EnergyTrust of Oregon, Inc.

Financial Statements
For the Years Ended December 31, 2009 and 2008
With Independent Auditors' Report

DRAFT

PERKINS & CO

ENERGY TRUST OF OREGON, INC.
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS:	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4-5
Statements of Cash Flows	6
Notes to Financial Statements	7-13

DRAFT

PERKINS & CO

+ 1211 SW Fifth Avenue, Suite 1000
+ Portland, Oregon 97204-3710
+ Telephone: 503.221.0336
+ Fax: 503.294.4378
+ www.perkinsaccounting.com

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Energy Trust of Oregon, Inc.

We have audited the accompanying statements of financial position of Energy Trust of Oregon, Inc. ("the Organization") as of December 31, 2009 and 2008, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization'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. Those standards require that we plan and perform the audits 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 Organization'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 Energy Trust of Oregon, Inc. as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

DRAFT

DATE

ENERGY TRUST OF OREGON, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2009 AND 2008

ASSETS	2009	2008
Cash and cash equivalents	$ 63,059,795	$ 51,901,589
Investments	-	9,827,698
Other receivables	104,466	316,484
Accrued interest receivable	2,471	7,926
Advances paid to contractor	39,065	784,287
Prepaid expenses	182,941	193,832
Property and equipment	270,796	158,436
Other assets	170,450	94,954
Restricted cash and cash equivalents	5,533,971	10,128,529
Restricted investments	-	1,049,537
	$ 69,363,955	$ 74,463,272
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	$ 10,092,364	$ 10,173,620
Accrued payroll and related expenses	537,918	409,239
Deferred rent liability	104,910	142,828
Total liabilities	10,735,192	10,725,687
COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Unrestricted:		
Board-designated for specific purposes	5,533,971	11,178,066
Available for programs and general operations	53,094,792	52,559,519
Total net assets	58,628,763	63,737,585
	$ 69,363,955	$ 74,463,272

DRAFT

See notes to financial statements.

ENERGY TRUST OF OREGON, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
UNRESTRICTED NET ASSETS		
FUNDING:		
Public purpose funding	$ 69,486,368	$ 65,433,014
Incremental funding	21,810,741	12,137,218
Interest income	588,192	1,766,864
Other income	6,264	292,714
Total funding	91,891,565	79,629,810
EXPENSES:		
Program expenses:		
Energy efficiency	80,196,357	62,680,486
Renewable resources	13,135,516	10,176,465
Total program expenses	93,331,873	72,856,951
Administrative expenses:		
Management and general	2,172,385	1,800,193
Communication and outreach - general	1,496,129	854,318
Total administrative expenses	3,668,514	2,654,511
Total expenses	97,000,387	75,511,462
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	(5,108,822)	4,118,348
NET ASSETS AT BEGINNING OF YEAR	63,737,585	59,619,237
NET ASSETS AT END OF YEAR	$ 58,628,763	$ 63,737,585

DRAFT

See notes to financial statements.

ENERGY TRUST OF OREGON, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2009

	Energy Efficiency	Renewable Resources	Total Program Expenses	Management and General	Communication and Outreach - General	Total Administrative Expenses	Total Expenses
EXPENSES:							
Incentives and program management	$ 71,929,612	$ 10,792,517	$ 82,722,129	$ -	$ -	$ -	$ 82,722,129
Payroll and related expenses	1,393,155	835,428	2,228,583	1,320,977	443,865	1,764,842	3,993,425
Outsourced services	3,338,919	777,970	4,116,889	359,623	832,951	1,192,574	5,309,463
Planning and evaluation	1,146,655	258,546	1,405,201	18,408	1,698	20,106	1,425,307
Customer service management	792,166	103,831	895,997	-	-	-	895,997
Supplies	14,781	7,144	21,925	13,330	5,866	19,196	41,121
Postage and shipping	2,915	1,626	4,541	5,206	8,482	13,688	18,229
Telephone	4,626	3,330	7,956	5,046	985	6,031	13,987
Printing and publications	55,366	18,719	74,085	5,868	28,775	34,643	108,728
Occupancy expenses	80,760	48,875	129,635	68,923	29,180	98,103	227,738
Insurance	20,346	12,314	32,660	17,364	7,351	24,715	57,375
Equipment	7,677	5,046	12,723	6,552	4,185	10,737	23,460
Travel	23,494	23,857	47,351	17,885	2,277	20,162	67,513
Meetings, trainings and conferences	25,464	9,941	35,405	60,630	2,261	62,891	98,296
Depreciation and amortization	3,030	17,471	20,501	2,586	1,095	3,681	24,182
Dues, licenses and fees	46,850	1,140	47,990	8,346	3,638	11,984	59,974
Miscellaneous expenses	1,678	1,661	3,339	120	296	416	3,755
IT services	1,308,863	216,100	1,524,963	261,521	123,224	384,745	1,909,708
Total expenses	$ 80,196,357	$ 13,135,516	$ 93,331,873	$ 2,172,385	$ 1,496,129	$ 3,668,514	$ 97,000,387

DRAFT

See notes to financial statements.

