Financial Statements and Report of Independent Certified Public Accountants

Sustainable Jobs Development Corporation
(dba SJF Institute)

December 31, 2010 and 2009

Table of contents

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Report of Independent Certified Public Accountants

To the Board of Directors of
Sustainable Jobs Development Corporation:

We have audited the accompanying statements of financial position of **Sustainable Jobs Development Corporation** (dba SJF Institute) (the Company), a North Carolina corporation, as of December 31, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sustainable Jobs Development Corporation as of December 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

GRANT THORNTON LLP

Raleigh, North Carolina
January 21, 2011

Statements of financial position

December 31	2010	2009
	$	$
Assets		
Cash and cash equivalents	130,868	373,460
Accounts receivable, net	876	68,147
Prepaid expenses	-	10,000
Restricted cash (Note 1)	200,000	300,000
Total current assets	331,744	751,607
Furniture and equipment, net	4,212	3,003
Total assets	335,956	754,610
Liabilities and Net Assets		
Accounts payable, related party	1,515	61,013
Accounts payable	585	6,572
Deferred revenue	-	1,500
Escrow account (Note 1)	200,000	300,000
Total current liabilities	202,100	369,085
Net assets:		
Unrestricted	133,856	228,025
Temporarily restricted	-	157,500
Total net assets	133,856	385,525
Total liabilities and net assets	335,956	754,610

The accompanying notes are an integral part of these financial statements.

Statements of activities

For the years ended December 31	2010	2009
	$	$
Change in unrestricted net assets:		
Net assets released from restrictions – Satisfaction of program restrictions	264,000	176,808
General contributions	125,772	126,800
Event income	85,542	78,127
Interest income	5,104	9,370
Total support	480,418	391,105
Expenses:		
Management and general	81,225	91,535
Program services	475,706	339,951
Fundraising	17,656	22,472
Total expenses	574,587	453,958
Decrease in unrestricted net assets	(94,169)	(62,853)
Change in temporarily restricted net assets:		
Contributions	106,500	234,308
Satisfaction of program restrictions	(264,000)	(176,808)
(Decrease) increase in temporarily restricted net assets	(157,500)	57,500
Change in net assets	(251,669)	(5,353)
Net assets at beginning of year	385,525	390,878
Net assets at end of year	133,856	385,525

The accompanying notes are an integral part of these financial statements.

Statements of cash flows

For the years ended December 31	2010	2009
	$	$
Cash flows from operating activities:		
Change in net assets	(251,669)	(5,353)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	1,464	1,492
Loss on asset disposal	-	353
Provision for doubtful accounts	35	1,585
Changes in operating assets and liabilities:		
Accounts receivable	67,236	(55,608)
Prepaid and other assets	10,000	(8,578)
Restricted cash	100,000	200,000
Deferred revenue	(1,500)	1,500
Accounts payable	(65,485)	(11,945)
Escrow account	(100,000)	(200,000)
Net cash used in operating activities	(239,919)	(76,554)
Cash flows from investing activities – Purchases of furniture and equipment	(2,673)	(2,663)
Decrease in cash and cash equivalents	(242,592)	(79,217)
Cash and cash equivalents, beginning of year	373,460	452,677
Cash and cash equivalents, end of year	130,868	373,460

The accompanying notes are an integral part of these financial statements.

Notes to financial statements

1 Organization and Significant Accounting Policies

Organization

The Sustainable Jobs Development Corporation, dba SJF Institute (the Corporation), was organized on July 25, 2001, as a nonprofit corporation. Prior to September 2010, the Corporation did business using the trade name SJF Advisory Services. The Corporation's primary purpose is to provide assistance and to increase access to capital for entrepreneurial businesses in order to expand their positive community economic development and environmental outcomes.

Method of Accounting

The accounts of the Corporation are maintained on the accrual basis of accounting and in accordance with the provisions of the American Institute of Certified Public Accountants (AICPA), "Audit and Accounting Guide for Not-for-Profit-Organizations."

