafter monthly installments of principal and interest on balance.	138,958	100,000
Mount Joy Wire - committed \$162,333; first draw \$50,213. No payments due first 6 months; thereafter monthly installments of \$4,865 includes 5% interest, due January 2012.	147,158	50,213

**SUSTAINABLE ENERGY FUND  
(A Not-for Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**5. Program Related Investments/Loans Receivable (Continued)**

	<b>2009</b>	<b>2008</b>
Town of Bloomsburg - due in monthly installments of \$170 including interest at 5.5%, due Oct. 2011.	4,458	6,200
Borough of Hamburg - due in monthly installments of \$213 including interest at 5.5%, due Dec. 2011.	5,949	8,109
Muhlenberg Township - due in monthly installments of \$718 including interest at 5.5%, due Jan. 2012.	20,711	27,972
City of Pottsville - due in monthly installments of \$991 including interest at 5.5%, due Jan. 2012.	28,588	38,614
Minersville Borough - due in monthly installments of \$392 including interest at 6.5%, due Apr. 2012.	12,129	15,905
Shenandoah Borough - due in monthly installments of \$405 including interest at 6.5%, due Apr. 2012.	12,555	16,464
Borough of Mount Carmel - due in monthly installments of \$139 including interest at 6.5%, due May 2012.	4,418	5,750
Borough of Clarion - due in monthly installments of \$503 including interest at 6.5%, due August 2012.	17,246	21,995
George F. Kempf Supply Co. - due in monthly installments of \$3,357, includes 4.25% interest, due May 2013.	144,417	-
Jewish Home of Greater Harrisburg - Committed \$224,000 Month 7 begins principal, 4.25% interest, plus accrued but unpaid interest, payments. Due October 2014.	203,950	-
Campus Square Solar LLC - 11 months 6.25% interest only payments. Month 12 (June 2010) all principal and accrued but unpaid interest due & payable in full.	240,200	-
H & A Diner, Inc.- Due in monthly installments of \$385, includes 7% interest. Due December 2011.	10,578	-
Diversified Information Technologies, Inc. - Principal and 4.25% interest payments of \$1,588 begin month 7. Due December 2013.	68,500	-
	4,499,890	4,588,483
Less Loss Reserve	(373,216)	(300,186)
Total Loans	4,126,674	4,288,297
	\$ 4,126,674	\$ 4,288,297

**SUSTAINABLE ENERGY FUND**  
**(A Not-for Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**5. Program Related Investments/Loans Receivable (Continued)**

	<b>2009</b>	<b>2008</b>
<u>Nonmarketable Equity Securities</u>		
697,369 Shares Plextronics, Inc. Series B Preferred	\$ 403,777	\$ 300,000
Total Equity Investments	403,777	300,000
Total Program Related Investments	\$ 4,530,451	\$ 4,588,297

In June 2006, Community Energy, Inc. was sold and the Fund received \$1,070,694 for its equity securities. In addition, \$376,125 was placed in escrow subject to adjustments based on the terms of the Merger Agreement; on July 16, 2007 \$188,063 was received and the balance remained in escrow until the terms of the Agreement were resolved and consideration was issued or became issuable. On September 3, 2008, \$211,440 was received, which included interest totaling \$23,600.

**6. Office Equipment**

	<b>2009</b>	<b>2008</b>
Furniture	\$ 32,832	\$ 28,372
Computer and Phone Equipment	87,995	84,077
	120,827	112,449
Less: Accumulated Depreciation	(69,645)	(63,706)
	\$ 51,182	\$ 48,743

**7. Lease**

The Fund leases its office facilities. The lease was extended on a 2-year option that expires on September 14, 2010. The Organization also leases office equipment under a non-cancellable operating lease. Future minimum lease payments are:

Years ended June 30:	Office	Equipment
2010	\$ 36,950	\$ 5,400
2011	7,750	5,400

Total rents charged to expense under the leases were \$42,293 and \$40,753 for the years ended June 30, 2009 and 2008, respectively.

**SUSTAINABLE ENERGY FUND**  
**(A Not-for Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

---

**8. Retirement Plan**

The Fund has a defined contribution retirement plan (the Plan) covering all full time employees having attained 21 years of age with three months of service. The Fund makes contribution to the Plan each year equal to 3% of all participants' compensation. In addition the Fund elected to make a discretionary contribution of up to 1 1/2 % of salaries, for the year ended June 30, 2009. Total expense was \$17,634 and \$10,215 for the years ended June 30, 2009 and 2008, respectively.

**9. Line of Credit**

The Fund has a \$1,000,000 Line of Credit with a bank, which has an original expiration date of January 2010. A new \$3,000,000 Line of Credit was established, effective July 1, 2009, which terminated the \$1,000,000 Line of Credit, effective July 1, 2009. Interest on the borrowings is payable at LIBOR plus 1.35%. Total expense was \$-NONE- for the years ended June 30, 2009 and 2008.

**10. Comparative Information**

The financial statements include certain prior year summarized comparative information in total but not by a net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Fund's financial statements for the year ended June 30, 2008 from which the summarized information was derived.

**11. Subsequent Event**

Effective July 1, 2009, the Fund established with PNC Bank a \$3,000,000 Line of Credit, secured by investment accounts previously held by Delta Capital Management.

Subsequent events have been evaluated through October 27, 2009

## **APPENDIX C: BOARD OF DIRECTORS**

Chairman: Andrew Stein

Vice Chairman: Eric Epstein  
Member: Finance and HR Committees

Secretary & Treasurer: Alan A. Roman  
Chairman: Finance Committee  
Member: PRI Committee

Director: Gary Lamont  
Chairman: PRI Committee  
Member: HR and Finance Committees

Director: G. Scott Paterno  
Chairman: HR Committee

Director: Fr. John Ryan  
Member: PRI Committee

Director: Robert J. Davis  
Member: PRI and Finance Committees