ENERGY TRUST OF OREGON, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2008

	Energy Efficiency	Renewable Resources	Total Program Expenses	Management and General	Communication and Outreach - General	Total Administrative Expenses	Total Expenses
EXPENSES:							
Incentives and program management	$ 56,095,886	$ 7,771,680	$ 63,867,566	$ -	$ -	$ -	$ 63,867,566
Payroll and related expenses	1,226,780	835,912	2,062,692	1,160,584	346,143	1,506,727	3,569,419
Outsourced services	2,651,061	1,004,880	3,655,941	288,858	333,474	622,332	4,278,273
Planning and evaluation	966,140	217,843	1,183,983	15,510	1,431	16,941	1,200,924
Customer service management	551,159	60,438	611,597	-	-	-	611,597
Supplies	8,427	5,913	14,340	8,348	3,599	11,947	26,287
Postage and shipping	6,413	1,993	8,406	4,520	3,873	8,393	16,799
Telephone	6,621	4,434	11,055	5,095	855	5,950	17,005
Printing and publications	89,401	15,445	104,846	3,114	35,816	38,930	143,776
Occupancy expenses	48,801	34,939	83,740	42,347	15,001	57,348	141,088
Insurance	14,586	10,443	25,029	12,657	4,484	17,141	42,170
Equipment	6,098	18,530	24,628	5,187	1,858	7,045	31,673
Travel	44,438	24,938	69,376	22,172	8,723	30,895	100,271
Meetings, trainings and conferences	33,694	9,049	42,743	43,000	9,197	52,197	94,940
Depreciation and amortization	2,671	10,373	13,044	2,317	821	3,138	16,182
Dues, licenses and fees	28,189	1,187	29,376	6,979	4,474	11,453	40,829
Miscellaneous expenses	2,133	222	2,355	83	28	111	2,466
IT services	897,988	148,246	1,046,234	179,422	84,541	263,963	1,310,197
Total expenses	$ 62,680,486	$ 10,176,465	$ 72,856,951	$ 1,800,193	$ 854,318	$ 2,654,511	$ 75,511,462

DRAFT

See notes to financial statements.

ENERGY TRUST OF OREGON, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received in public purpose funding	$ 69,486,368	$ 65,433,014
Cash received in incremental funding	21,810,741	12,137,218
Cash received from other sources	225,799	-
Interest received	593,647	1,778,040
Cash paid to contractors, suppliers, and employees	(96,218,020)	(71,424,982)
Net cash provided by (used in) operating activities	(4,101,465)	7,923,290
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of investments	(1,561,276)	(20,429,151)
Proceeds from sale of investments	11,388,974	23,238,429
Acquisition of property and equipment	(212,122)	(107,570)
Decrease (increase) in restricted cash and cash equivalents	4,594,558	(1,624,475)
Acquisition of restricted investments	-	(1,608,245)
Proceeds from sale of restricted investments	1,049,537	4,151,303
Net cash provided by investing activities	15,259,671	3,620,291
NET INCREASE IN CASH AND CASH EQUIVALENTS	11,158,206	11,543,581
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	51,901,589	40,358,008
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 63,059,795	$ 51,901,589
RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Increase (decrease) in net assets	$ (5,108,822)	$ 4,118,348
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	99,762	84,195
Net changes in:		
Other receivables	212,018	(273,378)
Accrued interest receivable	5,455	11,176
Advances paid to contractor	745,222	138,687
Prepaid expenses	10,891	(116,465)
Other assets	(75,496)	(19,270)
Accounts payable and accrued expenses	(81,256)	3,924,792
Accrued payroll and related expenses	128,679	83,807
Deferred rent liability	(37,918)	(28,602)
	1,007,357	3,804,942
Net cash provided by (used in) operating activities	$ (4,101,465)	$ 7,923,290

See notes to financial statements.

