BOYS' HOME, INCORPORATED

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Year Ended June 30, 2009

CONTENTS

Foti, Flynn, Lowen & Co.

Calculated solutions.

David B. Lowen, CPA
William R. Brumfield, Jr., CPA
J. Phillip Windschitl, CPA
Frank B. Hancock, CPA, CVA
Bradley J. Davis, CPA

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Boys' Home, Incorporated
Covington, Virginia:

We have audited the accompanying statements of financial position of Boys' Home, Inc., as of June 30, 2009 and 2008, and the related statements of activities, cash flows and functional expenses for the year ended June 30, 2009. These financial statements are the responsibility of the management of Boys' Home, Inc. Our responsibility is to express an opinion on the financial statements based on our audits. The prior year summarized comparative information has been derived from Boys' Home, Inc.'s 2008 financial statements and, in our report dated September 30, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audits in accordance with U.S. generally accepted auditing standards. 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 examining, on a test basis, evidence supporting amounts and disclosures in the financial statements. An audit also includes assessing accounting principles used and significant estimates made by management, as well as evaluating 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 Boys' Home, Inc., as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the year ended June 30, 2009, in conformity with U.S. generally accepted accounting principles.

Foti, Flynn, Lowen & Company, P.C.

Roanoke, Virginia
October 22, 2009

A firm of CPAs and Financial Consultants

(540) 344-9246 Fax: (540) 344-9264
501 S.Jefferson Street, Roanoke,Virginia 2401 l
Post Office Box 12765, Roanoke,Virginia 24028-2765
http://www.fflc.com

BOYS' HOME, INCORPORATED

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2009 AND 2008

ASSETS

	2009	2008
CURRENT ASSETS:		
Cash	$ 83,403	$ 72,675
Accounts receivable	13,268	17,961
Unconditional promises to give	405,941	353,323
Beneficial interest in trusts - current	321,493	324,430
Total current assets	824,105	768,389
NON-CURRENT ASSETS:		
Accounts receivable - Boys' loans	1,080	1,063
Beneficial interest in trusts - noncurrent	6,974,387	6,357,225
Investments	26,376,981	36,779,846
Other investments	45,025	53,186
Cash - permanently restricted	5,983	5,975
Property and equipment, less accumulated depreciation of $4,441,097 in 2009 and $4,253,952 in 2008	3,420,683	3,546,886
Construction in progress	23,461	23,461
Total non-current assets	36,847,600	46,767,642
	$ 37,671,705	$ 47,536,031

See accompanying notes to financial statements.

LIABILITIES AND NET ASSETS

	2009	2008
LIABILITIES:		
Current liabilities -		
Accrued expenses	**$ 111,691**	**$ 96,359**
Total current liabilities	**111,691**	**96,359**
NET ASSETS:		
Unrestricted:		
Undesignated	**(68,207)**	**(63,763)**
Designated by the Board for:		
Long-term investment	**23,840,317**	**34,202,192**
Other	**52,717**	**57,105**
Fixed assets	**3,272,094**	**3,398,297**
Total unrestricted	**27,096,921**	**37,593,831**
Temporarily restricted	**7,304,363**	**6,695,587**
Permanently restricted	**3,158,730**	**3,150,254**
Total net assets	**37,560,014**	**47,439,672**
	$ 37,671,705	**$ 47,536,031**

BOYS' HOME, INCORPORATED

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2009
(With Comparative Totals for 2008)

	UNRESTRICTED	TEMPORARILY RESTRICTED
SUPPORT AND REVENUE:		
Contributions	$ 667,728	$ 58,301
Tuition	398,286	-
Interest and dividends	477,071	-
Special events	13,106	-
School lunches	43,848	-
Other sources	28,734	-
	1,628,773	58,301
Net gain (loss) on investments	(9,261,166)	-
Bequests	419,798	-
Increase in funds held in a trust by others	-	969,037
Satisfaction of program restrictions	418,562	(418,562)
TOTAL SUPPORT AND REVENUE	(6,794,033)	608,776
EXPENSES:		
Program services	2,963,306	-
General and administrative	534,761	-
Fund raising	204,810	-
TOTAL EXPENSES	3,702,877	-
CHANGE IN NET ASSETS	(10,496,910)	608,776
NET ASSETS, BEGINNING OF YEAR	37,593,831	6,695,587
NET ASSETS, END OF YEAR	$ 27,096,921	$ 7,304,363

See accompanying notes to financial statements.

