SUSTAINABLE ENERGY FUND
(A Not-for Profit Corporation)

Financial Statements and Auditors' Report

June 30, 2011

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

SUSTAINABLE ENERGY FUND
(A Not-for Profit Corporation)
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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, 2011 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 2010 financial statements and in our report dated October 21, 2010, 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, 2011, and the changes in net assets and cash flows 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 26, 2011

SUSTAINABLE ENERGY FUND
(A Not-for Profit Corporation)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2011
With Comparative Totals for 2010

	June 30 2011	June 30 2010
ASSETS:		
Cash and Cash Equivalents	$ 1,218,601	$ 622,180
Accounts Receivable	54,287	(857)
Inventory	6,617	3,100
Investments (Note 4)	11,656,705	15,211,862
Program Related Investments (Note 5)	488,236	403,777
Program Related Loans Receivable, Net (Note 5)	7,722,764	5,880,869
Office Equipment, Net (Note 6)	64,757	44,932
Prepaid Expense and Deposits	4,006	20,421
Organizational Costs	5,913	3,131
Total Assets	$ 21,221,886	$ 22,189,415
LIABILITIES:		
Accounts Payable	$ 122,726	$ 51,839
Accrued Expense/Deferred Revenue	66,832	94,130
Accrued Salary/Benefits	98,927	72,536
Line of Credit	-	2,962,579
Total Liabilities	288,485	3,181,084
NET ASSETS:		
Unrestricted Net Assets	20,933,401	19,008,331
Total Liabilities and Net Assets	$ 21,221,886	$ 22,189,415

See notes to financial statements.

SUSTAINABLE ENERGY FUND
(A Not-for Profit Corporation)
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011
With Comparative Totals for 2010

	June 30 2011	June 30 2010
Revenues and Gains		
Grant Revenue	$ 191,557	$ 169,809
Interest Income - Operating and Money Market	1,391	4,084
Investment Return (Note 4):		
Interest and Dividend Income	356,377	350,033
Net Realized and Unrealized Gains (Losses)	2,253,895	1,980,724
Less Investment Advisory and Custodian Fees	(68,344)	(75,880)
Interest-Program Loans	431,246	195,589
Other Income-Program Loan	32,408	18,925
Realized Gain-Program Related Investment	49,708	-
Unrealized Gain-Program Related Investment	174,147	-
Education programs revenue	258,308	38,397
Other	604	1,319
Total Revenue and Gains	3,681,297	2,683,000
Expenses		
Program Services		
Grants Awarded	-	164,346
Loss Reserve	174,667	220,430
Operating Expenses	1,220,059	918,062
	1,394,726	1,302,838
Management and General	361,501	408,920
Total Expenses	1,756,227	1,711,758
Increase in Unrestricted Net Assets	1,925,070	971,242
Unrestricted Net Assets, Beginning	19,008,331	18,037,089
Unrestricted Net Assets, Ending	$ 20,933,401	$ 19,008,331

See notes to financial statements.

SUSTAINABLE ENERGY FUND
(A Not-for Profit Corporation)
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2011
With Comparative Totals for 2010

	Program Services	Management & General	Total 2011	Total 2010
Grants Awarded	$ -	$ -	$ -	$ 164,346
Program Related Investments Loss Reserve	174,667	-	174,667	220,430
Operating Expenses:				
Salaries and Wages	374,360	184,706	559,066	539,936
Fringe Benefits	41,283	20,369	61,652	76,189
Payroll Taxes/Fees	40,675	20,069	60,744	56,480
Contract Managers	-	-	-	1,188
Training	9,570	4,722	14,292	13,240
Recruiting	2,421	807	3,228	3,121
Subtotal Staff	468,309	230,673	698,982	690,154
Rent	22,614	11,158	33,772	38,601
Insurance	885	437	1,322	1,273
Office Move	-		-	3,875
Depreciation	10,175	5,390	15,564	14,619
Subtotal Occupancy	33,674	16,985	50,658	58,368
Board Stipends	5,925	8,475	14,400	23,300
Board Expense	2,236	4,118	6,354	8,956
Director Recruitment	-	6,988	6,988	2,475
Dues and Publications	2,743	1,353	4,096	2,243
Marketing	101,167	2,125	103,292	86,446
Office Supplies	15,354	7,635	22,989	15,423
Residential Program	-	-	-	27,775
Audit	-	14,900	14,900	14,300
Legal	98,072	28,490	126,562	163,622
Due Diligence	764	-	764	911
Organization Design	-	4,125	4,125	8,085
Financial System Support	356	2,018	2,374	4,304
Contractual Services	193,157	-	193,157	22,148
Printing and Postage	5,811	3,432	9,243	3,369
Telephone	5,965	3,041	9,006	6,803
Travel	26,200	12,381	38,581	29,836
MIS Support/Web Hosting	18,036	6,012	24,048	14,008
Insurance	499	4,487	4,986	4,589
Amortization of Organ. Costs	-	3,789	3,789	3,132
Education programs	210,885	-	210,885	120,382
Interest expense	29,945	-	29,945	11,470
Miscellaneous	961	474	1,435	4,883
Subtotal Other	718,077	113,843	831,920	578,460
Total Expenses	1,220,059	361,501	1,581,560	1,326,982
Totals	$ 1,394,726	$ 361,501	$ 1,756,227	$ 1,711,758

