Exhibit D

2011 Audited Financial Statement

Financial Statements
OMB Circular A-133
Years Ended
September 30, 2011 and 2010

FutureGen Industrial Alliance, Inc.

DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

FutureGen Industrial Alliance, Inc.

Contents

DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

Report of Independent Auditors

Board of Directors
FutureGen Industrial Alliance, Inc.

We have audited the accompanying statement of financial position of ***FutureGen Industrial Alliance, Inc.*** (a nonprofit organization) as of September 30, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of ***FutureGen Industrial Alliance, Inc.***'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements as of September 30, 2010, were audited by Goodman & Company, LLP, who merged into Dixon Hughes Goodman LLP as of April 1, 2011, and whose report dated February 25, 2011 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 2011 financial statements referred to above present fairly, in all material respects, the financial position of ***FutureGen Industrial Alliance, Inc.*** as of September 30, 2011, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2012, on our consideration of ***FutureGen Industrial Alliance, Inc.'s*** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

1410 Spring Hill Road, Suite 500, Tysons, VA 22102 | T 703.970.0400 | F 703.970.0401 | dhgllp.com

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Dixon Hughes Goodman LLP

Tysons, Virginia
June 19, 2012

FutureGen Industrial Alliance, Inc.

Statements of Financial Position

September 30,	2011	2010
Assets		
Current assets		
Cash and cash equivalents	$ 3,082,669	$ 1,257,264
Accounts receivable	2,068,742	838,666
Prepaid expenses	49,941	40,318
Total current assets	5,201,352	2,136,248
Intangibles - net	5,084	-
Land	793,854	6,313,847
Deposits	20,000	24,000
	$ 6,020,290	$ 8,474,095
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	$ 3,198,149	$ 547,319
Billing in excess of cost	1,084,938	-
Total current liabilities	4,283,087	547,319
Net assets		
Unrestricted	943,349	4,801,575
Temporarily restricted	793,854	3,125,201
Total net assets	1,737,203	7,926,776
	$ 6,020,290	$ 8,474,095

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

FutureGen Industrial Alliance, Inc.

Statements of Activities

Year Ended September 30, 2011, with Comparative Totals for 2010

	Unrestricted Funds	Temporarily Restricted Funds	Total 2011	Total 2010
Revenue and support				
Federal award revenue	$ 13,625,209	$ -	$ 13,625,209	$ 10,494,114
State grant revenue	-	-	-	281,829
Member contribution revenue	-	200,000	200,000	-
In-kind revenue	306,655	-	306,655	92,034
Interest	-	-	-	262
Rental income	-	-	-	82,908
Net assets released from restrictions - satisfaction of program restrictions	2,531,347	(2,531,347)	-	-
Total revenue and support	16,463,211	(2,331,347)	14,131,864	10,951,147
Expenses				
Program services	12,933,587	-	12,933,587	8,434,601
Supporting services				
Management and general	1,774,003	-	1,774,003	2,750,162
Total operating expenses	14,707,590	-	14,707,590	11,184,763
Loss on land impairment	5,013,847	-	5,013,847	-
Return of capital	600,000	-	600,000	-
Total expenses	20,321,437	-	20,321,437	11,184,763
Change in net assets	(3,858,226)	(2,331,347)	(6,189,573)	(233,616)
Net assets - beginning of year	4,801,575	3,125,201	7,926,776	8,160,392
Net assets - end of year	$ 943,349	$ 793,854	$ 1,737,203	$ 7,926,776

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

FutureGen Industrial Alliance, Inc.

Statements of Cash Flows

Years Ended September 30,	2011	2010
Cash flows from operating activities		
Change in net assets	$ (6,189,573)	$ (233,616)
Adjustments to reconcile to net cash from operating activities:		
Amortization expense	820	9,148
Impairment loss on building	5,013,847	-
Change in:		
Accounts receivable	(1,230,076)	955,305
Prepaid expenses	(9,623)	(20,363)
Deposits	4,000	(4,500)
Accounts payable and accrued expenses	2,650,830	(1,672,475)
Billings in excess of cost	1,084,938	-
Deferred revenue	-	(281,829)
Net cash from operating activities	1,325,163	(1,248,330)
Cash flows from financing activities		
Purchase of land options	(93,854)	-
Purchase of software	(5,904)	-
Net cash from investing activities	(99,758)	-
Cash flows from financing activities		
Return of capital	600,000	-
Net change in cash and cash equivalents	1,825,405	(1,248,330)
Cash and cash equivalents - beginning of year	1,257,264	2,505,594
Cash and cash equivalents - end of year	$ 3,082,669	$ 1,257,264

