VIRGINIA HOME FOR BOYS AND GIRLS

FINANCIAL REPORT

SEPTEMBER 30, 2010

CONTENTS

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Balance sheet	2
Statement of activities	3 - 4
Statement of functional expenses	5 - 6
Statement of cash flows	7
Notes to financial statements	8 - 19

MITCHELL,
WIGGINS&
COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

Board of Governors
Virginia Home for Boys and Girls
Richmond, Virginia

We have audited the accompanying balance sheet of Virginia Home for Boys and Girls as of September 30, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Home's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Home's 2009 financial statements and, in our report dated January 27, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 financial statements referred to above present fairly, in all material respects, the financial position of Virginia Home for Boys and Girls as of September 30, 2010, 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.

Mitchell, Wiggins & Company LLP

Richmond, Virginia
January 13, 2011

VIRGINIA HOME FOR BOYS AND GIRLS

BALANCE SHEET
September 30, 2010, with Comparative Totals as of September 30, 2009

		Temporarily	Permanently	Totals	
ASSETS	**Unrestricted**	**Restricted**	**Restricted**	**2010**	2009
Cash and cash equivalents	$ 137,612	$ 364,710	$ -	$ 502,322	$ 710,470
Accounts receivable:					
Pledges, net	81,555	295,040	-	376,595	376,194
Estates and charitable trusts	-	1,467,401	1,387,891	2,855,292	2,432,257
Public and private placements, less allowance for doubtful accounts of $5,000	218,135	-	-	218,135	270,057
Other	158,474	-	-	158,474	153,773
Federal programs	-	-	-	-	2,000
Investment income	50,117	-	-	50,117	54,983
Notes receivable	22,052	338,366	-	360,418	339,380
Prepaid expenses	31,146	-	-	31,146	41,043
Investments	18,731,338	-	-	18,731,338	17,727,026
Property and equipment, net of accumulated depreciation of $5,170,766	8,010,192	-	-	8,010,192	8,397,165
Total assets	$ 27,440,621	$ 2,465,517	$ 1,387,891	$ 31,294,029	$ 30,504,348

LIABILITIES AND NET ASSETS					
Liabilities					
Accounts payable and other accrued expenses	$ 311,616	$ -	$ -	$ 311,616	$ 230,800
Total liabilities	311,616	-	-	311,616	230,800
Net assets	27,129,005	2,465,517	1,387,891	30,982,413	30,273,548
Total liabilities and net assets	$ 27,440,621	$ 2,465,517	$ 1,387,891	$ 31,294,029	$ 30,504,348

See Notes to Financial Statements.

VIRGINIA HOME FOR BOYS AND GIRLS

STATEMENT OF ACTIVITIES

Year Ended September 30, 2010, with Comparative Totals for the Year Ended September 30, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2010	Totals 2009
Support and revenue:					
Contribution revenue	$ 605,682	$ 19,715	$ -	$ 625,397	$ 842,082
Residential services fees	857,181	-	-	857,181	982,627
J.G. Wood School tuition	540,881	-	-	540,881	429,596
Independent living fees	322,374	-	-	322,374	282,627
Foster care fees	18,771	-	-	18,771	-
Youth Emergency Shelter fees	-	-	-	-	12,080
Estates and trusts	182,197	113,172	-	295,369	872,941
Estates and trusts investment income	14,798	-	-	14,798	-
Interest	245,255	14,136	-	259,391	261,019
Dividends	304,447	-	-	304,447	300,569
Special projects	24,362	-	-	24,362	18,499
Gifts-in-kind and other income	34,305	-	-	34,305	143,119
	3,150,253	147,023	-	3,297,276	4,145,159
Net assets released from restrictions:					
Satisfaction of time restrictions	133,045	(133,045)	-	-	-
Satisfaction of program restrictions	5,555	(5,555)	-	-	-
Total support and revenue	3,288,853	8,423	-	3,297,276	4,145,159
Expenses:					
Program services:					
Residential programs	1,542,701	-	-	1,542,701	1,640,919
J.G. Wood School	652,008	-	-	652,008	595,184
Independent living program	248,854	-	-	248,854	202,239
Foster care	60,596	-	-	60,596	-
Youth Emergency Shelter	20,406	-	-	20,406	120,251
Building and grounds service	170,482	-	-	170,482	165,755
Child and family services	192,918	-	-	192,918	307,821
Food service	-	-	-	-	94,908
Project emancipation	27,818	-	-	27,818	-
Health services	170,483	-	-	170,483	186,144
Training and evaluation	68,472	-	-	68,472	56,551
Human resources	124,158	-	-	124,158	187,325
Program development	86,311	-	-	86,311	-
Total program services	3,365,207	-	-	3,365,207	3,557,097