See notes to financial statements.

SUSTAINABLE ENERGY FUND
(A Not-for Profit Corporation)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2011
With Comparative Totals for 2010

	Years Ended June 30, 2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in Net Assets	$ 1,925,070	$ 971,242
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	15,564	14,619
Amortization	3,789	6,263
Loss Reserve	174,667	220,430
Net Realized and Unrealized (Gains) Losses on Investments	(2,428,042)	(1,980,723)
Realized Gain-Program Related Investment	(49,708)	-
Changes in Assets and Liabilities		
Decrease (Increase) in Accounts and Grants Receivables	(55,144)	126,249
Decrease (Increase) in Interest Receivables	-	6,384
Decrease (Increase) in Prepaid Expense and Deposits	16,415	4,722
Decrease (Increase) in Inventory	(3,517)	600
Increase (Decrease) in Accounts Payable	43,589	(208,083)
Increase (Decrease) in Accrued Salary/Benefits	26,391	4,649
Net Cash Provided (Used) by Operating Activities	(330,926)	(833,648)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Equipment and Furniture	(35,389)	(8,635)
Loss on Early Disposition of Assets	-	266
Organizational Costs	(6,570)	-
Net (Purchase)Sale of Investments	5,809,055	(74,153)
Increase in Program Related Investments	(7,294,825)	(3,301,242)
Return of Program Related Investments	5,278,259	1,326,617
Proceeds-Sale Program Related Investments	139,396	-
Net Cash (Used) Provided in Investing Activities	3,889,926	(2,057,147)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase (Decrease) Line of Credit	(2,962,579)	2,962,579
Increase in Cash and Cash Equivalents	596,421	71,784
Cash and Cash Equivalents, Beginning of Year	622,180	550,396
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,218,601	$ 622,180

See notes to financial statements.

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. Green Connexions, Inc. owns a 100% interest in Sustainable Energy Systems, LLC.

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, 2011 and 2010, 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.

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.

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.

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 authorative 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

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, 2011			
	Level 1	Level 2	Level 3	Total
Cash Management Funds	$ 73,819	$ -	$ -	$ 73,819
U.S. Government Securities	3,133,099	-	-	3,133,099
Corporate Bonds	3,763,288	-	-	3,763,288
Equity Securities	4,686,499	-	-	4,686,499
Nonmarketable Equity Securities	-	488,236	-	488,236
Total Assets at Fair Value	$ 11,656,705	$ 488,236	$ -	$ 12,144,941

	Assets at Fair Value as of June 30, 2010			
	Level 1	Level 2	Level 3	Total
Cash Management Funds	$ 344,691	$ -	$ -	$ 344,691
U.S. Government Securities	3,095,428	-	-	3,095,428
Corporate Bonds	1,166,951	-	-	1,166,951
Equity Securities	10,604,792	-	-	10,604,792
Nonmarketable Equity Securities	-	403,777	-	403,777
Total Assets at Fair Value	$ 15,211,862	$ 403,777	$ -	$ 15,615,639

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:

	2011	2010
U.S. Government Obligations	3,133,099	$ 3,095,428
Corporate Bonds	3,763,288	1,166,951
Equity Securities	4,686,499	10,604,792
Temporary Cash and Money Market	73,819	344,691
	$ 11,656,705	$ 15,211,861
Investment return is summarized as follows:		
Interest and Dividend Income	356,377	$ 350,033
Net Realized and Unrealized Gains (Losses) on Investments	2,477,750	1,980,723
	2,834,126	2,330,757
Less Investment Advisory and Custodian Fees	(68,344)	(75,880)
Total Investment Return	$ 2,765,782	$ 2,254,877

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.

