Financial Statements
Year Ended
September 30, 2011

Virginia Home for Boys and Girls

DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

Virginia Home for Boys and Girls

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We have audited the accompanying statement of financial position of ***Virginia Home for Boys and Girls*** (Home) 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 the management of ***Virginia Home for Boys and Girls***. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized information has been derived from ***Virginia Home for Boys and Girls'*** 2010 financial statements, which were audited by other auditors, whose report dated January 13, 2011 expressed an unqualified opinion on those financial statements before restatement. As discussed in Note 16 to the financial statements, the Home has adjusted its 2010 financial statements to restate the values of perpetual trusts. The other auditors reported on the 2010 financial statements before the restatement.

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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We also audited the adjustments described in Note 16 that were applied to restate the 2010 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

In our opinion, the 2011 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, 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.

Dixon Hughes Goodman LLP

Richmond, Virginia
March 14, 2012

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Virginia Home for Boys and Girls

Statement of Financial Position

September 30, 2011, with Comparative Totals for 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2011	Totals 2010
Current assets					
Cash and cash equivalents	$ 337,634	$ 391,243	$ -	$ 728,877	$ 502,322
Accounts receivable:					
Public and private placements - net	366,861	-	-	366,861	218,135
Other accounts receivable - net	37,528	-	-	37,528	158,474
Pledges receivable - current portion	66,661	282,566	-	349,227	334,204
Notes receivable	15,150	-	-	15,150	22,052
Accrued investment income	44,477	-	-	44,477	50,117
Prepaid expenses	48,626	-	-	48,626	31,146
Total current assets	916,937	673,809	-	1,590,746	1,316,450
Investments	17,773,687	-	-	17,773,687	18,731,338
Property and equipment - net	7,766,715	-	-	7,766,715	8,010,192
Other assets					
Beneficial interest in trusts	-	1,425,570	849,657	2,275,227	2,390,621
Pledges receivable - less current portion	-	-	-	-	42,391
Notes receivable	-	353,329	-	353,329	338,366
Land held for investment	345,000	-	-	345,000	-
Total assets	$ 26,802,339	$ 2,452,708	$ 849,657	$ 30,104,704	$ 30,829,358
Current liabilities					
Accounts payable	$ 128,146	$ -	$ -	$ 128,146	$ 95,039
Accrued expenses	339,934	-	-	339,934	209,652
Deferred revenue	400	-	-	400	6,925
Total current liabilities	468,480	-	-	468,480	311,616
Net assets	26,333,859	2,452,708	849,657	29,636,224	30,517,742
Total liabilities and net assets	$ 26,802,339	$ 2,452,708	$ 849,657	$ 30,104,704	$ 30,829,358

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

Virginia Home for Boys and Girls

Statement of Activities

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2011	Total 2010
Revenues and support					
Program revenue:					
Residential service fees	$ 1,029,260	$ -	$ -	$ 1,029,260	$ 857,181
J.G. Wood School tuition	1,009,674	-	-	1,009,674	540,881
Independent living fees	400,680	-	-	400,680	322,374
Foster care fees	124,748	-	-	124,748	18,771
Contributions	931,017	28,066	-	959,083	539,532
Trust income	388,557	-	-	388,557	310,167
Investment income - net of expenses of $121,841	438,567	14,963	-	453,530	443,696
Special events, net of expenses of $66,562	47,404	-	-	47,404	34,330
Other income	81,125	-	-	81,125	25,190
Net assets released from restrictions	14,006	(14,006)	-	-	-
Total revenues and support	4,465,038	29,023	-	4,494,061	3,092,122
Expenses (see schedule)					
Program services	3,930,148	-	-	3,930,148	3,365,207
Management and general	757,971	-	-	757,971	406,430
Fundraising and community relations	318,131	-	-	318,131	379,511
Total expenses	5,006,250	-	-	5,006,250	4,151,148
Nonoperating revenues (expenses)					
Rent income	80,216	-	-	80,216	78,360
Loss on disposal of assets	(5,390)	-	-	(5,390)	(4,349)
Gain on sale of investments	959,267	-	-	959,267	399,982
Unrealized gains (losses) on investments	(1,288,027)	-	-	(1,288,027)	850,990
Change in beneficial interest in trusts	-	(41,832)	(73,563)	(115,395)	215,582
Total nonoperating revenues (expenses)	(253,934)	(41,832)	(73,563)	(369,329)	1,540,565
Change in net assets	(795,146)	(12,809)	(73,563)	(881,518)	481,539
Net assets - beginning of year, as previously reported	27,129,005	2,465,517	923,220	30,517,742	30,273,548
Prior period adjustment	-	-	-	-	(237,345)
Net assets - beginning of year, as restated	27,129,005	2,465,517	923,220	30,517,742	30,036,203
Net assets - end of year, as restated	$26,333,859	$ 2,452,708	$ 849,657	$29,636,224	$30,517,742