DRAFT

NOTE 1 - ORGANIZATION

Energy Trust of Oregon, Inc. ("Energy Trust"), a nonprofit 501(c)(3) organization ("the Organization"), began collecting public purpose revenues in March 2002. By the terms of its grant agreement with the Oregon Public Utility Commission (OPUC), it is charged with investing in cost-effective energy efficiency, funding above-market costs of renewable energy resources, and encouraging energy efficiency market transformation efforts in Oregon.

Energy Trust funds come from a 1999 energy restructuring law, which required Oregon's two largest investor-owned utilities to collect a three percent "public purposes" charge from their customers. A portion of that charge is transferred to Energy Trust, and the remainder is dedicated to energy conservation efforts in low-income housing and K-12 schools, as well as low-income housing improvements. The original sunset date for collection of the public purpose charge was 2012. In 2007, the legislature extended the sunset date to 2026.

The law authorized the OPUC to direct a majority of these public purpose funds to a non-governmental entity for investment. Energy Trust was created for this sole purpose. In November 2001, Energy Trust entered into a grant agreement with the OPUC to guide Energy Trust's electric energy work. The grant agreement was developed with extensive input from key stakeholders and interested parties, and has been amended several times since 2001. The agreement is reviewed annually by the OPUC and is effective through March 1, 2011.

In 2007, the Oregon Senate passed Bill 838 ("OSB 838"), which allowed electric utilities to request an increase in rates to pursue additional energy conservation opportunities. In 2008, PacifiCorp and Portland General Electric elected to send funds related to OSB 838 to Energy Trust to pursue energy conservation opportunities for retail electricity purchasers of less than one average megawatt. This precludes Energy Trust from providing services with this funding to some larger commercial and industrial customers. These funds are reported separately in the statement of activities as "incremental funding." The funds received from PacifiCorp and Portland General Electric may be used for conservation efforts in addition to activity funded by the public purpose funds.

In addition to its work under the 1999 energy restructuring law, Energy Trust administers natural gas conservation programs for residential and commercial customers of NW Natural. Under the terms of the 2003 agreement with the OPUC, NW Natural collects and transfers to Energy Trust a surcharge of the total monthly amount billed to non-industrial customers. Energy Trust uses those funds for energy efficiency efforts to benefit NW Natural's Oregon residential and commercial customers.

In 2009, Energy Trust began administering energy efficiency programs for qualified industrial customers of NW Natural.

In 2009, Energy Trust entered into a Washington Customer's Public Purpose Funds Transfer Agreement with NW Natural. Under the terms of the agreement, NW Natural agrees to transfer funds ("Washington Funds") and customer information to Energy Trust to design and administer cost-effective energy efficiency programs for existing homes and businesses to NW Natural customers in Washington.

In 2006, Energy Trust began administering natural gas conservation programs for residential and commercial customers of Cascade Natural Gas Corporation ("Cascade") and Avista Corporation ("Avista") under public purpose agreements. Each agreement provides for a different methodology for determining the amount of funds to be provided to Energy Trust.

DRAFT

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation - Energy Trust is required to report information regarding its financial position and activities according to three classes of net assets under generally accepted accounting principles: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Energy Trust had no temporarily restricted or permanently restricted net assets as of December 31, 2009 and 2008.

Concentrations of Credit Risk - Energy Trust's cash and cash equivalents consist of cash, money market funds and certificates of deposit. These financial instruments may subject the organization to concentrations of credit risk as, from time-to-time, balances may exceed amounts insured by the Federal Deposit Insurance Corporation; the market value of securities are dependent on the ability of the issuer to honor its contractual commitments; and the investments may be subject to changes in market values. However, Energy Trust limits the banking institutions holding its funds primarily to large money center banks and considers the attendant risks to be minimal.

Cash and Cash Equivalents - Cash and cash equivalents consist of highly liquid investments with an initial maturity of three months or less. Cash and cash equivalents consist of the following at December 31:

	2009	2008
Cash	$ 8,080,865	$ 7,217,831
Money market instruments	44,970,323	5,015,293
Certificates of deposit	10,008,607	39,668,465
	$ 63,059,795	$ 51,901,589

Restricted Cash and Cash Equivalents and Restricted Investments - Energy Trust has money market instruments with a value of $5,533,971 and $10,128,529 reported as restricted cash and cash equivalents at December 31, 2009 and 2008, respectively. Energy Trust also has certificates of deposit with a value of $1,049,537 reported as restricted investments at December 31, 2008, that are held in escrow accounts for the benefit of program recipients, as contractually required and designated by the board of directors of Energy Trust. The Organization did not have any restricted investments at December 31, 2009.