	2011	2010
Loans		
Londonderry School - refinanced in April 2011 - due in monthly installements of $2,525, including interest of 6.25%, based on a 20 yr amortization schedule, balloon pmt due May 2016	339,072	360,657
Pine Hurst Acres - $1,000 a month plus interest at 2%, due December, 2012	74,000	86,000
Diocese of Scranton - refinanced in June 2008 - due in monthly installments of $3615, including interest of 2%, due June, 2013.	88,451	129,617
CEI - Wind Park Bear Creek, LLC Interest 4.5%, Principal payments subject to available cash, entire balance due December, 2013.	221,502	580,630

5. Program Related Investments/Loans Receivable (Continued)

Kountry Kraft Kitchens - due in monthly installments of $2,760 including interest at 2%, due September, 2012.	132,320	162,471
Juniata County School District - due in monthly installments of $5,792 including interest at 2%, due 2021.	590,347	646,759
Forest City School District - due in monthly installments of $1,470 including interest at 2%, due May 2021.	160,936	174,022
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.	-	137,665
Wanner Farms - due in monthly installments of $3,676 including 6.5% interest, due January 2017.	208,653	235,772
Sinewave - Payments for first 6 months 10% interest only; thereaftermonthly installments of principal and interest on balance.	-	122,529
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.	31,872	90,953
Town of Bloomsburg - due in monthly installments of $170 including interest at 5.5%, due Oct. 2011.	672	2,617
Borough of Hamburg - due in monthly installments of $213 including interest at 5.5%, due Dec. 2011.	1,256	3,667
Muhlenberg Township - due in monthly installments of $718 including interest at 5.5%, due Jan. 2012.	4,937	13,040
City of Pottsville - due in monthly installments of $991 including interest at 5.5%, due Jan. 2012.	6,814	17,999
Minersville Borough - due in monthly installments of $392 including interest at 6.5%, due Apr. 2012.	3,801	8,100
Shenandoah Borough - due in monthly installments of $405 including interest at 6.5%, due Apr. 2012.	3,935	8,385
Borough of Mount Carmel - due in monthly installments of $139 including interest at 6.5%, due May 2012.	1,480	2,997
Borough of Clarion - due in monthly installments of $503 including interest at 6.5%, due August 2012.	6,770	12,178

5. Program Related Investments/Loans Receivable (Continued)

George F. Kempf Supply Co. - due in monthly installments of $3,357, includes 4.25% interest, due May 2013.	73,337	109,631
Jewish Home of Greater Harrisburg - Committed $224,000 Month 7 begins principal, 4.25% interest, plus accrued but unpaid interest, payments. Due October 2014.	153,928	192,747
H & A Diner, Inc.- Due in monthly installments of $385, includes 7% interest. Due December 2011.	2,265	6,566
Diversified Information Technologies, Inc. - Principal and 4.25% interest payments of $1,588 begin month 7. Due December 2013.	45,118	61,868
Reading Electric - Monthly P&I payments of $437.89, includies 7.25% interest. Due Sept. 2012.	6,253	10,864
Companion Animal Hospital - Interest only payments of 6.25% for 9 months; monthly P&I to be determined after receipt of incentive rebates. Due Dec. 2015.	-	43,000
Callen-Kinback, Inc. - Interest only payments of 7.25% for 6 months. 5 yr. P&I payments based on 10 yr. amortization schedule; balloon July 2015.	-	179,960
Louis Tannen Fine Carpentry - 6 months 6.25% interest only payments. Monthly P&I to be determined after receipt of incentive rebates. Due Aug. 2015.	23,060	55,174
Spiral Path Farms - 9 months 6.25% interest only payments. Balloon payment due January 2011.	-	726,880
Lacey Electric - 6 months 6.25% interest only payments. Monthly P&I to be determined after receipt of incentive rebates. Due Sept. 2015.	57,575	225,000
Garrod Hydraulics - 9 months 6.75% interest only payments. Monthly P&I to be determined after receipt of incentive rebates. Due Jan. 2016.	378,239	868,000
217 Realty, LLC - Monthly P&I payments of $2,191.32 includes 6% interest. Due June 2014.	96,731	204,477
Community Energy Inc. - 6 months 6.25% interest only payments. 36 P&I payments of $14,586.95; balloon due Nov. 2013.	671,963	601,914
All American Recycling Corp. - 1 yr. monthly P&I payments of $3,752.05 includes 4% interest. Due May 2011.	-	44,064
Phalanx Associates - 6 months 8.00% interest only payments. 19 quarterly P&I payments of $21,157.00; balloon due Jan. 2016.	297,500	-