(Continued)

VIRGINIA HOME FOR BOYS AND GIRLS

STATEMENT OF ACTIVITIES (Continued)
Year Ended September 30, 2010, with Comparative Totals for the Year Ended September 30, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2010	Totals 2009
Expenses: (Continued)					
Supporting services:					
Administrative	406,430	-	-	406,430	516,708
Fund raising and community relations	455,408	-	-	455,408	333,691
Total support services	861,838	-	-	861,838	850,399
Total expenses	4,227,045	-	-	4,227,045	4,407,496
Changes in net assets from operations	(938,192)	8,423	-	(929,769)	(262,337)
Nonoperating revenues (expenses):					
Investment and custodial fees	(120,142)	-	-	(120,142)	(112,080)
Rental income	69,245	-	-	69,245	68,271
Net realized loss on disposal of assets	(4,349)	-	-	(4,349)	-
Net realized gain (loss) on investment transactions	399,982	-	-	399,982	(3,394,220)
Net unrealized gain on investments	850,990	-	-	850,990	2,945,504
Net gain on permanently restricted net assets	-	-	442,908	442,908	-
Total nonoperating revenues (expenses)	1,195,726	-	442,908	1,638,634	(492,525)
Changes in net assets	257,534	8,423	442,908	708,865	(754,862)
Net assets, beginning	26,871,471	3,402,077	-	30,273,548	31,028,410
Reclassification of perpetual trusts	-	(944,983)	944,983	-	-
Net assets, ending	$ 27,129,005	$ 2,465,517	$ 1,387,891	$ 30,982,413	$ 30,273,548

See Notes to Financial Statements.

VIRGINIA HOME FOR BOYS AND GIRLS

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended September 30, 2010, with Comparative Totals for the Year Ended September 30, 2009

	Program Services												
	Residential Programs	J.G. Wood School	Independent Living Program	Foster Care	Youth Emergency Shelter	Building and Grounds Service	Child and Family Services	Project Emancipation	Health Services	Training and Evaluation	Human Resources	Program Development	Total Program Services
Personnel costs	$ 1,057,671	$ 351,351	$ 189,553	$ 50,137	$ 692	$ 99,494	$ 155,663	$ 857	$ 128,436	$ 54,080	$ 112,093	$ 57,580	$ 2,257,607
Child/Family services, direct	75,575	68,008	25,335	221	-	19	253	10,377	11,900	2,542	420	136	194,786
Occupancy expense	66,431	55,983	9,488	71	4,761	54,290	2,250	1,242	4,208	1,039	2,012	1,099	202,874
Equipment and supplies expense	18,062	3,428	-	135	-	1,839	1,710	72	1,015	27	1,968	4,815	33,071
Computer maintenance and supplies	24,131	7,591	3,962	90	-	1,739	1,739	-	3,110	838	1,690	11,316	56,206
Vehicle expense	34,184	4,241	9,675	153	96	4,628	890	-	2,078	402	1,209	625	58,181
Insurance expense	20,657	6,117	3,398	-	-	1,360	1,360	-	2,719	679	1,360	679	38,329
Other expense	81,994	19,582	5,624	9,789	4,684	2,402	25,687	-	15,861	8,311	2,841	10,061	186,836
Total expenses before depreciation	1,378,705	516,301	247,035	60,596	10,233	165,771	189,552	12,548	169,327	67,918	123,593	86,311	3,027,890
Depreciation	163,996	135,707	1,819	-	10,173	4,711	3,366	15,270	1,156	554	565	-	337,317
Total expenses	$ 1,542,701	$ 652,008	$ 248,854	$ 60,596	$ 20,406	$ 170,482	$ 192,918	$ 27,818	$ 170,483	$ 68,472	$ 124,158	$ 86,311	$ 3,365,207

