GRIFFISS UTILITY
SERVICES CORPORATION
AND SUBSIDIARY

For the Year Ended
December 31, 2013

CONSOLIDATED
FINANCIAL STATEMENTS
AND CONSOLIDATING
SCHEDULES

GRIFFISS UTILITY SERVICES CORPORATION AND SUBSIDIARY

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Independent Auditor's Report

To the Board of Directors of
Griffiss Utility Services Corporation and Subsidiary

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Griffiss Utility Services Corporation (a nonprofit organization) and Subsidiary, which comprise the consolidated statements of financial position as of December 31, 2013 and 2012, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Griffiss Utility Services Corporation and Subsidiary as of December 31, 2013 and 2012, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

D'Arcangelo + Co., LLP

March 28, 2014

Utica, New York

GRIFFISS UTILITY SERVICES CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2013 and 2012

	2013	2012
Assets		
Current Assets		
Cash	$ 12,030,887	$ 12,504,402
Accounts Receivable, Net	1,172,768	936,035
Prepaid Expenses	638,170	693,181
Inventory	193,297	189,913
Total Current Assets	14,035,122	14,323,531
Property		
Land, Buildings, and Improvements	18,421,741	18,421,741
Vehicles and Equipment	8,434,803	8,406,194
Fuel Tanks	1,390,964	1,390,964
Distribution Lines	20,403,808	20,303,636
Office Furnishings	40,925	40,925
Construction in Progress	18,232,156	12,088,603
Total Property	66,924,397	60,652,063
Accumulated Depreciation	19,435,930	17,580,860
Net Property	47,488,467	43,071,203
Other Assets		
Cash Surrender Value	208,739	167,454
Deferred Tax Asset	229,521	61,792
Loan Closing Costs	53,775	53,775
Total Other Assets	492,035	283,021
Total Assets	$ 62,015,624	$ 57,677,755
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	$ 1,939,968	$ 2,490,350
Deposits	111,543	114,164
Total Current Liabilities	2,051,511	2,604,514
Long-Term Liabilities		
Deferred Compensation	60,090	38,690
Long-Term Debt	11,214,540	5,973,587
Total Long-Term Liabilities	11,274,630	6,012,277
Net Assets		
Accumulated Deficit of Subsidiary	(829,261)	(224,445)
Unrestricted		
Board Designated Reserves	1,000,000	1,000,000
Undesignated	48,518,744	48,285,409
Total Unrestricted	49,518,744	49,285,409
Total Net Assets	48,689,483	49,060,964
Total Liabilities and Net Assets	$ 62,015,624	$ 57,677,755

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements.

GRIFFISS UTILITY SERVICES CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2013 and 2012

	2013	2012
Revenues and Gains		
Steam Revenue Charges	$ 3,000,688	$ 2,817,827
Electricity Distribution Charges	7,413,168	7,534,793
Interest Income	43,176	73,353
Other Income	242,927	61,658
Total Revenues and Gains	10,699,959	10,487,631
Expenses		
Program Services		
Steam Heating Services	3,844,879	3,055,875
Electricity Distribution Services	5,997,937	5,138,587
Supporting Services		
Management and General	1,228,624	1,237,384
Total Expenses	11,071,440	9,431,846
Increase (Decrease) in Net Assets	(371,481)	1,055,785
Net Assets, Beginning of Year	49,060,964	48,005,179
Net Assets, End of Year	$ 48,689,483	$ 49,060,964

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements.

GRIFFISS UTILITY SERVICES CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2013 and 2012

	2013	2012
Cash Flows From (Used by) Operating Activities		
Increase (Decrease) in Net Assets	$ (371,481)	$ 1,055,785
Adjustment for Noncash Transactions		
Depreciation	1,855,070	1,880,144
Deferred Taxes	(167,729)	(53,848)
Inventory Adjustment	(3,384)	411
Deferred Compensation	21,400	20,000
(Increase) Decrease in Assets		
Accounts Receivable	(236,733)	231,763
Prepaid Expenses	55,011	(5,480)
Cash Surrender Value	(41,285)	(38,978)
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Expenses	(550,382)	1,727,472
Deposits	(2,621)	2,462
Net Cash Flows From Operating Activities	557,866	4,819,731
Cash Flows (Used by) Investing Activities		
Capital Expenditures	(6,272,334)	(9,136,707)
Net Cash Flows (Used by) Investing Activities	(6,272,334)	(9,136,707)
Cash Flows From (Used by) Financing Activities		
Loan Closing Costs	0	(53,775)
Proceeds from Long-Term Debt	5,240,953	5,973,587
Net Cash Flows From Financing Activities	5,240,953	5,919,812
Net Increase (Decrease) in Cash	(473,515)	1,602,836
Cash, Beginning of Year	12,504,402	10,901,566
Cash, End of Year	$ 12,030,887	$ 12,504,402