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

Virginia Home for Boys and Girls

Schedule of Functional Expenses

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

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Virginia Home for Boys and Girls

Schedule of Functional Expenses

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

	Program Services						
	Residential Programs	J.G. Wood School	Independent Living Program	Foster Care	Building and Grounds Service	Child and Family Services	Health Services
Salaries	$ 764,910	$ 489,391	$ 164,486	$ 53,174	$ 88,454	$ 116,608	$ 111,080
Employee benefits	132,501	47,028	32,106	9,843	14,439	21,397	23,234
Payroll taxes	78,617	34,810	11,028	3,841	6,292	8,293	7,547
Total personnel costs	976,028	571,229	207,620	66,858	109,185	146,298	141,861
Child family services, direct	160,748	86,174	23,762	62,623	171	296	6,364
Occupancy	84,814	41,390	14,880	3,502	8,489	7,037	14,920
Equipment and supplies	16,942	8,098	3,131	783	2,007	1,453	3,124
Computer maintenance supplies	14,339	5,651	2,731	683	1,366	1,366	2,731
Vehicle expense	29,074	7,945	15,269	1,932	4,525	1,708	3,556
Insurance	15,351	6,579	2,924	731	1,462	1,462	2,926
Other expenses	36,361	18,733	6,041	3,239	3,353	11,156	23,748
Total expenses before depreciation	1,333,657	745,799	276,358	140,351	130,558	170,776	199,230
Depreciation	123,257	52,825	23,478	5,869	11,739	11,739	23,478
Total expenses	$ 1,456,914	$ 798,624	$ 299,836	$ 146,220	$ 142,297	$ 182,515	$ 222,708

Training and Evaluation	Human Resources	Program Development	Other Programs	Total Program Services	Supporting Services: Management and General	Supporting Services: Fundraising and Community Relations	Total Supporting Services	Total: 2011	Total: 2010
$ 45,406	$ 61,175	$ 89,160	$ 153,582	$ 2,137,426	$ 389,960	$ 176,521	$ 566,481	$ 2,703,907	$ 2,148,181
14,440	43,655	10,841	19,255	368,739	65,612	27,184	92,796	461,535	373,901
2,800	4,328	7,032	10,447	175,035	27,583	12,392	39,975	215,010	176,428
62,646	109,158	107,033	183,284	2,681,200	483,155	216,097	699,252	3,380,452	2,698,510
2,624	2,531	954	12,004	358,251	6,485	991	7,476	365,727	198,600
6,980	4,886	3,510	10,792	201,200	21,664	14,007	35,671	236,871	217,815
1,565	983	6,557	2,348	46,991	5,051	20,372	25,423	72,414	60,693
1,366	956	683	2,049	33,921	5,433	2,732	8,165	42,086	74,787
1,461	2,027	1,780	3,593	72,870	8,765	3,049	11,814	84,684	64,133
1,462	1,024	731	2,193	36,845	4,094	2,925	7,019	43,864	43,767
4,638	4,264	36,792	54,727	203,052	190,456	34,481	224,937	427,989	382,143
82,742	125,829	158,040	270,990	3,634,330	725,103	294,654	1,019,757	4,654,087	3,740,448
11,739	8,217	5,869	17,608	295,818	32,868	23,477	56,345	352,163	410,700
$ 94,481	$ 134,046	$ 163,909	$ 288,598	$ 3,930,148	$ 757,971	$ 318,131	$ 1,076,102	$ 5,006,250	$ 4,151,148