(Continued)

VIRGINIA HOME FOR BOYS AND GIRLS

STATEMENT OF FUNCTIONAL EXPENSES (Continued)
Year Ended September 30, 2010, with Comparative Totals for the Year Ended September 30, 2009

	Supporting Services		Total Support Services	Totals	
	Administrative	Fund Raising and Community Relations		2010	2009
Personnel costs	$ 217,782	$ 223,121	$ 440,903	$ 2,698,510	$ 3,050,167
Child/Family services, direct	3,050	764	3,814	198,600	210,910
Occupancy expense	10,832	4,109	14,941	217,815	253,809
Equipment and supplies expense	13,278	14,344	27,622	60,693	51,632
Computer maintenance and supplies	3,416	15,165	18,581	74,787	62,718
Vehicle expense	3,874	2,078	5,952	64,133	59,586
Insurance expense	2,720	2,718	5,438	43,767	43,204
Other expense	80,010	191,194	271,204	458,040	284,899
Total expenses before depreciation	334,962	453,493	788,455	3,816,345	4,016,925
Depreciation	71,468	1,915	73,383	410,700	390,571
Total expenses	$ 406,430	$ 455,408	$ 861,838	$ 4,227,045	$ 4,407,496

See Notes to Financial Statements.

VIRGINIA HOME FOR BOYS AND GIRLS

STATEMENT OF CASH FLOWS
Year Ended September 30, 2010

Cash Flows From Operating Activities	
Change in net assets	$ 708,865
Adjustments to reconcile change in net assets	
to net cash used in operating activities:	
Accrued interest added to note receivable	(14,136)
Contributions restricted for investment in property	(19,715)
Donated securities	(53,340)
Depreciation	410,700
Net realized loss on disposal of assets	4,349
Net realized gain on investment transactions	(399,982)
Net unrealized gain on investments	(850,990)
Change in operating assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable	(364,904)
Prepaid expenses	9,897
Increase (decrease) in liabilities:	
Accounts payable and other accrued expenses	80,816
Net cash used in operating activities	**(488,440)**
Cash Flows From Investing Activities	
Purchases of investments	(6,801,281)
Proceeds from sale of investments	7,101,281
Disbursements for notes receivable	(9,161)
Payments received on notes receivable	2,259
Purchases of property and equipment	(28,076)
Net cash provided by investing activities	**265,022**
Cash Flows From Financing Activities	
Contributions received restricted for investment in property	15,270
Net cash provided by financing activities	**15,270**
Net decrease in cash and cash equivalents	**(208,148)**
Cash and cash equivalents, beginning	710,470
Cash and cash equivalents, ending	$ 502,322

See Notes to Financial Statements.

VIRGINIA HOME FOR BOYS AND GIRLS

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: Virginia Home for Boys and Girls (the "Home") is a comprehensive child welfare organization. The Home served many children through a variety of programs and services during fiscal year 2010. The Home provides residential care and supportive services for needy and at risk boys and girls and their families. The campus based residential program is the centerpiece of its services. The residential program provides boys and girls with a home with trained, professional live-in care givers in a family style setting. The goal is to promote mental, physical, and emotional growth and well-being. The Home also operates an on-campus alternative school for some residents and day students whose needs cannot be met in the local public schools. The Home's Youth Emergency Shelter provided service to children in crisis. The shelter provided a safe, stable, and supportive environment with intervention services to assist children in crisis to stabilize their lives and plan for the future. The shelter was closed during the prior fiscal year. In the current fiscal year, the Home began providing foster care services. The Home also operates an Independent Living program that is designed to serve young men and women between the ages of 16 and 21 who are in need of guidance and support as they transition into the responsibility and independence of young adulthood. The Home is supported primarily through donor contributions, grants, placement fees, and endowment income.