PERMANENTLY RESTRICTED	2009	2008
$ 8,467	$ 734,496	$ 871,376
-	398,286	394,996
9	477,080	1,445,543
-	13,106	19,403
-	43,848	41,050
-	28,734	35,232
8,476	1,695,550	2,807,600
-	(9,261,166)	(3,432,097)
-	419,798	559,724
-	969,037	1,534,344
-	-	-
8,476	(6,176,781)	1,469,571
-	2,963,306	2,930,090
-	534,761	529,457
-	204,810	205,283
-	3,702,877	3,664,830
8,476	(9,879,658)	(2,195,259)
3,150,254	47,439,672	49,634,931
$ 3,158,730	$ 37,560,014	$ 47,439,672

BOYS' HOME, INCORPORATED

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2009
(With Comparative Totals for 2008)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (9,879,658)	$ (2,195,259)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	187,143	192,477
Net (gain) loss on investments	9,261,166	3,432,097
Change in value of trust agreements	(614,225)	(1,209,914)
Increase/Decrease in operating assets and liabilities:		
Accounts receivable	4,676	(1,635)
Unconditional promises to give	(52,618)	474,998
Accrued expenses	15,332	14,491
Net assets restricted for permanent investment	(8,476)	(240,785)
Net cash used by operating activities	(1,086,660)	466,470
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(60,941)	(46,449)
Proceeds from sale of investments	2,342,340	3,067,814
Purchase of investments	(1,192,487)	(3,733,862)
Net cash provided by investing activities	1,088,912	(712,497)
CASH FLOWS FROM FINANCING ACTIVITIES -		
Net assets restricted for permanent investment	8,476	240,785
Net cash provided by financing activities	8,476	240,785
NET INCREASE (DECREASE) IN CASH	10,728	(5,242)
CASH, BEGINNING	72,675	77,917
CASH, ENDING	$ 83,403	$ 72,675

See accompanying notes to financial statements.

BOYS' HOME, INCORPORATED

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2009
(With Comparative Totals for 2008)

	PROGRAM SERVICES
Salaries:	
Administrative	$ 56,693
Professional staff	566,888
Support staff	52,134
Technical	402,198
Employee fringe benefits	256,848
FICA taxes	75,588
Bad debts	5,516
Depreciation	187,143
Development	11,330
Professional fees	-
Food and beverages	287,305
Other purchased services	37,560
Office and computer expense	-
Subscriptions and dues	214
Educational vocational training	29,027
Staff training	-
Boys' personal expenses	60,106
College boys' fees	10,462
Psychological	16,530
Scholarships	367,243
Special projects	19,252
Farm expenses	63,220
Equipment and vehicle maintenance	60,878
Building and grounds maintenance	84,240
Household furnishings	12,237
Insurance	79,951
Telephone	-
Utilities	182,927
Miscellaneous	37,816
Total expenses	$ 2,963,306

See accompanying notes to financial statements.

GENERAL AND ADMINISTRATIVE	FUND RAISING	TOTAL ALL FUNDS 2009	2008
$ 41,027	$ 15,526	$ 113,246	$ 108,982
-	-	566,888	607,546
273,250	110,325	435,709	422,368
-	-	402,198	325,821
74,886	29,988	361,722	341,655
22,039	8,825	106,452	105,078
-	-	5,516	9,521
-	-	187,143	192,477
-	40,146	51,476	67,210
21,952	-	21,952	18,648
-	-	287,305	284,249
-	-	37,560	39,722
11,093	-	11,093	11,482
9,346	-	9,560	11,703
-	-	29,027	32,781
21,093	-	21,093	16,816
-	-	60,106	48,126
-	-	10,462	11,168
-	-	16,530	27,488
-	-	367,243	351,740
-	-	19,252	17,492
-	-	63,220	48,464
-	-	60,878	77,785
-	-	84,240	95,700
-	-	12,237	16,299
-	-	79,951	69,561
23,339	-	23,339	24,595
30,875	-	213,802	244,040
5,861	-	43,677	36,313
$ 534,761	$ 204,810	$ 3,702,877	$ 3,664,830

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES:

Nature of activities:

Boys' Home, Inc. (the Organization) is a non-profit corporation organized under the laws of the Commonwealth of Virginia to provide a spiritual and educational environment for boys in need of shelter and guidance. The Organization is supported primarily through donor contributions and investment income.