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

1. Organization and Nature of Activities

FutureGen Industrial Alliance, Inc. (Alliance) is a not-for-profit entity organized exclusively for charitable, scientific and educational activities. Its original mission was to work under a series of cooperative agreements with the United States Department of Energy (DOE) in a government cost-shared project for the purpose of designing, building and operating a first-of-a-kind coal-fueled, near-zero emission power plant. The Alliance was planning to build and operate a power plant that would produce electricity and hydrogen from coal, while capturing and permanently storing carbon dioxide in a deep geologic formation near the power plant. The combination power plant and carbon dioxide storage project was named FutureGen. In August 2010 the United States Department of Energy decided to reconfigure the project into what it is calling FutureGen 2.0. Under FutureGen 2.0, as originally conceived by DOE, a third party will build and operate the power plant and capture the carbon dioxide, and the Alliance will transport the carbon dioxide to an injection facility to be operated by the Alliance. During the fiscal year, the Alliance began assessing its willingness to assume the role to build and operate the power plant.

The Alliance's membership is comprised of members from industries related to electricity production, coal mining, and mining equipment manufacturing. Members are required to enter into periodic funding requirements based upon board-directed requests. During fiscal years 2011 and 2010, the Alliance did not make a board-directed funding request as sufficient funds were available to continue operating. The board authorized the addition of two additional members, who paid their initial membership commitment during 2011.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of ***FutureGen Industrial Alliance, Inc.*** are in accordance with accounting principles generally accepted in the United States of America applied on a basis consistent with that of the preceding years.

Basis of Accounting

These financial statements are prepared under the accrual method of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

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 the disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Classification of Net Assets

The Alliance reports 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. The financial statements report amounts separately by class of net asset as follows:

Unrestricted amounts are those currently available at the discretion of the Alliance's Board of Directors for use in the Alliance's operations and those resources invested in property or equipment.

Temporarily restricted amounts are those which are stipulated by donors for capital improvements and/or disallowed costs. Member contributions are provided on a contract basis and are temporarily restricted for developmental purposes and for achieving project phase milestones. During 2011 and 2010, the Alliance used temporarily restricted funds to cover operations as allowed. Support that is restricted by the donor is reported as an increase in temporarily restricted net assets.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of activities as net assets released from restrictions. At September 30, 2011 and 2010, the Alliance had temporarily restricted assets of $793,854 and $3,125,201, respectively.

Permanently restricted amounts are restricted to investments in perpetuity, the income from which is expendable in accordance with the conditions of each specific donation. At September 30, 2011 and 2010, the Alliance had no permanently restricted net assets.

Revenue Recognition

The Alliance's revenue consists primarily of a cooperative agreement with the DOE and contributions received from Alliance members.

Revenues from federal sources are recognized when the related expenses are incurred. In fiscal year 2009, the Alliance obtained a new co-operative agreement with the DOE. In accordance with the cost-sharing provision within the DOE cooperative agreement, 80 percent of the expenses incurred by the Alliance are reimbursed by the DOE grant, while the remaining 20 percent of the expenses incurred by the Alliance are absorbed by the Alliance. Under FutureGen 2.0, effective October 1, 2010, in accordance with the cost-sharing provision within the DOE co-operative agreement, 99 percent of the expenses incurred by the Alliance are reimbursed by the DOE grant, while the remaining 1 percent of the expenses incurred by the Alliance are absorbed by the Alliance. The rate of absorbed costs accelerates through subsequent phases, ultimately up to 100 percent of the total allowable costs, until all of the funds have been disbursed. Under the agreement, the Alliance is liable for no more than 1 percent of Phase I costs, and no less than 17 percent of the remaining allowable project costs, even if the project is terminated early or is not funded to completion.

Unbilled receivables exist for revenues that have been earned in the current period, but have yet to be billed under the co-operative agreement. These amounts are included in accounts receivable at September 30, 2011.

Concentration of Credit Risk

The Alliance maintains its cash, which at times may exceed the federally insured limit, in bank deposit accounts with high quality financial institutions. At September 30, 2011, the Alliance had no uninsured cash balances in excess of the federally insured limit, while at September 30, 2010, the Alliance had cash that exceeded the federally insured limit by $1,008,962.