Supplemental Cash Flow Disclosures

	2013	2012
Cash Paid During the Year		
Interest	$ 485,926	$ 107,436
Income Taxes	$ 1,868	$ 2,277

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations

Griffiss Utility Services Corporation (GUSC) is a nonprofit organization whose primary purpose is to support Griffiss Local Development Corporation's (GLDC) mission efforts of stimulating economic growth at the Griffiss Business and Technology Park located in Rome, New York. To accomplish this objective, GUSC operates and maintains the utility systems. The activities of GUSC are funded primarily through revenue from the distribution of steam heat and electricity.

Principles of Consolidation

The consolidated financial statements include the accounts of GUSC and its wholly-owned subsidiary, GUSC Energy, Inc. All intercompany transactions have been eliminated.

GUSC Energy, Inc. was formed during 2011, with GUSC as the sole member, for the primary purpose of constructing and operating an open-loop biomass fueled combined heat and power facility in the Griffiss Business and Technology Park. The common stock has no par value, and there are 200 shares authorized of which 1 share is issued and outstanding to GUSC.

Basis of Presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. These consolidated financial statements, presented on the accrual basis of accounting, have been prepared to focus on GUSC as a whole and present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by reporting information regarding financial position and activities according to three classes: permanently restricted, temporarily restricted, or unrestricted. However, GUSC only maintained unrestricted net assets at December 31, 2013 and 2012.

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 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.

Concentration of Revenue

GUSC's primary source of revenue is from the supply of steam heat and distribution of electricity to businesses in the Griffiss Business and Technology Park. GUSC is also sensitive to the market conditions of fuel prices. The effect, if any, on the consolidated financial statements is not considered material as any price increases are passed on to the customers.

Accounts Receivable

GUSC carries its accounts receivable at cost, less an allowance for doubtful accounts. A provision has been established for receivables which may ultimately prove to be uncollectible. The basis for the provision is an analysis of current accounts. The allowance for doubtful accounts was $137,347 at each of the years ended December 31, 2013 and 2012.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property

All expenditures for property and equipment exceeding $2,500 are capitalized and depreciated over the useful life of the property and recorded at historical cost if purchased or fair market if donated. Depreciation is provided using the straight-line method as follows:

	Estimated Useful Lives
Buildings and Improvements	40 Years
Fuel Tanks	15 Years
Distribution Lines	20 Years
Vehicles and Equipment	2-10 Years
Office Furnishings	5-10 Years

Depreciation expense for the years ended December 31, 2013 and 2012, was $1,855,070 and $1,880,144, respectively.

Inventory

GUSC's inventory consists of oil. Although natural gas is the main source of fuel for generating steam, oil is maintained and used as a backup in case of an interruption of natural gas services and as a hedge against fluctuating natural gas prices. Fuel oil inventory is stated at average cost. The oil inventory was $193,297 and $189,913 at December 31, 2013 and 2012, respectively.

Loan Closing Costs

Loan closing costs were incurred in the amount of $53,775 as part of GUSC Energy, Inc.'s activity. The closing costs will be amortized over the life of the related term loan (20 years) once principal payments on the loan begin.

Expense Allocation

The costs of operations of the steam plant and other activities have been summarized on a functional basis in the Statement of Activities. Certain costs have been allocated among the following program and supporting services as follows:

Steam Heating Services – Includes all direct expenses necessary to generate and distribute steam and maintain the existing steam plant facilities.

Electricity Distribution Services – Includes all direct expenses necessary to distribute electricity and maintain the existing facilities.

Management and General – Includes all administrative expenses necessary to operate GUSC which are not specifically identifiable to direct program services.