A summary of the Home's significant accounting policies follows:

Financial statement presentation: Under current accounting standards, the Home is required to report 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 net asset classes are summarized as follows:

Unrestricted net assets include resources that can be used currently for the general operations of the Home.

Temporarily restricted net assets include contributions restricted by donor designation and are reported as increases in temporarily restricted net assets. When a restriction expires either with the passage of time or by actions of the Home, temporarily restricted net assets are released and reclassified to unrestricted net assets.

Permanently restricted net assets include contributions restricted by donor designation that they be maintained permanently by the Home.

Reclassification of perpetual trusts: As of the beginning of the current year, an adjustment was made to reclassify as permanently restricted the balances associated with certain perpetual trusts, which were previously classified as temporarily restricted, to be in accordance with current accounting standards. These standards state that, absent any donor restrictions, annual distributions from the trusts are to be reported as investment income and increase unrestricted net assets. The fair value adjustments are recognized as permanently restricted gains or losses.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Cash and cash equivalents: For purposes of reporting the statement of cash flows, the Home considers all cash accounts, except funds held by investment managers, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less as cash and cash equivalents on the accompanying balance sheet. The Home, at times, may have amounts in excess of insured limits. The Home's cash is in institutions whose credit ratings are monitored by management to minimize the concentration of credit risk. At September 30, 2010, the Home had cash balances that exceeded insurance limits.

Accounts receivable and allowance for doubtful accounts: The Home extends unsecured credit in the ordinary course of its activities related to public and private placements but mitigates the associated credit risk by performing credit checks when appropriate and actively pursuing past due accounts. Accounts receivable are generally extended on a short-term basis and do not bear interest. An account is considered past due when it is more than thirty days old.

The allowance for doubtful accounts is based upon management's assessment of historical and expected net collections. Receivables are charged against the allowance when deemed to be uncollectible. Subsequent recoveries are added to the allowance.

Contributions: Contributions are recognized when the donor makes a promise to give to the Home that is, in substance, unconditional.

The Home reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Investments: Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the balance sheet. Unrealized gains and losses are included in the statement of activities. In calculating realized gains and losses, the cost of securities sold is determined by the specific identification method.

Investments, including real property held for investment, received by gift are recorded at fair value on the date received or pledged, if earlier.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Other investments include investments in limited partnerships and limited liability corporations (hedge funds, private equity and publicly-traded securities). Other investment interests are stated at fair value based on the financial statements and other information received from the funds. Fair value is the estimated net realizable value of holdings priced at quoted market value (where market quotations are available), historical cost or other estimates including appraisals. The Home believes that the stated value of its other investments was a reasonable estimate of its fair value as of September 30, 2010. However, other investments are not marketable and some of the other investments have underlying investments which may not have quoted market values. The estimated value is subject to uncertainty and could differ had a ready market existed. Such differences could be material. The amount of gain or loss associated with these investments is reflected in the accompanying financial statements as unrealized gain (loss) on investments. Actual gains or losses are dependent upon the general partners' distributions during the life of each partnership.

Property and equipment: Purchases of property and equipment are recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long these donated assets must be maintained, the Home reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Home reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Depreciation is computed using the straight-line method over the following estimated lives:

Land improvements	10 - 20 years
Buildings	25 - 45 years
Building improvements	5 - 40 years
Furniture, fixtures and equipment	5 - 7 years
Transportation equipment	5 years

Income taxes: The Home is exempt from taxation under Internal Revenue Code Section 501(c)(3) and would be taxed only to the extent it has taxable trade or business income unrelated to its exempt purpose.