Investments - Investments consist primarily of certificates of deposit with a maturity of greater than three months. Energy Trust regularly reviews its investments to determine whether a decline in fair value below the carrying value is other-than-temporary. If a decline in fair value is considered other-than-temporary, the carrying amount of the security is written down and the amount of the write-down is included in results of operations.

Property and Equipment - Property and equipment is stated at cost less accumulated depreciation. Property and equipment is depreciated using the straight-line method over their estimated useful lives, which is generally three to five years. It is Energy Trust's policy to capitalize property and equipment over $5,000. Lesser amounts are expensed.

Revenue Recognition - All funding is considered available for unrestricted use unless specifically restricted by the donor. Public purpose and incremental funding are recognized when funds are received from the funding source. Other income and interest income are recognized at the time services are provided and the revenues are earned.

DRAFT

Expense Allocation – The costs of providing various programs under other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising - Energy Trust expenses advertising costs as incurred. Advertising costs include activities to create or stimulate a desire to use Energy Trust's services that are provided without charge. Advertising expense amounted to $1,141,348 and $904,911 for 2009 and 2008, respectively.

Income Taxes - Energy Trust is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently Issued Accounting Standards - Effective July 2, 2009, the Accounting Standards Codification (ASC) of the Financial Accounting Standards Board (FASB) became the single official source of authoritative, nongovernmental GAAP in the United States. Although the Organization's accounting policies were not affected by the conversion to ASC, references to specific accounting standards in these notes to the financial statements have been changed to reference the appropriate section of the ASC.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (SFAS 157), which is incorporated into ASC 820. The purpose of SFAS 157 is to define fair value, establish a framework for measuring fair value, and enhance disclosures about fair value measurements. ASC 820 applies to all assets and liabilities measured at fair value under other accounting pronouncements except for share-based payments. The Organization adopted applicable provisions of ASC 820 on January 1, 2008 and January 1, 2009. The adoption of these provisions did not have a material impact on the Organization's financial statements.

In May 2009, the FASB issued SFAS No. 165, *Subsequent Events*, (SFAS 165), which was incorporated into ASC 855. The standard modified the definition of what qualifies as a subsequent event—those events or transactions that occur following the balance sheet date, but before the financial statements are available to be issued—and requires companies to disclose the date through which it has evaluated subsequent events and the basis for determining that date. The Organization has performed an evaluation of subsequent events through _____, 2010, which is the date these financial statements were available to be issued.

In December 2008, the FASB issued FASB Staff Position (FSP) Interpretation No. 48-3 (FSP FIN 48-3), *Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises*. FSP FIN 48-3 permitted an entity within its scope to defer the effective date of FASB Interpretation 48 (FIN 48), *Accounting for Uncertainty in Income Taxes*, to its annual financial statements for fiscal years beginning after December 15, 2008. FSP 48-3 and FIN 48 are incorporated into ASC 740. FIN 48 establishes a single model to address accounting for uncertain tax positions. FIN 48 clarifies the accounting for income taxes by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. FIN 48 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Organization adopted the provisions of FIN 48 on January 1, 2009. The adoption did not have a material impact on the Organization's financial statements. At December 31, 2009 and 2008, there were no uncertain tax positions recognized.

DRAFT

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2009	2008
Computer equipment and software	$ 1,010,947	$ 907,867
Leasehold improvements	22,382	22,382
Office equipment and furniture	127,354	49,192
Program equipment at service sites	101,675	70,795
	1,262,358	1,050,236
Less accumulated depreciation	991,562	891,800
	$ 270,796	$ 158,436

NOTE 4 - LINE OF CREDIT

Energy Trust maintains a line of credit agreement with Bank of the Cascades. Under the agreement, Energy Trust has available an unsecured line of credit in the amount of $4,000,000. The interest rate is based on the Bank of the Cascades prime rate (3.25% at December 31, 2009) less 0.5%. The line matures on April 5, 2010. As of December 31, 2009 and 2008, no borrowings were outstanding under the line of credit.

NOTE 5 - FAIR VALUE MEASUREMENTS

Assets and liabilities recorded at fair value in the statements of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs, as defined by ASC 820, are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities

Level 2: Observable inputs other than those included in Level 1. For example, quoted market prices for similar assets or liabilities in active markets, or quoted market prices for identical assets or liabilities in inactive markets.

Level 3: Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability. Level 3 assets and liabilities include investments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair values requires significant management judgment or estimation.