Cash and Cash Equivalents

The Alliance considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

Property and Equipment

Property and equipment are stated at cost. Expenditures for repairs and maintenance are charged to income as incurred. Additions and betterments are capitalized. The cost and related accumulated depreciation on property and equipment sold or otherwise disposed are removed from the accounts and any gain or loss is reported as current year revenue or expense. Property and equipment consists of purchased accounting software. It is stated at cost and is being amortized on a straight-line basis over three years.

Income Taxes

The Alliance is exempt from federal and state income taxes under Sections 501(c)(3) of the Internal Revenue Code; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. The Alliance has determined that it does not have any material unrecognized tax benefits or obligations as of September 30, 2011 or 2010. Fiscal years ending on or after September 30, 2008 remain subject to examination by federal and state tax authorities.

Revenue and Receivable Concentrations

Approximately 99% of the Alliance's revenue, excluding in-kind contributions, was earned under a co-operative agreement with the DOE. Voluntary member contributions and contractual cost reimbursements by the DOE are necessary for the Alliance to continue to operate. In the event funding is terminated, the Alliance's ability to continue as a going concern would be greatly diminished.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Comparative Financial Statements

The financial statements include certain prior-year summarized comparative information in total, but not by 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 Alliance's financial statements for 2010.

Subsequent Events

In preparing these financial statements, the Alliance has evaluated events and transactions for potential recognition or disclosure through June 19, 2012, the date the financial statements were available to be issued.

3. Accounts Receivable

Cooperative Agreement

The Alliance records accounts receivable as the amount of disbursements in excess of reimbursed costs charged to its federal grant. These receivables are recorded net of allowance for doubtful accounts, when necessary. The needs for an allowance is determined based on a review of the estimated collectibility of the specific accounts, plus a general provision based on historical loss experience and existing conditions. Uncollectible amounts are charged-off against the allowance for doubtful accounts once management determines an account, or a portion thereof, to be worthless.

At September 30, 2011 and 2010, management believed all amounts were collectible under terms of the cooperative agreement, and, as such, no allowance for doubtful accounts had been provided for in these financial statements.

Membership Contributions

Membership contributions receivable represents unconditional promises to give cash or to provide services to the Alliance. Generally accepted accounting principles require unconditional promises to contribute to be recorded at fair value. The need for an allowance is determined based on review of the estimated collectibility of the specific accounts, plus a general provision based on historical loss experience and existing economic conditions. Uncollectible amounts are charged-off against the allowance for doubtful accounts once management determines an account, or a portion thereof, to be uncollectible. There were no contributions receivables at September 30, 2011 and 2010.

Accounts receivable consisted of the following:

	2011	2010
Billed receivables – federal	$ 31,602	$ 411,983
Accrued billings – federal	1,750,217	333,077
Unbilled receivables – federal	286,923	87,941
Miscellaneous receivables	-	5,665
	$ 2,068,742	$ 838,666

4. Property and Equipment

Property and equipment consisted of the following:

	2011	2010
Computer software	$ 47,113	$ 41,209
Less – accumulated amortization	(42,029)	(41,209)
	$ 5,084	$ -

5. Land Transactions

As part of the effort to secure surface lands and subsurface pore space to sequester carbon dioxide at the site of the originally planned FutureGen facility near Mattoon, Illinois, the Alliance worked with the local economic development authority, Coles Together, representing Coles County, Illinois. As part of this effort, Coles Together secured the right to buy certain real estate interests through purchase agreements and options, and the Alliance and Coles Together entered into a Site Acquisition Agreement dated August 12, 2008. The total purchase price for the various parcels during 2009 was $6,313,847.