Financial statement presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted - All resources over which the governing board has discretionary control. The governing board of the Organization may elect to designate such resources for specific purposes. This designation may be removed at the board's discretion.

Temporarily Restricted - Resources accumulated through donations or grants for specific operating or capital purposes. Such resources will become unrestricted when the requirements of the donor or grantee have been satisfied through expenditure for the specified purpose or program or through the passage of time.

Permanently Restricted - Endowment resources accumulated through donations or grants that are subject to the restriction in perpetuity that the principal be invested. Investment income may be either an unrestricted or temporarily restricted resource when earned, determined according to the gift instruments.

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 U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2008, from which the summarized information was derived.

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - (Continued):

Contributions:

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Promises to give due in the next year are recorded at their net realizable value. Promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are made.

Cash and cash equivalents:

For purposes of reporting the statement of cash flows, the Organization includes all cash available on a daily basis.

Accounts receivable

Accounts receivable and unconditional promises to give are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with clients having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

Investments:

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Effective July 1, 2008, the Center adopted Statement of Financial Accounting Standards No. 157 Fair Value Measurements (SFAS 157), which:

- **Defines fair value as the exchange price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and establishes a framework for measuring fair value;**
- **Establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation on an asset or liability as of the measurement date;**
- **Expands disclosures about instruments measured at fair value.**

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - (Continued):

Valuation Hierarchy

The three levels are defined as follows:

- **Level 1 - inputs to the valuation methodology are quoted market prices (unadjusted) for identical asset or liabilities in active markets**

- **Level 2 - inputs to the valuation methodology include quoted market prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument**

- **Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.**

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Investments in limited partnerships for which there are no quoted market prices, are carried at a reasonable estimate at fair value based on the value of the underlying investments.

Split-interest agreements:

Boys' Home is the recipient/beneficiary of several irrevocable trust arrangements which are held by others. The related income from these arrangements is recognized as temporarily restricted until the cash is received, at which time it is reclassified as unrestricted. The recorded value of the stream of future revenue associated with these trusts is required to be measured using the present value of future cash receipts. The market value of the pro rata ownership portion of the trusts' assets and/or the annual amount received currently from the trusts is used as a basis and then discounted to present value using a rate of 2.8% to arrive at an approximation of the present value of the future receipts.

Property and equipment:

It is the Organization's policy to capitalize property and equipment in excess of $750. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated using the straight-line method.

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - (Continued):

Estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes:

The Organization is exempt from income taxes under 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ended June 30, 2009.

2. CONCENTRATION OF CREDIT RISK:

The Organization maintains cash balances at several banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000.

3. INVESTMENTS:

Investments at June 30 are comprised of the following:

	2009	2008
Cash	$ 7,373,936	$ 1,538,783
Certificates of deposits	242,849	198,506
Marketable equity securities	6,656,766	21,143,579
U.S. government obligations	126,074	810,980
Marketable debt securities	3,871,211	3,210,193
Alternative investments	8,106,145	9,877,805
	$ 26,376,981	$ 36,779,846

Boys' Home paid approximately $110,000 in investment fees to various financial institutions for the year ended June 30, 2009. This amount is included in interest and dividends on the Statement of Activities.

4. FAIR VALUE MEASUREMENTS:

Fair value of assets measured on a recurring basis at June 30, 2009 are as follows:

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)	Total
Investments	$ 26,376,981	$ -	$ 26,376,981
Beneficial interest in trusts	-	7,295,880	7,295,880
Other investments	-	45,025	45,025
Total investments	$ 26,376,981	$ 7,340,905	$ 33,717,886

Fair value of assets measured on a recurring basis at June 30, 2008 are as follows:

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)	Total
Investments	$ 36,779,846	$ -	$ 36,779,846
Beneficial interest in trusts	-	6,681,655	6,681,655
Other investments	-	53,186	53,186
Total investments	$ 36,779,846	$ 6,734,841	$ 43,514,687

4. FAIR VALUE MEASUREMENTS (Continued):

The change in assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs) for the year ending June 30, 2009 are as follows:

Beneficial interest in trusts	
Beginning balance, July 1, 2008	$ 6,681,655
Cash received from trusts	(354,812)
Change in value of split interest agreements	969,037
Ending balance, June 30, 2009	$ 7,295,880
Other investments	
Beginning balance, July 1, 2008	$ 53,186
Redemptions	(8,161)
Ending balance, June 30, 2009	$ 45,025