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

Virginia Home for Boys and Girls

Statement of Cash Flows

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

	2011	2010
Cash flows from operating activities		
Change in net assets	$ (881,518)	$ 481,539
Adjustments to reconcile to net cash from operating activities:		
Depreciation	352,163	410,700
Bad debt	45,254	-
Accrued interest added to note receivable	(14,963)	(14,136)
Contributions restricted for investment in property	(10,000)	(15,270)
Non-cash gifts	(360,511)	(53,340)
Change in value of trusts and annuities	115,394	(195,709)
Loss on disposal of assets	5,390	4,349
Realized gain on investments	(959,267)	(399,982)
Unrealized loss (gain) on investments	1,288,027	(850,990)
Change in:		
Accounts receivable	(73,034)	49,221
Pledges receivable	27,368	(401)
Accrued investment income	5,640	4,866
Prepaid expenses	(17,480)	9,897
Accounts payable and accrued expenses	163,389	80,816
Deferred revenue	(6,525)	-
Net cash from operating activities	(320,673)	(488,440)
Cash flows from investing activities		
Purchase of investments	(12,999,764)	(6,801,281)
Proceeds from sale of investments	13,628,655	7,101,281
Disbursements for notes receivable	-	(9,161)
Payments on notes receivable	6,902	2,259
Purchase of property and equipment	(98,565)	(28,076)
Net cash from investing activities	537,228	265,022
Cash flows from financing activities		
Contributions received restricted for investment in property	10,000	15,270
Net change in cash and cash equivalents	226,555	(208,148)
Cash and cash equivalents - beginning of year	502,322	710,470
Cash and cash equivalents - end of year	$ 728,877	$ 502,322

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

1. Organization and Nature of Activities

Virginia Home for Boys and Girls (Home) is a private, non-sectarian, non-profit organization that was founded in 1846 and is located in Richmond, Virginia. The Home operates as a comprehensive child and family services agency providing a variety of programs including residential group homes, alternative day school, foster care, intensive in-home services, independent living, and clinical services for at-risk children and families. Through its programs, the Home serves children from birth to 21 years of age, families, and residential alumni.

The five residential group homes are the heart of the Home's campus services, which offer family-style living for boys and girls ages 11-17 using the highly successful Teaching-Family Model, emphasizing social skills and healthy development. The Home also operates an accredited alternative day school which serves boys and girls, grades 6-12 including residents of the Home as well as students from the surrounding greater Richmond community. The Home is a licensed provider of Therapeutic Foster Care which assists children ages birth to 18 by placing them with extensively trained foster parents to help them succeed and thrive. The intensive in-home services help families solve problems within their own homes rather than through placement outside the home by offering one-on-one support. The independent living program provides counseling and guidance for young men age 16-21 who are moving towards independence, by providing them social, vocational and life-long learning skills to develop and prosper as young adults.

The Home is primarily supported through placement fees, donor contributions, grants and endowments.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Home is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets. The financial statements report amounts separately by class of assets 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 reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets include contributions restricted by donor designation that they be maintained permanently by the Home. At September 30, 2011, permanently restricted net assets consists of the Home's beneficial interest in perpetual trusts.

Cash and Cash Equivalents

The Home considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents. Cash designated for investment purposes is reported with investments.

Allowance for Doubtful Accounts

The Home extends unsecured credit in the ordinary course of its activities related to public and private placements. 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. The allowance was $5,000 at September 30, 2011.