Basis of Presentation

In preparing the financial statements, the Corporation classifies net assets and revenues, gains, expenses and losses based on the existence or absence of donor-imposed restrictions. Unrestricted net assets include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation. Temporarily restricted net assets are those net assets whose use by the Corporation has been limited by donors (a) to later periods of time or after specified dates or (b) to specified purposes. The Corporation does not currently have any permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates that affect the reported amounts of assets and liabilities and revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and marketable securities with original maturities of three months or less.

Restricted Cash

Restricted cash consists of escrow accounts of the F.B. Heron Foundation (Heron Foundation) and the Mary Reynolds Babcock Foundation (Babcock Foundation). In 2004, the Heron Foundation committed to a $500,000 program-related investment in SJF Ventures II, L.P. (the Fund), a community development venture capital fund. The Heron Foundation placed its total investment in an escrow account with the Corporation, and the two parties signed an escrow agreement that designated the Corporation as the recipient of the interest earnings on this capital. The use of the interest earnings is not restricted. The escrow agreement requires that the balance of the capital commitment be kept in a restricted cash account, and that the Corporation transfer the committed capital to the Fund in increments on behalf of the Foundation as the Fund makes capital calls. The Fund called another 10% of the original capital in 2010 and 20% in 2009. The balance of restricted cash held in this account at December 31, 2010 and 2009, is $100,000 and $150,000, respectively.

In 2005, the Babcock Foundation committed to a $500,000 program-related investment in the Fund. The Babcock Foundation placed $250,000 of its total investment in an escrow account with the Corporation, with the remainder due by December 31, 2007, and the two parties signed an escrow agreement that designated the Corporation as the recipient of the interest earnings on the capital. The interest earned on the capital is not restricted. The escrow agreement requires that the balance of the capital commitment be kept in a restricted cash account and that the Corporation transfer the committed capital to the Fund on behalf of the Foundation as the Fund makes capital calls. The Fund called another 10% of the original capital in 2010 and 20% in 2009. The balance held in this restricted cash account at December 31, 2010 and 2009, is $100,000 and $150,000, respectively.

Concentration of Credit Risk

The Corporation maintains cash in depository institutions federally insured up to $250,000 per account holder. At times, the balance in individual accounts may exceed the insured amount.

Contributions

Unconditional promises to give are recognized as contributions in the period in which the unconditional promise is made. At December 31, 2010 and 2009, the amount receivable for unconditional promises to give was $0 and $37,500, respectively. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts that are restricted for future periods or for specific purposes are reported as temporarily restricted net assets until the donor restrictions expire. At December 31, 2010 and 2009, $0 and $157,500, respectively, were included in temporarily restricted net assets.

Conditional promises to give are not included as contributions until the conditions on which they depend are substantially met. Conditional promises received, but not recorded due to conditions imposed by the Babcock Foundation, were $37,500 and $112,500 at December 31, 2010 and 2009, respectively.

Accounts Receivables

Accounts receivables consist primarily of amounts owed to the Company for services provided. Total gross accounts receivables were $2,496 and $69,732 as of December 31, 2010 and 2009, respectively. The amount receivable for unconditional promises to give was $0 and $37,500, and other receivables were $0 and $32,232 as of December 31, 2010 and 2009, respectively. The Company provides an allowance for doubtful accounts equal to the estimated loss that will be incurred in collection of all accounts receivables. Estimated loss is based on historical collection experience, as well as a review by management for the current status of all accounts receivables. The allowance for uncollectible accounts was approximately $1,620 and $1,585 as of December 31, 2010 and 2009, respectively.

Furniture and Equipment

Furniture and equipment are stated at cost less accumulated depreciation. Depreciation on these assets is calculated using the straight-line method over their estimated useful lives. Useful lives are seven years for furniture and three years for equipment. Upon retirement or other disposition of the assets, the cost and the related accumulated depreciation are removed from the accounts and any gains or losses are included in or charged to income. Depreciation expense was $1,464 and $1,492 for the years ended December 31, 2010 and 2009, respectively.

Fair Value of Financial Instruments

The carrying value of cash and cash equivalents, accounts receivable and accounts payable at December 31, 2010, approximated their fair values due to the short-term nature of these items.

Functional Allocation of Expenses

The costs of providing the various programs and activities of the Corporation have been summarized on a functional basis in the accompanying statements of activities and have been allocated among the programs and activities benefited.