Other matters: Legacies and bequests are recorded when it is determined that the Home has an unassailable right to them and the proceeds are measurable.

Donated goods and services: The value of donated goods and the value of donated services that either (a) created or enhanced a non-financial asset or (b) required specialized skills, was provided by individuals possessing those skills, and would have been purchased if not donated, are recognized in the financial statements.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Advertising costs: Advertising costs are expensed in the period they are incurred. The Home incurred an immaterial amount of advertising costs during the current year.

Functional expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among program and supporting services.

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles 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.

Note 2. Pledges Receivable, Net

Pledges receivable as of September 30, 2010, are expected to be received as follows:

Receivable in less than one year	$334,204
Receivable in one year or more	44,251
Total unconditional promises to give	378,455
Less discount	(1,860)
Less allowance for uncollectible receivables	-
	$376,595

Discount rates ranging from 3.94% to 4.70% have been used in determining the present value of the pledges receivable.

Note 3. Notes Receivable

During the year ended September 30, 2004, in connection with the capital campaign, the Home received as a contribution a note receivable. The note receivable has a face value of $250,000 with an interest rate of 4.36%. The unpaid balance of the note and all accrued interest thereon is due and payable in full on August 30, 2023, or twelve months after the death of the donor and his wife, whichever is earlier. At September 30, 2010, the balance of this note receivable and accrued interest was $338,366.

The remaining notes receivable do not accrue interest and the majority is due in less than one year.

Notes receivable consist of the following as of September 30, 2010:

$250,000 face value note, capital campaign	$338,366
Due from employees	10,152
Other	11,900
	$360,418

Note 4. Estates and Charitable Trusts Receivable

Estates and charitable trusts receivable consist of the following as of September 30, 2010:

Temporarily restricted:	
Due from charitable remainder trust upon the death of survivor beneficiary, current fair value of $44,648 discounted at 3.38% for 20.7 years, the life expectancy of the survivor beneficiary based on IRS annuity tables	$ 22,215
Due from charitable remainder trust upon the death of survivor beneficiary, current fair value of $85,072 discounted at 3.38% for 20 years, the life expectancy of the survivor beneficiary based on IRS annuity tables	43,758
Due from charitable remainder trust upon the death of survivor beneficiary, current fair value of $89,580 discounted at 3.38% for 21.4 years, the life expectancy of the survivor beneficiary based on IRS annuity tables	41,703
Due from charitable remainder trust upon the death of survivor beneficiary, current fair value of $82,226 discounted at 1.91% for 6.1 years, the life expectancy of the survivor beneficiary based on IRS annuity tables	72,026
Due from charitable lead annuity trust discounted at 2.53% over the estimated life of the trust payout	1,287,699
	1,467,401
Permanently restricted:	
Due from estates as a result of the death of the grantor, perpetual trusts	1,387,891
	$2,855,292

On January 15, 2010, the Circuit Court of Sussex County ruled in favor of the Home in a case over a dispute of rights to an estate. The dispute involved a relative of the original estate owners, who had done work, both business and personal, for the owners and their estate. While the Home has been awarded rights to the estate, it may be liable in the future to the estate owners' relative for the work that he did. An amount of compensation has not yet been determined. Due to this uncertainty, the net proceeds to be received from this estate has not been recorded as of September 30, 2010.

Note 5. Investments

Investments as of September 30, 2010, are summarized as follows:

	Cost	Approximate Fair Value
Cash and cash equivalents	$ 711,680	$ 711,680
Fixed income instruments	4,510,463	4,929,943
Mutual funds	814,348	821,875
Equities, common stock	10,690,072	11,444,744
Other investments	835,392	823,096
	$ 17,561,955	$ 18,731,338

Note 6. Property and Equipment

Property and equipment consist of the following as of September 30, 2010:

Land	$1,320,651
Land improvements	857,798
Buildings	8,157,500
Building improvements	1,666,295
Furniture, fixtures and equipment	859,655
Transportation equipment	319,059
	13,180,958
Less accumulated depreciation	5,170,766
	$ 8,010,192

Asbury Automotive North Carolina Real Estate Holdings LLC leases 1.289 acres located on Broad Street for use as a surface parking lot for a twenty-year period from April 16, 2003 to April 15, 2023. Rent income for the year ended September 30, 2010, was $69,245.