5. UNCONDITIONAL PROMISES TO GIVE:

Following is a summary of unconditional promises to give as of June 30:

	2009	2008
Receivable in less than one year - Unrestricted	$ 405,941	$ 353,323

6. PROPERTY AND EQUIPMENT:

A summary of property and equipment follows:

	2009	2008
Buildings	$ 6,439,136	$ 6,439,136
Land improvements	529,355	473,099
Fixed equipment	204,422	199,736
Furniture and fixtures	175,224	175,224
Automobiles and trucks	245,427	245,427
	7,593,564	7,532,622
Less accumulated depreciation	(4,441,097)	(4,253,952)
	3,152,467	3,278,670
Land	268,216	268,216
	$ 3,420,683	$ 3,546,886

Construction in progress is comprised of preliminary engineering fees associated with plans of closing the lagoon and connecting with the Alleghany County sewer system.

7. ACCRUED EXPENSES:

Accrued expenses consist of the following:

	2009	2008
Accrued payroll	$ 28,097	$ 25,095
Accrued vacation pay	44,964	44,964
Boys' personal money	24,356	26,520
Deferred revenue	15,750	-
Other	(1,476)	(220)
	$ 111,691	$ 96,359

8. UNDESIGNATED NET ASSETS:

Undesignated net assets consist of the following:

	2009	2008
Cash	$ 29,136	$ 13,572
Accounts receivable	13,268	17,961
Accounts receivable - Boys' loans	1,080	1,063
Accrued expenses	(111,691)	(96,359)
	$ (68,207)	$ (63,763)

9. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are available for the following purposes or periods:

	2009	2008
College expenses	$ 1,549	$ 1,998
Periods after June 30	7,295,880	6,681,655
Renovations	-	5,000
Other	6,934	6,934
	$ 7,304,363	$ 6,695,587

10. PERMANENTLY RESTRICTED NET ASSETS:

Permanently restricted net assets are as follows and are classified based on the restricted purpose:

	2009	2008
Scholarships	$ 2,651,441	$ 2,642,965
Farm operations	507,289	507,289
	$ 3,158,730	$ 3,150,254

11. ENDOWMENTS:

The Organization's endowments consist of individual funds established for a variety of purposes. Its endowments include both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of Boys' Home, Inc. has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Organization
(7) The investment policies of the Organization

11. ENDOWMENTS - (Continued):

Net Asset Composition by Type of Endowment Fund as of June 30, 2009:

	Unrestricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 2,944,605	$ 2,944,605
Board-designated endowment funds	23,432,376	-	23,432,376
Total Funds	$ 23,432,376	$ 2,944,605	$ 26,376,981

Net Asset Composition by Type of Endowment Fund as of June 30, 2008:

	Unrestricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 2,730,527	$ 2,730,527
Board-designated endowment funds	34,049,319	-	34,049,319
Total Funds	$ 34,049,319	$ 2,730,527	$ 36,779,846

Changes in Endowment net assets for year ending June 30, 2009:

	Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 33,848,494	$ 2,931,352	$ 36,779,846
Investment return:			
Interest and dividends	477,080	-	477,080
Realized losses	(1,002,898)	-	(1,002,898)
Unrealized losses	(8,335,960)	-	(8,335,960)
Withdraws	(2,224,615)	-	(2,224,615)
Contributions	670,275	13,253	683,528
Endowment net assets, end of year	$ 23,432,376	$ 2,944,605	$ 26,376,981

11. ENDOWMENTS - (Continued):

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or SPMIFA requires the organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are to be reported in unrestricted net assets. These deficiencies result from unfavorable market fluctuations that occur shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that are deemed prudent by the Board of Trustees. There were no such deficiencies as of June 30, 2009.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking flexibility to meet unanticipated demands and changing environments. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce an absolute return equal to the rate of inflation, measured by the CPI plus 5% annually (over a rolling three year time horizon). Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current year (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equities investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of drawing 5% annually based on three year average of ending endowment balance. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

12. BOYS' SUPPORT:

The normal daily billing rate for all residents is $20.00. A Scholarship Fund expense account is charged with monthly support of privately placed boys whose families cannot pay.