Operating expenses are allocated to specific functions based on management estimates of time and resources devoted to those functions. The following functional expense classifications are included in these statements:

Management and General: Includes costs associated with the overall direction of the Corporation. These expenses are not directly identifiable to a particular program or event or with fundraising, but are crucial to the continuance of those areas and are essential to the Corporation as a whole. The business functions included in this area are corporation oversight, business management, financing, administrative activities, and all management and administration except for direct conduct of program services or fund-raising activities.

Program Services Expense: Includes costs associated with programs and outreach for the Corporation. The activities included in this area are those that result in goods and services being distributed to beneficiaries or consumed in activities that fulfill the purposes or mission for which the Corporation exists.

Fundraising Activities: Includes costs associated with soliciting contributions from foundations, corporations, governments and others.

2 Furniture and Equipment

Furniture and equipment at December 31, 2010 and 2009, are as follows:

	2010	2009
	$	$
Furniture	2,797	2,797
Equipment	8,378	5,705
Less – Accumulated depreciation	(6,963)	(5,499)
	4,212	3,003

3 Related-party Transactions

The Corporation is affiliated with the Sustainable Jobs Corporation (SJC), a certified Community Development Financial Institution with a mission to provide community development through financing and assisting companies that create and retain jobs for low-wealth citizens and communities.

SJC supported the creation of the Corporation and has a contractual agreement to provide community development and entrepreneurial assistance services to entrepreneurs. According to the current agreement, SJC will provide entrepreneurial assistance; match companies with job placement and training, welfare-to-work and economic development programs; and provide assistance with asset-building and benefit programs such as stock option plans, individual development programs and financial literacy training for employees. Addendums to this agreement establish specific contracts for additional projects. The agreement provides that the Corporation will offer SJC the opportunity to provide these services and that SJC will provide these services when SJC staff has the requisite skills and experience. Project work plans establish annual project goals, budgets and payment schedules. This agreement automatically renews each January and modifications may be made with mutual consent of the parties. The Corporation's Board of Directors approves SJC's hourly rates for work plan budgets each year. The Corporation incurred $338,250 and $305,935 of expense to SJC under this agreement for the years ended December 31, 2010 and 2009, respectively. As of December 31, 2010 and 2009, $1,515 and $61,013, respectively, were payable to SJC.

4 Federal Income Taxes

The Corporation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in the accompanying financial statements.

5 Change in Temporarily Restricted Net Assets

In 2010, the Corporation received $105,000 in temporarily restricted contributions and released $262,500 of temporarily restricted net assets as they were spent in accordance with grant project or timing requirements. At year-end, the Corporation had $0 in temporarily restricted net assets. A summary of 2010 activity in the temporarily restricted net asset account is as follows:

	Balance December 31, 2009	Contributions	Restrictions Met	Balance December 31, 2010
	$	$	$	$
Cleantech Mentorship Program	52,500	-	(52,500)	-
Marketing and Communications Plan	30,000	1,500	(31,500)	-
ICCC - Getting Ready for Equity™ Workshop	-	30,000	(30,000)	-
Green Jobs Award	75,000	75,000	(150,000)	-
	157,500	106,500	(264,000)	-

In 2009, the Corporation received $234,308 in temporarily restricted contributions and released $176,808 of temporarily restricted net assets as they were spent in accordance with grant project or timing requirements. At year-end, the Corporation had $157,500 in temporarily restricted net assets. A summary of 2009 activity in the temporarily restricted net asset account is as follows:

	Balance December 31, 2008	Contributions	Restrictions Met	Balance December 31, 2009
	$	$	$	$
Cleantech Innovators Initiative	100,000	-	(100,000)	-
Cleantech Mentorship Program	-	75,000	(22,500)	52,500
Getting Ready for Equity™ Workshops in Appalachia	-	14,308	(14,308)	-
Inner City Capital Connections Training Events	-	30,000	(30,000)	-
Marketing and Communications Plan	-	30,000	-	30,000
Technical Assistance in Rural Areas	-	10,000	(10,000)	-
Green Jobs Award	-	75,000	-	75,000
	100,000	234,308	(176,808)	157,500

6 Subsequent Events

The Company has evaluated subsequent events through January 21, 2011, which represents the date the financial statements were available to be issued.