Income Taxes

GUSC qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and utilizes December 31 as its year end. The Corporation has also been determined to be other than a private foundation, as it is an organization described in Section 509(a)(3) of the Internal Revenue Code. The Corporation's Federal information returns for the years prior to 2010 are no longer subject to examination by the respective taxing authorities.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GUSC Energy, Inc. has an effective income tax rate that is different from the expected statutory rate due to the use of accelerated depreciation methods and nondeductible expenses for income tax purposes. Deferred taxes are recognized for differences between the basis of assets and liabilities for financial statement and income tax purposes. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be deductible or taxable when the assets and liabilities are recovered or settled. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

NOTE 2 CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject GUSC to concentrations of credit risk consist principally of cash in financial institutions. From time to time throughout the year, cash balances can exceed the third party collateral and Federal Deposit Insurance Corporation (FDIC) coverage. Management believes that it is not exposed to any significant risk with respect to these accounts.

Financial instruments which also potentially subject GUSC to concentrations of credit risk include net accounts receivable of $1,172,768 and $936,035 at December 31, 2013 and 2012, respectively. These receivables are generated from revenue from steam distribution and electricity to occupants of the Griffiss Business and Technology Park to which GUSC has extended credit. Management routinely assesses these accounts and generally requires no collateral from them.

NOTE 3 COMPENSATED ABSENCES

GUSC has not accrued any compensated absences at December 31, 2013 and 2012, because an amount cannot be reasonably estimated. However, management believes such amounts to be immaterial.

NOTE 4 LONG-TERM DEBT

At December 31, 2013 and 2012, long-term debt consisted of the following:

	2013	2012
GUSC Energy, Inc.		
Term loan payable to Oneida Savings Bank to pay for costs related to completion of the open-loop biomass power facility. The maximum amount authorized is $12,000,000. The loan is secured by a first security interest in all equipment owned, a first mortgage on the steam plant property located at 655 Ellsworth Road in Rome, NY, an assignment of rents and leases on the property, and future assignment of the proceeds from a Federal grant. The loan is further guaranteed by GUSC. The term of the loan is 20 years with an amortization of 25 years and interest fixed at 5.25% for the first 10 years, then adjusting every 5 years thereafter to the Five Year US Treasury Rate plus 2.50%. The Corporation is currently making monthly interest-only payments.	$ 11,214,540	$ 5,973,587
Total Long-Term Debt	$ 11,214,540	$ 5,973,587

NOTE 4 LONG-TERM DEBT (Continued)

Intercompany

GUSC has issued several notes receivable from GUSC Energy, Inc. to assist with costs to construct an open-loop biomass power facility. The principal balance on the notes are $6,000,000 and $4,000,000 at December 31, 2013 and 2012, respectively. The notes are unsecured and are required to be paid in interest-only monthly installments through December 31, 2020 at which time the principal portion of the notes are required to be paid in full. The interest rate is currently fixed at 4.50%.

NOTE 5 SUBSIDIARY ACCUMULATED DEFICIT

The changes in the accumulated deficit of GUSC Energy, Inc. are as follows:

	2013	2012
Balance, Beginning of Year	$ (224,445)	$ (55,007)
Net (Loss) of GUSC Energy, Inc.	(604,816)	(169,438)
Balance, End of Year	$ (829,261)	$ (224,445)

NOTE 6 LEASE

GUSC maintains an operating lease for a vehicle. The vehicle lease requires monthly payments of $522 through September 2014. Lease expense was $6,266 for both of the years ended December 31, 2013 and 2012, respectively. The estimated future minimum lease payment is $4,700 for 2014.

NOTE 7 INCOME TAXES

Federal and State (benefit from) taxes for GUSC Energy, Inc. for the years ended December 31, 2013 and 2012 consisted of the following:

	2013	2012
Current Tax Expense		
New York State	$ 1,500	$ 1,500
Total Current Tax Expense	1,500	1,500
Deferred Tax (Benefit)		
Federal	(140,489)	(45,841)
New York State	(27,240)	(8,007)
Total Deferred Tax (Benefit)	(167,729)	(53,848)
Total (Benefit from) Taxes	$ (166,229)	$ (52,348)

The deferred tax asset as of December 31, 2013 and 2012 is comprised of the following:

	2013	2012
Deferred Tax Asset		
Net Operating Loss Carryforward	$ 459,521	$ 121,792
Valuation Allowance	(230,000)	(60,000)
Deferred Tax Asset	$ 229,521	$ 61,792

NOTE 7 INCOME TAXES (Continued)

The valuation allowance has experienced an increase of $170,000 and $52,000 for the years ended December 31, 2013 and 2012, respectively.