5. Program Related Investments/Loans Receivable (Continued)

Alliance Hall - 6 months interest only payments. 60 P&I payments of $1,213.30, due Oct. 2016. Actual interest rate of 4.428%, implicit rate of 1.5% for first $25,000 and 6.25% for remaining balance due to an interest rate buy down program with the City of Allentown.	65,195	-
Elizabethtown Public Library - 6 months 6.25% interest only payments. 60 P&I payments of $4,376.08, due Oct. 2017	149,609	-
Thomas Jefferson - Monthly P&I payments of $11389.38 includes 5% interest. Due July. 2018	813,818	-
HACAG, LLC - 6 months 6.25% interest only payments. 60 P&I payments of $6,370.95, due Dec. 2016	223,387	-
Dinich, Michael - Monthly P&I payments of $3,306.37 includes 6.25% interest. Due Dec. 2016	155,284	-
Phantom Entertainment - 6 months 6.25% interest only payments. 60 P&I payments of $1,092.77. Due Dec 2016	97,470	-
Dominic Episcopo LTD - 6 months 6.25% interest only payments. 60 P&I payments of $2,559.52. Due Dec. 2016	131,600	-
AFC First Financial Corp. - 12 month interest only loan at 6.50%, principal due in full June 2012	750,000	-
Fegley Real Estate LLC - 6 months interest only payments. 60 P&I payments of $2,926.67 with a Balloon due Sept. 2015. Actual rate of 6.25%, implicit rate of 1.5% on first $25,000 and 6.75% on remaining balance due to an interest buy down program with the City of Allentown.	247,846	-
Sunburst Property Mgmt., Inc. - monthly P&I payments of $2,034.07, due July 2015. Actual interest rate of 5.121%, implicit rate of 1.5% for first $25,000 and 6.25% for remaining balance due to an interest rate buy down program with the City of Allentown.	89,766	-
AquaPhoenix Scientific Inc. - 6 months 6.25% interest only payments. 60 P&I payments of $12,805.39 due April, 2016.	874,189	-
Meck Energy Partners - 9 months interest only at 6.25%, principal due in full Sept. 2011	653,616	-
Farm and Garden Station LLC - 6 months 7.25% interest only payments. 60 P&I payments of $1,105.48. Balloon due Dec. 2016	55,498	
Kautz Construction, Inc. - 6 months 6.65% interest only payments. Monthly P&I payments of $2,897.26; balloon due Jan. 2016.	166,859	136,814
	8,156,926	6,263,015
Less Loss Reserve	(434,162)	(382,146)
Total Loans	7,722,764	5,880,869

5. Program Related Investments/Loans Receivable (Continued)

	2011	2010
Nonmarketable Equity Securities		
Number of Shares	542,484	697,369
Value of Plextronics Shares Series B Preferred	$ 488,236	$ 403,777
Total Equity Investments	488,236	403,777
Total Program Related Investments	$ 488,236	$ 403,777

6. Office Equipment

	2011	2010
Furniture	$ 29,268	$ 32,357
Computer and Phone Equipment	102,225	96,630
	131,493	128,987
Less: Accumulated Depreciation	(66,736)	(84,055)
	$ 64,757	$ 44,932

7. Lease

The Fund leases its office facilities. The lease was extended on a 2-year option that expires on September 14, 2011. The Organization also leases office equipment under a non-cancellable operating lease. Future minimum lease payments are:

Years ended June 30:	Office	Equipment
2011	31,320	5,400
2012	39,335	6,333

Total rents charged to expense under the leases were $39,172 and $44,001 for the years ended June 30, 2011 and 2010, respectively.

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, 2011. Total expense was $18,515 and $20,139 for the years ended June 30, 2011 and 2010, respectively.

9. Line of Credit

A $3,000,000 Line of Credit was established effective July 1, 2010 to replace the previous $1,000,000 Line. Interest on the borrowings was payable at LIBOR plus 1.35%. Total expense was $29.945 and $11,470 for the years ended June 30, 2011 and 2010, respectively. Balance on the line of credit at June 30, 2011 was NONE and the Fund did not renew the Line of Credit after it expired on June 30, 2011.

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, 2010 from which the summarized information was derived.

11. Subsequent Event

Subsequent events have been evaluated through October 26, 2011, the date on which the financial statements were available to be issued.