Concentration of Credit Risk

Financial instruments that potentially subject the Home to concentration of credit risk consist of interest-bearing transaction accounts. The Home places its interest-bearing transactions accounts with high credit quality financial institutions. At times, the Home maintains balances in these accounts in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC). Amounts in excess of insured limits were $290,966 at September 30, 2011.

Property and Equipment

Property and equipment are recorded at cost. Donated items are recorded at fair market value at the date of contribution. Depreciation is computed using the straight-line method and provided over the estimated useful life of each class of depreciable assets as follows:

Buildings	25 – 45 years
Building improvements	5 – 40 years
Land improvements	10 – 20 years
Furniture, equipment, computer equipment, and software	5 – 7 years
Vehicles	5 years

Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. Betterments and renewals are capitalized. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the statement of activities.

Investments

Investments in securities are carried at fair value. The fair value of limited partnerships is determined in good faith by external investment managers or other independent sources and reviewed by management. Because these alternative investments are not readily marketable, their estimated value is subject to additional uncertainty and therefore, value realized upon disposition may vary significantly from currently reported values.

Unrealized gains and losses are included in the change in net assets. Gains and losses on sales of securities are calculated using the specific identification method and recorded on the trade date.

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

Investment securities are exposed to several risks, such as interest rate, currency, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the Home's financial statements.

Donated Assets and Services

The Home receives a significant amount of donated services from unpaid volunteers who assist in program services, fund-raising and special projects. Donated services are not recognized as contributions in the Home's financial statements since the recognition criteria under accounting standards were not met.

Advertising Costs

The Home expenses advertising costs as they are incurred. Advertising expense was $69,568 for 2011.

Income Taxes

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

Estimates

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

Subsequent Events

In preparing these financial statements, the Home has evaluated events and transactions for potential recognition or disclosure through March 14, 2012, the date the financial statements were available to be issued.

Reclassification

Certain comparative year figures have been reclassified to conform with the current year's financial statement presentation.

3. Pledges Receivable

The Home has pledges receivable of $349,277 at September 30, 2011, all of which are current.

In order to simplify their accounting process for pledges receivable, the Home has elected to record all pledges receivable at fair value. The fair value adjustment for 2011 was $4,704 and is included in contribution income in the statement of activities. No changes in the fair value measurement were attributable to instrument specific credit risk.

4. Property and Equipment

Major classes of property and equipment consist of the following at September 30, 2011:

Land	$ 1,320,651
Land improvements	875,696
Buildings and improvements	9,859,600
Furniture and equipment	613,626
Computer equipment and software	248,618
Vehicles	337,025
	13,255,216
Less - accumulated depreciation	(5,488,501)
	$ 7,766,715

Depreciation expense was $352,163 for 2011.

5. Investments

Investments as of September 30, 2011, are summarized as follows:

	Cost	Fair Value
Common stock	$ 7,646,637	$ 7,671,887
Mutual funds	4,358,460	3,881,484
Fixed income securities	3,813,214	4,125,974
Limited partnerships – master feeder funds	1,212,663	1,211,048
	17,030,974	16,890,393
Cash and cash equivalents	883,294	883,294
	$ 17,914,268	$ 17,773,687

6. Fair Value Measurement

Accounting standards established 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 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Home has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset 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, 2011.

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

Mutual funds: Valued at the closing price reported on the active market on which the mutual funds are traded.

Fixed income securities: Valued at the closing price reported on the active market on which the fixed income securities are traded.

Limited partnerships – master feeder funds: Valued at the Home's pro-rata interest in the net assets of these entities. Investments held by these entities are valued at prices which approximate fair value. The fair value of certain investments in the underlying entities are determined in good faith by the investment advisors of the respective entities and may not reflect amounts that could be realized upon immediate sale, nor amounts that may be ultimately realized. The advisor may rely on pricing services or other sources to assist in determining the fair value of an investment. Factors considered to determine fair value may include the correlation with price movement of similar securities in the same or other markets; the type, cost and investment characteristics of the security; the business and financial condition of the issuer; and trading or other market data. The estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments, and these differences could be material. Net asset valuations are provided daily, monthly or quarterly by these entities.