As of December 31, 2013, GUSC Energy, Inc. had net operating loss carryovers that may offset future taxable income. If not utilized, these carryovers will expire as follows:

	Federal Net Operating Loss	New York State Net Operating Loss
2031	$ 61,710	$ 61,710
2032	223,285	221,785
2033	772,545	771,045
	$ 1,057,540	$ 1,054,540

The GUSC Energy, Inc.'s Federal and State income tax returns for all applicable tax years remain subject to examination by the respective taxing authority.

NOTE 8 PENSION PLAN

GUSC contributes to a 401(k) profit-sharing plan for all employees. Employees are eligible for membership in the plan after six months of service and attaining age 21. Contributions paid to the plan are based upon 5% of participants' annual compensation and a 100% match of elective deferrals up to 5% of the participant's annual compensation. The amount of contributions paid to the plan on behalf of the employees of GUSC for the years ended December 31, 2013 and 2012 were $118,042 and $108,943, respectively. At December 31, 2013 and 2012, GUSC has accrued liabilities of $8,441 and $9,477 respectively, to the plan.

NOTE 9 DEFERRED COMPENSATION ARRANGEMENT

GUSC entered into an unfunded, nonqualified deferred compensation plan with a key employee. The agreement provides for postretirement benefits, contingent on certain conditions, payable upon the employee's retirement on his normal retirement date. GUSC is accruing the present value of the estimated future benefit payments over the period from the date of the agreement to the retirement date. GUSC recognized an expense of $21,400 and $20,000 for the years ended December 31, 2013 and 2012, respectively, related to this agreement.

NOTE 10 COMMITMENTS

GUSC is required to remit to Griffiss Local Development Corporation (GLDC) a percentage of future revenues generated from the electrical distribution system based upon usage. These payments are required to be made quarterly until December 31, 2046. During the years ended December 31, 2013 and 2012, GUSC remitted $129,368 and $131,178 respectively, to GLDC for its share of revenue from the electrical distribution system.

NOTE 11 BOARD DESIGNATED RESERVES

At each of the years ended December 31, 2013 and 2012, the board has designated the following reservations of fund balance:

Reserve for Capital Projects	$ 250,000
Reserve for Storm Restoration	450,000
Reserve for Energy Savings Programs	300,000
Total Board Designated Reserves	$ 1,000,000

NOTE 12 SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 28, 2014, the date on which the financial statements were available to be issued.