After the Mattoon, Illinois site was no longer being considered for FutureGen 2.0, and pursuant to the terms of the site acquisition agreement, on October 21, 2010, the Alliance conveyed the land rights it had acquired near Mattoon, Illinois to Coles Together. As part of this transaction it also assigned to Coles Together the existing farm lease and the rights to future farm lease proceeds. Certain provisions of a prior site acquisition agreement remain in full force and effect. Among these provisions is the right of the Alliance to receive a 53.85% share of the proceeds received from the future sales of the lands conveyed to Coles Together on October 21, 2010. Subsequent to year-end in January 2012, the Alliance and Cole Together entered into an agreement to terminate the site acquisition agreement, dated August 12, 2008. Pursuant to the terms of the new agreement, Coles Together shall pay to the Alliance the sum of $700,000 and will obtain sole ownership of the parcels. In the event Coles Together receives an aggregate cash consideration in one or more transactions involving the sale of all or a portion of the parcels, exceeding $4,000,000, the Alliance is entitled to receive 50% of any cash consideration is excess of $4,000,000. At September 30, 2010, the Alliance owned a right to receive an amount representing their 53.85% interest in the property. The best measure of that asset is the $700,000 that was received during January 2012. Part of the write-down of the $6,313,847 asset to the remaining value of $700,000, which is due from Coles Together, will be a return of capital to Coles Together of $600,000, which is their proportionate value determined subsequent to year-end. The remainder, $5,013,847 is a realized loss on the land investment.

During 2011, the Alliance obtained land purchase options for land relative to the new FutureGen 2.0 project totaling $93,854.

6. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following:

	2011	2010
Accounts payable and accrued expenses	$ 3,157,506	$ 522,436
Accrued payroll and vacation	37,745	22,982
Accrued 401(k) payable	2,898	1,901
	$ 3,198,149	$ 547,319

7. In-Kind Revenue

During 2011 and 2010, in-kind revenue consisted of donated time and travel expenses received from the Alliance members. In accordance with the cost-sharing provision within the DOE grants, in order to be recognized as an allowable cost sharing, the in-kind cost must be otherwise allowable in accordance with the applicable federal cost principles and DOE regulations governing cost sharing. All allowable project costs, whether cash or in-kind, shall be shared by the DOE when such costs are incurred by applying the cost share ratios set forth in Note 2.

The Alliance's in-kind revenue for 2011 and 2010 was $306,655 and $92,034, respectively, and is recorded as in-kind revenue and program expense in the statements of activities.

8. Retirement Benefits

During 2008, the Alliance adopted a defined contribution profit sharing plan, which includes a salary deferral arrangement, under the provisions of Section 401(k) of the Internal Revenue Code. To be eligible, employees must be at least 21 years of age and meet a 3-month service period requirement. The Alliance makes a Safe Harbor contribution of 100% of the employees' 401(k) contributions, up to 3% of the employees' pay and 50% between 4% and 5% of the employees' pay. For 2011 and 2010, the Alliance made contributions to the plan of $9,942 and $9,499, respectively.

9. Commitments

Under the current DOE agreement, the Alliance is required to cost share a minimum of 1% of the total allowable project costs under the DOE budget period for Phase 1, and an accelerated rate for subsequent Phases of up to 100% of total allowable costs, on an invoice-by invoice basis, until all of the DOE allocated funds have been disbursed. After DOE funds in the total amount provided have been disbursed to the Alliance, DOE has no further obligation to provide additional funding. The Alliance's shared cost portion is required to come from nonfederal sources and under this agreement the Alliance is liable for the stated percentage of the total allowable project costs incurred for the various project periods.

Amounts received or receivable from government agencies relating to grants and contracts are subject to audit and adjustment by government agencies. The amount of expenditures which may be potentially disallowed cannot be determined, although management expects such amounts, if any, to be immaterial.

* * * * *

FutureGen Industrial Alliance, Inc.

Compliance Section

Year Ended September 30, 2011

DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Board of Directors
FutureGen Industrial Alliance, Inc.

We have audited the financial statements of ***FutureGen Industrial Alliance, Inc.*** as of and for the year ended September 30, 2011, and have issued our report thereon dated June 19, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered ***FutureGen Industrial Alliance, Inc.'s*** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ***FutureGen Industrial Alliance, Inc.'s*** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the ***FutureGen Industrial Alliance, Inc.'s*** internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether ***FutureGen Industrial Alliance, Inc.'s*** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

1410 Spring Hill Road, Suite 500, Tysons, VA 22102 | T 703.970.0400 | F 703.970.0401 | dhgllp.com

This report is intended solely for the information and use of management, the board of directors, and federal awarding agencies, and is not intended to be, and should not be, used by anyone other than these specified parties.

Dixon Hughes Goodman LLP

Tysons, Virginia
June 19, 2012

Report of Independent Auditors on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Board of Directors
FutureGen Industrial Alliance, Inc.