Future minimum rental income, based on the current rental amount, for this operating lease at September 30, 2010, is as follows:

Fiscal Year Ending	
2011	$ 69,588
2012	69,588
2013	69,588
2014	69,588
2015	69,588
Thereafter	521,910
	$ 869,850

Note 7. Retirement Plan

Effective July 1, 2002, the Home established a 403(b) retirement savings plan for its employees. The retirement savings plan is an individual account plan. The plan provides for the Home to contribute 6% of eligible pay to each participant's account. If a participant was also a participant in the prior defined benefit pension plan and was age 50 or older as of July 1, 2002, the Home will make an additional contribution of 1% to 3% of eligible pay, depending on the participant's age and service on that date. If a participant elects to make voluntary contributions on a pretax basis, the Home will also make a matching contribution to the participant's account. The matching contribution will be 50% of the first 4% of eligible pay contributed by the participant. All contributions except for the matching contribution were suspended for the year ended September 30, 2010. The Home's contributions to the plan for the year ended September 30, 2010, were $21,755.

Note 8. Commitments

The Home had operating leases for office equipment, with a total expense of $11,441 in 2010. Total minimum rental commitments at September 30, 2010, are as follows:

Fiscal Year Ending	
2011	$12,663
2012	12,663
2013	12,663
2014	9,498
	$47,487

Note 9. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at September 30, 2010:

Estates and charitable trusts receivable	$1,467,401
Higher Education scholarships	21,822
Betsy Wade Chinnis scholarship	20,030
Glock-Goodwin Extended Education scholarships	14,451
Alger Higher Education scholarships	38,913
Capital campaign	824,591
Independent Living Program home purchase	25,000
Independent Living Program	50,859
Women's Board special events	2,450
	$2,465,517

Note 10. Net Assets Released from Restrictions

Net assets released from restrictions due to time or purpose accomplishments for the year ended September 30, 2010, consist of:

Estates and charitable trusts receivable	$133,045
Capital campaign	5,555
	$ 138,600

Note 11. Permanently Restricted Net Assets

Permanently restricted net assets, which are amounts due from perpetual trusts, consist of the following at September 30, 2010:

Tiller Memorial Trust	$ 307,551
Whitlock Memorial Fund	346,698
Lossing Trust	212,786
Robert Treakle Trust	520,856
	$ 1,387,891

Note 12. Donated Services

Donated materials, equipment and services which enhance financial assets or would otherwise be purchased are reflected as support in the accompanying financial statements at their estimated values at date of donation. A substantial number of volunteers have donated significant amounts of time to the Home's program services and its fund raising activities; however, these services did not meet the recognition criteria contained in the authoritative literature and have not been included in the financial statements.

Note 13. Fair Value Measurements

Financial accounting standards for fair value measurement define fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Current accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under current accounting standards are described below:

Level 1. Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Note 13. Fair Value Measurements (Continued)

Level 2. Valuations for assets and liabilities traded in less active dealer or broker markets, including those where the investee has the ability to redeem its investment at its net asset value per share at the measurement date. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3. Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy. When quoted prices in active markets are not available, fair values are determined using pricing models and the inputs to those pricing models are based on observable market inputs in active markets. The inputs to the pricing models are typically reported trades and broker-dealer quotes. When quoted prices in active markets and observable market inputs in active markets are not available, fair values are determined using unobservable pricing inputs. Unobservable inputs require significant management judgment or estimation. Investments in this category generally include alternative investments, such as ownership interests in pass-through entities.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2010.