GRIFFISS UTILITY SERVICES CORPORATION AND SUBSIDIARY

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

December 31, 2013

	GUSC	GUSC Energy, Inc.	Combined Balance	Consolidation Elimination	Consolidated Balance
Assets					
Current Assets					
Cash	$ 11,810,998	$ 219,889	$ 12,030,887	$ 0	$ 12,030,887
Accounts Receivable, Net	1,172,768	0	1,172,768	0	1,172,768
Due From Parent Company	0	56,305	56,305	(56,305)	0
Prepaid Expenses	638,170	0	638,170	0	638,170
Inventory	193,297	0	193,297	0	193,297
Total Current Assets	13,815,233	276,194	14,091,427	(56,305)	14,035,122
Property					
Land, Buildings, and Improvements	18,421,741	0	18,421,741	0	18,421,741
Vehicles and Equipment	8,434,803	0	8,434,803	0	8,434,803
Fuel Tanks	1,390,964	0	1,390,964	0	1,390,964
Distribution Lines	20,403,808	0	20,403,808	0	20,403,808
Office Furnishings	40,925	0	40,925	0	40,925
Construction in Progress	119,251	18,112,905	18,232,156	0	18,232,156
Total Property	48,811,492	18,112,905	66,924,397	0	66,924,397
Accumulated Depreciation	19,435,930	0	19,435,930	0	19,435,930
Net Property	29,375,562	18,112,905	47,488,467	0	47,488,467
Other Assets					
Investment in Subsidiary	996,483	0	996,483	(996,483)	0
Cash Surrender Value	208,739	0	208,739	0	208,739
Note Receivable - Subsidiary	6,000,000	0	6,000,000	(6,000,000)	0
Deferred Tax Asset	0	229,521	229,521	0	229,521
Loan Closing Costs	0	53,775	53,775	0	53,775
Total Other Assets	7,205,222	283,296	7,488,518	(6,996,483)	492,035
Total Assets	$ 50,396,017	$ 18,672,395	$ 69,068,412	$ (7,052,788)	$ 62,015,624
Liabilities and Net Assets					
Current Liabilities					
Accounts Payable and Accrued Expenses	$ 649,335	$ 1,290,633	$ 1,939,968	$ 0	$ 1,939,968
Due to Subsidiary	56,305	0	56,305	(56,305)	0
Deposits	111,543	0	111,543	0	111,543
Total Current Liabilities	817,183	1,290,633	2,107,816	(56,305)	2,051,511
Long-Term Liabilities					
Deferred Compensation	60,090	0	60,090	0	60,090
Long-Term Debt	0	17,214,540	17,214,540	(6,000,000)	11,214,540
Total Long-Term Liabilities	60,090	17,214,540	17,274,630	(6,000,000)	11,274,630
Net Assets					
Paid-in-Capital	0	996,483	996,483	(996,483)	0
Accumulated Deficit	0	(829,261)	(829,261)	0	(829,261)
Unrestricted Net Assets					
Board Designated Reserves	1,000,000	0	1,000,000	0	1,000,000
Undesignated	48,518,744	0	48,518,744	0	48,518,744
Total Unrestricted	49,518,744	0	49,518,744	0	49,518,744
Total Net Assets	49,518,744	167,222	49,685,966	(996,483)	48,689,483
Total Liabilities and Net Assets	$ 50,396,017	$ 18,672,395	$ 69,068,412	$ (7,052,788)	$ 62,015,624

GRIFFISS UTILITY SERVICES CORPORATION AND SUBSIDIARY

CONSOLIDATING SCHEDULE OF ACTIVITIES

For the Year Ended December 31, 2013

	GUSC	GUSC Energy, Inc.	Combined Balance	Consolidation Elimination	Consolidated Balance
Revenues and Gains					
Steam Revenue Charges	$ 3,000,688	$ 2,133,442	$ 5,134,130	$ (2,133,442)	$ 3,000,688
Electricity Distribution Charges	7,413,168	0	7,413,168	0	7,413,168
Interest Income	226,297	0	226,297	(183,121)	43,176
Administration Fees	120,000	0	120,000	(120,000)	0
Other Income	76,698	166,229	242,927	0	242,927
Total Revenues and Gains	10,836,851	2,299,671	13,136,522	(2,436,563)	10,699,959
Expenses					
Program Services					
Steam Heating Services	3,525,894	2,017,427	5,543,321	(1,698,442)	3,844,879
Electricity Distribution Services	5,997,937	0	5,997,937	0	5,997,937
Supporting Services					
Management and General	1,079,685	887,060	1,966,745	(738,121)	1,228,624
Total Expenses	10,603,516	2,904,487	13,508,003	(2,436,563)	11,071,440
Increase (Decrease) in Net Assets	233,335	(604,816)	(371,481)	0	(371,481)
Net Assets, Beginning of Year	49,285,409	772,038	50,057,447	(996,483)	49,060,964
Net Assets, End of Year	$ 49,518,744	$ 167,222	$ 49,685,966	$ (996,483)	$ 48,689,483