DRAFT

Fair values of assets and liabilities measured on a recurring basis at December 31 are as follows:

	Fair Value	Level 1	Level 2	Level 3
December 31, 2009				
Certificates of deposit:				
In cash and cash equivalents	$ 10,008,607	$ -	$ 10,008,607	$ -
In restricted cash and cash equivalents	-	-	-	-
	10,008,607	-	10,008,607	-
Money market instruments:				
In cash and cash equivalents	44,970,323	44,970,323	-	-
In restricted cash and cash equivalents	5,533,971	5,533,971	-	-
	50,504,294	50,504,294	-	-
Mutual funds:				
In other assets	144,450	144,450	-	-
Total at fair value	$ 60,657,351	$ 50,648,744	$ 10,008,607	$ -
December 31, 2008				
Certificates of deposit:				
In cash and cash equivalents	$ 39,668,465	$ -	$ 39,668,465	$ -
In restricted cash and cash equivalents	-	-	-	-
In investments	9,827,698	-	9,827,698	-
In restricted investments	1,049,537	-	1,049,537	-
	50,545,700	-	50,545,700	-
Money market instruments:				
In cash and cash equivalents	5,015,293	5,015,293	-	-
In restricted cash and cash equivalents	10,128,529	10,128,529	-	-
In investments	-	-	-	-
In restricted investments	-	-	-	-
	15,143,822	15,143,822	-	-
Mutual funds:				
In other assets	68,954	68,954	-	-
Total at fair value	$ 65,758,476	$ 15,212,776	$ 50,545,700	$ -

DRAFT

NOTE 6 - PUBLIC PURPOSE FUNDING AND INCREMENTAL FUNDING

Public purpose funding and incremental funding received are as follows for the years ended December 31:

	2009	2008
Public Purpose Funding		
Portland General Electric:		
Energy efficiency	$ 26,669,621	$ 26,598,123
Renewable resources	7,841,615	7,669,029
	34,511,236	34,267,152
PacifiCorp:		
Energy efficiency	16,391,296	16,068,161
Renewable resources	4,944,255	4,847,762
	21,335,551	20,915,923
Northwest Natural - Oregon:		
Energy efficiency	12,183,840	9,282,857
Northwest Natural – Washington:		
Energy efficiency	455,566	-
Cascade:		
Energy efficiency	1,000,175	967,082
Total public purpose funding	$ 69,486,368	$ 65,433,014
Incremental Funding		
Portland General Electric	$ 13,655,740	$ 5,717,957
PacifiCorp	8,155,001	6,419,261
Total incremental funding	$ 21,810,741	$ 12,137,218

NOTE 7 - OPERATING LEASE COMMITMENTS

Energy Trust leases its administrative offices under operating lease agreements which expire in December 2011. Energy Trust also leases various office equipment under operating lease agreements. At December 31, 2009, the aggregate annual commitments under the terms of these leases are payable as follows:

Years ending December 31,	
2010	$ 459,343
2011	473,018
2012	6,140
	$ 938,501

Rent expense for the years ended December 31, 2009 and 2008 was $351,596 and $219,415, respectively.

DRAFT

NOTE 8 - RETIREMENT PLAN

Energy Trust provides all employees with a qualified profit sharing retirement plan as prescribed under Section 401(k) of the Internal Revenue Code. Generally, employees who have completed at least three consecutive months of work may elect to make voluntary contributions to the plan on a pre-tax basis, up to the limits allowed by law. Employees select from various investment options. On a discretionary basis, as determined annually by the Board of Directors, Energy Trust may make contributions to the plan. For each of the years ended December 31, 2009 and 2008, Energy Trust contributed to the plan an amount equal to 6% of the compensation earned by each eligible employee during the period. Employees are immediately vested in all contributions to the plan. Retirement plan expense recorded by Energy Trust was $255,102 and $221,750 for the years ended December 31, 2009 and 2008, respectively.

NOTE 9 - CONTRACTUAL COMMITMENTS

Energy Trust enters into contract commitments for various energy efficiency and renewable resource programs. As of December 31, 2009, $12,934,000 is expected to be paid in future periods. Expenditures for these commitments are recorded in the period in which they are incurred.

Energy Trust had projects and incentive payment requests in progress that did not meet its recognition criteria at both December 31, 2009 and 2008. The amounts are unquantifiable, and as such not disclosed in the notes to the financial statements.

NOTE 10 - BOARD-DESIGNATED NET ASSETS

Due to the long-term nature of some renewable energy projects, the board of directors of Energy Trust has authorized amounts to be segregated into escrow accounts to be used for larger long-term projects. The funds held in escrow accounts are to be paid out under criteria specific to each project. In the financial statements, these funds are considered designated for those specific projects.

DRAFT