U.S. government and agency obligations and corporate debt securities: Valued at the closing price reported on an active market on which similar securities are traded.

Mutual funds: Valued at the net asset value of shares held at year-end.

Common stock: Valued at the closing price reported on the active market on which the individual securities are traded.

Other investments: Valued by the fund manager based on the underlying investments at year-end.

Contributions receivable-charitable lead trust: Valued by calculating the present value of the annuity using a discount rate commensurate with the term of the trust.

Note 13. Fair Value Measurements (Continued)

Contributions receivable-charitable remainder trusts and perpetual trusts: Valued by calculating the present value of the future distributions expected to be received, using published life expectancy tables or expected payment duration with discount rates commensurate with the life expectancies and payment periods.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Home believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Home's assets at fair value as of September 30, 2010:

	Level 1	Level 2	Level 3	Total
Fixed income instruments:				
Corporate bonds	$ -	$2,566,489	$ -	$2,566,489
Corporate mortgage/asset backed securities	-	142,388	-	142,388
Government bonds	1,031,381	476,591	-	1,507,972
Government asset backed/CMO securities	-	312,867	-	312,867
Foreign bonds	-	400,227	-	400,227
	1,031,381	3,898,562	-	4,929,943
Mutual funds:				
Balanced	50,000	-	-	50,000
Fixed income	771,875	-	-	771,875
	821,875	-	-	821,875
Equities, common stock:				
Consumer discretionary	1,375,994	-	-	1,375,994
Consumer staples	1,059,511	-	-	1,059,511
Energy	997,357	-	-	997,357
Financials	1,964,441	-	-	1,964,441
Healthcare	1,173,932	-	-	1,173,932
Industrials	1,503,142	-	-	1,503,142
Information technology	1,872,531	-	-	1,872,531
Materials	623,830	-	-	623,830
Services	38,525	-	-	38,525
Telecom	530,005	-	-	530,005
Utilities	305,476	-	-	305,476
	11,444,744	-	-	11,444,744

Note 13. Fair Value Measurements (Continued)

	Level 1	Level 2	Level 3	Total
Other investments, managed futures/hedge funds	-	-	823,096	823,096
Contributions receivable, charitable lead trust	-	1,287,699	-	1,287,699
Contributions receivable, charitable remainder trusts and perpetual trusts	-	-	1,567,593	1,567,593
Total assets at fair value	$ 13,298,000	$ 5,186,261	$ 2,390,689	$ 20,874,950

Level 3 Assets: Gains and Losses

The following table presents a summary of changes in the fair value of the Home's Level 3 assets for the year ended September 30, 2010:

	Other Investments	Contributions Receivable, Charitable Remainder and Perpetual Trusts	Total
Balance, beginning	$ 788,453	$ 1,112,062	$ 1,900,515
Total gains and losses (realized and unrealized)	47,743	-	47,743
Purchases, sales, issuances, and settlements, net	(13,100)	-	(13,100)
Change in value in interest	-	456,388	456,388
Distributions received from trusts	-	(857)	(857)
Balance, ending	$ 823,096	$ 1,567,593	$ 2,390,689

Note 14. Accounting For Uncertain Tax Positions

Effective October 1, 2009, the Home adopted the accounting standard "Accounting for Uncertain Tax Positions." This accounting standard provides detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in the Home's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. The adoption of this standard had no material effect on the Home's balance sheet, results of operations, or cash flows. The tax years ending September 30, 2007 through September 30, 2010, remain subject to examination by the taxing authorities.

The Home includes penalties and interest assessed by income taxing authorities in administrative expenses. The Home did not have penalties and interest assessed by taxing authorities during the year ended September 30, 2010.

Note 15. Subsequent Events

Management has evaluated subsequent events through January 13, 2011, the date which the financial statements were available for issue.

Note 16. Prior-Year Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by 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 Home's financial statements for the year ended September 30, 2009, from which the summarized information was derived.