GRIFFISS UTILITY SERVICES CORPORATION AND SUBSIDIARY

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

December 31, 2012

	GUSC	GUSC Energy, Inc.	Combined Balance	Consolidation Elimination	Consolidated Balance
Assets					
Current Assets					
Cash	$ 12,035,921	$ 468,481	$ 12,504,402	$ 0	$ 12,504,402
Accounts Receivable, Net	936,035	0	936,035	0	936,035
Due From Subsidiary	25,087	0	25,087	(25,087)	0
Prepaid Expenses	690,438	2,743	693,181	0	693,181
Inventory	189,913	0	189,913	0	189,913
Total Current Assets	13,877,394	471,224	14,348,618	(25,087)	14,323,531
Property					
Land, Buildings, and Improvements	18,421,741	0	18,421,741	0	18,421,741
Vehicles and Equipment	8,406,194	0	8,406,194	0	8,406,194
Fuel Tanks	1,390,964	0	1,390,964	0	1,390,964
Distribution Lines	20,303,636	0	20,303,636	0	20,303,636
Office Furnishings	40,925	0	40,925	0	40,925
Construction in Progress	54,068	12,034,535	12,088,603	0	12,088,603
Total Property	48,617,528	12,034,535	60,652,063	0	60,652,063
Accumulated Depreciation	17,580,860	0	17,580,860	0	17,580,860
Net Property	31,036,668	12,034,535	43,071,203	0	43,071,203
Other Assets					
Investment in Subsidiary	996,483	0	996,483	(996,483)	0
Cash Surrender Value	167,454	0	167,454	0	167,454
Note Receivable - Subsidiary	4,000,000	0	4,000,000	(4,000,000)	0
Deferred Tax Asset	0	61,792	61,792	0	61,792
Loan Closing Costs	0	53,775	53,775	0	53,775
Total Other Assets	5,163,937	115,567	5,279,504	(4,996,483)	283,021
Total Assets	$ 50,077,999	$ 12,621,326	$ 62,699,325	$ (5,021,570)	$ 57,677,755
Liabilities and Net Assets					
Current Liabilities					
Accounts Payable and Accrued Expenses	$ 639,736	$ 1,850,614	$ 2,490,350	$ 0	$ 2,490,350
Due to Parent Company	0	25,087	25,087	(25,087)	0
Deposits	114,164	0	114,164	0	114,164
Total Current Liabilities	753,900	1,875,701	2,629,601	(25,087)	2,604,514
Long-Term Liabilities					
Deferred Compensation	38,690	0	38,690	0	38,690
Long-Term Debt	0	9,973,587	9,973,587	(4,000,000)	5,973,587
Total Long-Term Liabilities	38,690	9,973,587	10,012,277	(4,000,000)	6,012,277
Net Assets					
Paid-in-Capital	0	996,483	996,483	(996,483)	0
Accumulated Deficit	0	(224,445)	(224,445)	0	(224,445)
Unrestricted Net Assets					
Board Designated Reserves	1,000,000	0	1,000,000	0	1,000,000
Undesignated	48,285,409	0	48,285,409	0	48,285,409
Total Unrestricted	49,285,409	0	49,285,409	0	49,285,409
Total Net Assets	49,285,409	772,038	50,057,447	(996,483)	49,060,964
Total Liabilities and Net Assets	$ 50,077,999	$ 12,621,326	$ 62,699,325	$ (5,021,570)	$ 57,677,755

GRIFFISS UTILITY SERVICES CORPORATION AND SUBSIDIARY

CONSOLIDATING SCHEDULE OF ACTIVITIES

For the Year Ended December 31, 2012

	GUSC	GUSC Energy, Inc.	Combined Balance	Consolidation Elimination	Consolidated Balance
Revenues and Gains					
Steam Revenue Charges	$ 2,817,827	$ 2,259,170	$ 5,076,997	$ (2,259,170)	$ 2,817,827
Electricity Distribution Charges	7,534,793	0	7,534,793	0	7,534,793
Interest Income	178,663	3	178,666	(105,313)	73,353
Administration Fees	120,000	0	120,000	(120,000)	0
Other Income	9,310	52,348	61,658	0	61,658
Total Revenues and Gains	10,660,593	2,311,521	12,972,114	(2,484,483)	10,487,631
Expenses					
Program Services					
Steam Heating Services	3,227,272	2,087,773	5,315,045	(2,259,170)	3,055,875
Electricity Distribution Services	5,138,587	0	5,138,587	0	5,138,587
Supporting Services					
Management and General	1,069,511	393,186	1,462,697	(225,313)	1,237,384
Total Expenses	9,435,370	2,480,959	11,916,329	(2,484,483)	9,431,846
Increase (Decrease) in Net Assets	1,225,223	(169,438)	1,055,785	0	1,055,785
Net Assets (Deficit), Beginning of Year	48,060,186	(55,007)	48,005,179	0	48,005,179
Capital Contribution	0	996,483	996,483	(996,483)	0
Net Assets , End of Year	$ 49,285,409	$ 772,038	$ 50,057,447	$ (996,483)	$ 49,060,964