Compliance

We have audited ***FutureGen Industrial Alliance, Inc.'s*** (a not-for-profit organization) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement,* that could have a direct and material effect on each of ***FutureGen Industrial Alliance, Inc.'s*** major federal programs for the year ended September 30, 2011. ***FutureGen Industrial Alliance, Inc.'s*** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of ***FutureGen Industrial Alliance, Inc.'s*** management. Our responsibility is to express an opinion on ***FutureGen Industrial Alliance, Inc.'s*** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about ***FutureGen Industrial Alliance, Inc.'s*** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on ***FutureGen Industrial Alliance, Inc.'s*** compliance with those requirements.

In our opinion, ***FutureGen Industrial Alliance, Inc.*** complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011.

1410 Spring Hill Road, Suite 500, Tysons, VA 22102 | T 703.970.0400 | F 703.970.0401 | dhgllp.com

Internal Control over Compliance

Management of ***FutureGen Industrial Alliance, Inc.*** is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered ***FutureGen Industrial Alliance, Inc.'s*** internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of ***FutureGen Industrial Alliance, Inc.'s*** internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of management, the board of directors, and federal awarding agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

Dixon Hughes Goodman LLP

Tysons, Virginia
June 19, 2012

FutureGen Industrial Alliance, Inc.

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2011

Federal Granting Agency/ Program Title	Federal CFDA Number		Federal Expenditures
U.S. Department of Energy			
Fossil Energy Research and Development	81.089		$ 68,891
ARRA - Pipeline and Regional C02 Storage Reservoir Project	81.130	*	13,862,973
Total awards expended			$ 13,931,864

* Denotes a major program

The accompanying notes are an intergral part of this financial statement.

September 30, 2011

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of ***FutureGen Industrial Alliance, Inc.*** (Alliance) under programs of the federal government for the year ended September 30, 2011. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Because the Schedule presents only a selected portion of the operations of the Alliance, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Alliance.

2. Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

FutureGen Industrial Alliance, Inc.

Schedule of Findings and Questioned Costs

Year Ended September 30, 2011

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	unqualified	
Internal control over financial reporting:		
• Material weakness (es) identified?	___ yes	X no
• Significant deficiency (ies) identified?	___ yes	X none reported
Noncompliance material to financial statements noted?	___ yes	X no

Federal Awards

Internal control over major programs:		
• Material weakness (es) identified?	___ yes	X no
• Significant deficiency (ies) identified?	___ yes	X none reported
Type of auditor's report issued on compliance for major programs:	unqualified	
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	___ yes	X no

Identification of major programs:
Name of Federal Program or Cluster:

Pipeline and Regional C02 Storage Reservoir Project, CFDA 81.130

Dollar threshold used to distinguish between type A and type B programs:	$417,956	
Auditee qualified as low-risk auditee?	___ yes	X no

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

FutureGen Industrial Alliance, Inc.

Summary Schedule of Prior Audit Findings

Year Ended September 30, 2011

There were no prior year audit findings.

FutureGen Industrial Alliance, Inc.

Corrective Action Plan

Year Ended September 30, 2011

There are no current year audit findings.

DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

June 19, 2012

To the Audit Committee
FutureGen Industrial Alliance, Inc.

We have audited the financial statements of ***FutureGen Industrial Alliance, Inc.*** for the year ended September 30, 2011, and have issued our report thereon dated June 19, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information during discussions with Ian Hall, Former Audit Committee Chair on December 9, 2011. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by ***FutureGen Industrial Alliance, Inc.*** are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2011. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

> During 2011, significant amounts of the Organization's land were impaired, which resulted in a material loss. The loss is separately identified in the Organization's 2011 Statement of Activities. A description of the transaction is included in Note 5 to the Organization's financial statements.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements was (were):

> Management's estimate of the unbilled receivables and billings in excess of cost and profits is based on indirect rate variance calculations. We evaluated the key factors and assumptions used to develop the unbilled receivables and billings in excess of cost and profits and determined that it is reasonable in relation to the financial statements taken as a whole.