The following is a schedule of boys' support for the year ended June 30, 2009:

Gross tuition	$ 398,286
Scholarships	(367,243)
Net tuition received	$ 31,043

13. FUNCTIONAL ALLOCATION OF EXPENSES:

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

14. RENTAL INCOME:

The Organization leases approximately eight acres of land to Alleghany Asphalt & Construction, Inc. under an operating lease with a term of fifty years, expiring December 31, 2053. Minimum annual rent on the land is $9,000 per year. In addition to the annual minimum rent, the lessee agrees to pay an additional "royalty" rent of fifty cents per ton for every ton of asphalt in excess of 15,000 tons produced and sold.

Minimum future rentals at June 30, 2009 are as follows:

Year Ended	Amount
2010	$ 9,000
2011	9,000
2012	9,000
2013	9,000
2014	9,000
2015 and thereafter	355,500

15. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through October 22, 2009, the date on which the financial statements were available to be issued.

Foti, Flynn,
Lowen & Co.

Calculated solutions.

David B. Lowen, CPA
William R. Brumfield, Jr., CPA
J. Phillip Windschitl, CPA
Frank B. Hancock, CPA, CVA
Bradley J. Davis, CPA

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

The Board of Trustees
Boys' Home, Inc.
Covington, Virginia

Our audit was made for the purpose of forming an opinion on the basic financial statements of Boys' Home, Inc. taken as a whole. The accompanying schedules on Pages 19-20 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Foti, Flynn, Lowen & Company, P.C.

Roanoke, Virginia
October 22, 2009

A firm of CPAs and Financial Consultants

(540) 344-9246 Fax: (540) 344-9264
501 S.Jefferson Street, Roanoke,Virginia 2401 I
Post Office Box 12765, Roanoke,Virginia 24028-2765
http://www.fflc.com

BOYS' HOME, INCORPORATED

SCHEDULE OF CASH

JUNE 30, 2009

Unrestricted:		
Undesignated:		
Petty cash	**$**	**1,500**
BB&T Bank -		
Checking account		**22,245**
Highlands Community Bank:		
Checking account		**45**
Payroll account		**1,024**
Wachovia Bank, N.A.:		
Checking account		**3,787**
Susie E. Lorraine Memorial account		**535**
		29,136
Board designated:		
BB&T Bank:		
Ambassadors' account		**8,680**
Executive Director's account		**874**
Boy Scouts' account		**10,174**
Tannehill Farm account		**3,292**
Stellar One -		
Emergency account		**29,698**
		52,718
Temporarily restricted:		
BB&T Bank -		
Hilda Dent Memorial account		**1,549**
		1,549
Permanently restricted:		
Wachovia Bank, N.A. -		
Susie E. Lorraine Memorial account		**3,873**
Stellar One -		
William Smith Memorial account		**2,110**
		5,983
Total cash	**$**	**89,386**

BOYS' HOME, INCORPORATED

SCHEDULE OF INVESTMENTS

JUNE 30, 2009

DOMESTIC EQUITY:		
Brandywine Blue Fund	$ 2,635,949	
DF Dent Premier Growth	1,691,252	
Sidney Howell Bernard Memorial Fund	210,503	
Tannehill Farm Account	229,179	$ 4,766,883
INTERNATIONAL EQUITY:		
Artio International Equity Fund	1,933,893	1,933,893
EQUITY ALTERNATIVES:		
Collins Capital Diversified Offshore Fund	724,503	
Ironwood International Limited	1,593,037	
Lighthouse Diversified Fund Limited	1,758,577	
Penn Distressed Fund	485,447	
Pointer Offshore Limited	2,061,693	
Silver Creek Low Volatility Fund	1,482,888	8,106,145
FIXED INCOME:		
Catawba Capital Management	2,734,700	
Milton S. Mayes Account	1,197,138	3,931,838
CASH & EQUIVALENTS:		
Catawba Capital Management	25,736	
Eleanor B. Coburn Building Fund	56,530	
Franklin Templeton Investments	545	
Horizon Asset Management	901	
Lillian Pritchett Memorial Fund	37,142	
Operating Account	6,799,099	
Rachel B. Stevens Memorial Fund	57,910	
SB Advisor Account	651	
Schafer-Cullen Capital Management	15,487	
Second Century Account	474,907	
Snow Capital Management	2,239	
Tannehill Farm Account	167,075	7,638,222
Total investments		$ 26,376,981
Allocation:		
Board designated		$ 23,432,376
Permanently restricted		2,944,605
		$ 26,376,981