> Management's estimate of impairment of long-lived assets, which is estimated to be the extent to which the carrying value of the Organization's land exceeds the fair value. We evaluated the pricing used in the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following attached schedule summarizes misstatements detected as a result of audit procedures that were corrected by management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 19, 2012.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

<u>Other Information in Documents Containing Audited Financial Statements</u>

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Audit Committee, the Board of Directors and management of ***FutureGen Industrial Alliance, Inc.*** and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Dixon Hughes Goodman LLP

Dixon Hughes Goodman LLP

gagement: ***FutureGen Industrial Alliance Inc.***
riod Ending: ***9/30/2011***
orkpaper: ***Adjusting Journal Entries***

Account	Description	W/P Ref	Debit	Credit
ljusting Journal Entries JE # 1		5340		
adjust the member receivable contribution (considered an intent to give - no legally enforceable ntract in place) - as provided by client				
4000-4000-02	Members Contribution Rev.		100,000.00	
1100-1100-02	Escrow Receivable Members			100,000.
tal			**100,000.00**	**100,000.**
ljusting Journal Entries JE # 2		5125		
post two checks # 2988 & 2999 that were unrecorded as of 09/30/11 & noted as a reconciling item the SunTrust reconcilation - as provided by client				
2000-2000-00	Accounts Payable Control		100.00	
2000-2000-00	Accounts Payable Control		296.00	
1000-1000-00	SunTrust Cking Account			396.
tal			**396.00**	**396.**
ljusting Journal Entries JE # 3		5525		
adjust prepaid expenses (American Express) to the income statement & related unbilled entry - as ovided by client; to accrue Sept 2011 Amex invoice and related unbilled/revenue				
1200-1200-00	Unbilled AR - DOE		132,651.00	
5512-1100-10	DOE Direct Travel (99%)		123,506.00	
5552-1100-10	ALLIANCE DIRECT TRVL (1%)		1,248.00	
7000-7100-23	Travel		3,283.00	
U000-0000-10	Excess Travel		3,282.00	
1150-1000-00	Prepaid Expenses			108,441.
2000-2100-00	Accrued Other			22,878.
4000-4000-00	DOE Grant Revenue			132,651.
tal			**263,970.00**	**263,970.**
ljusting Journal Entries JE # 4		5520		
expense expired land option related to Matoon property - as provided by client				
U000-0000-40	SUBSERVICE/PROPERTY RIGHT		4,000.00	
1600-1100-01	Deposits			4,000.
tal			**4,000.00**	**4,000.**
ljusting Journal Entries JE # 5		5635		
capitalize land option contracts for potential new property that were incorrectly expensed - as ovided by client				
1500-1550-01	Land Options		72,028.00	
U000-0000-40	SUBSERVICE/PROPERTY RIGHT			72,028.
tal			**72,028.00**	**72,028.**
ljusting Journal Entries JE # 7		5630		
adjust land write-down and related contribution to Cole Together				
U000-1000-00	LOSS ON LAND		584,615.00	
U000-1005-00	RETURN OF CAPITAL		600,000.00	
1500-1500-01	Land			1,184,615.
tal			**1,184,615.00**	**1,184,615.**
ljusting Journal Entries JE # 9		5345		
adjust unbilled receivables for costs accrued in FY"10; but recognized again in FY"11				
4000-4000-00	DOE Grant Revenue		31,649.00	
1200-1200-00	Unbilled AR - DOE			31,649.
tal			**31,649.00**	**31,649.**
ljusting Journal Entries JE # 10		5345		
adjust unbilled for legal costs that were billed twice to the DOE (invoice 15 & invoice 16) - due back DOE; costs were also accrued for in FY"11				
4000-4000-00	DOE Grant Revenue		60,432.00	
1200-1200-00	Unbilled AR - DOE			30,216.
2000-2200-00	Billings in Excess - Due to DOE			30,216.
tal			**60,432.00**	**60,432.**
ljusting Journal Entries JE # 12		5350		

gagement: *FutureGen Industrial Alliance Inc.*
riod Ending: *9/30/2011*
ɔrkpaper: *Adjusting Journal Entries*

Account	Description	W/P Ref	Debit	Credit
record rate variance as calculated by client				
4000-4000-00	DOE Grant Revenue		480,070.00	
2000-2200-00	Billings in Excess - Due to DOE			480,070.
tal			**480,070.00**	**480,070.**
ljusting Journal Entries JE # 15		**5335**		
adjust unbilled schedule per client provided adjustment - costs billed in current year not reflected ains prior year unbilled balance				
4000-4000-00	DOE Grant Revenue		2,076.00	
4000-4000-00	DOE Grant Revenue		54,215.00	
1200-1200-00	Unbilled AR - DOE			2,076.
1200-1200-00	Unbilled AR - DOE			54,215.
tal			**56,291.00**	**56,291.**