At December 31, 2010, the advisor performed a reassessment of the fair value hierarchy and determined that the limited partnership investments in the master funds represent a level 2 security. As a result of this reassessment, all but one limited partnership investment have been classified as a level 2 asset.

Inputs or methodologies used in valuing securities are not necessarily an indication of the risk associated with investing in those securities. The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although 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.

Pledges receivable: Valued using the income approach based on discounted cash flows.

Beneficial interest in perpetual trusts: Valued using the fair value of the underlying assets of the trust as an estimate for the present value of the expected future cash flows.

The following tables sets forth by level, within the fair value hierarchy, the Home's assets at fair value as of September 30, 2011:

	Level 1	Level 2	Level 3	Total
Common stock:				
Large cap core	$ 1,667,410	$ -	$ -	$ 1,667,410
Large cap value	1,758,702	-	-	1,758,702
Large cap growth	1,682,886	-	-	1,682,886
Mid cap value	1,201,494	-	-	1,201,494
Small cap value	1,361,395	-	-	1,361,395
Mutual funds:				
International	1,880,477	-	-	1,880,477
Emerging markets	1,236,092	-	-	1,236,092
Securities	287,862	-	-	287,862
Bonds	290,986	-	-	290,986
Commodities	186,067	-	-	186,067
Fixed income securities:				
Corporate bonds	-	1,989,132	-	1,989,132
Corporate mortgage/asset backed securities	-	69,019	-	69,019
Government bonds	-	1,498,629	-	1,498,629
Government asset backed/CMO securities	-	205,508	-	205,508
Foreign bonds	-	322,097	-	322,097
Other bonds	-	41,589	-	41,589
Limited partnership – master feeder funds	-	1,188,898	22,150	1,211,048
	11,553,371	5,314,872	22,150	16,890,393
Pledges receivable	-	-	349,227	349,227
Beneficial interest in perpetual trusts	-	-	849,657	849,657
Total assets at fair value	$ 11,553,371	$ 5,314,872	$ 1,221,034	$ 18,089,277

In relation to the above level 3 investment asset class, the following information is presented regarding the nature of the investments and related commitments. The fair value of the investments in this class has been estimated using the net asset value per share of the investments. Redemption of these investments is restricted as indicated below.

	Fair Value	Unfunded Commitments	Redemption Frequency	Lock-in Period
Limited partnerships – master feeder funds				
Multi-strategy (a)	$ 22,150	$ -	As available	n/a

(a) This class includes an investment in a master feeder fund structure. The feeder fund is in a redemption mode and each member's interest will be redeemed as the feeder fund receives redemption proceeds from the master fund.

The table below sets forth a summary of changes in the fair value of the Home's level 3 investment assets:

	Limited Partnerships	Pledges Receivable	Beneficial Interest in Perpetual Trusts
Balance – September 30, 2010	$ 823,096	$ 376,595	$ 923,220
Unrealized gains – net	25,933	-	-
New pledges	-	37,760	-
Pledge collections	-	(60,424)	-
Adjustment to fair value	-	(4,704)	(73,563)
Transfers in (out) of level 3	(826,879)	-	-
Balance – September 30, 2011	$ 22,150	$ 349,227	$ 849,657

7. Notes Receivable

In 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 the earlier of August 30, 2023, or twelve months after the death of the donor and his wife. At September 30, 2011, the balance of the note receivable and accrued interest was $353,329.

The notes receivable balance also includes two demand notes that do not accrue interest in the amount of $15,150.

8. Beneficial Interest in Trusts

The Home is the beneficiary of various charitable trusts that are managed by third party trustees. The contribution portion of these trusts is recognized as revenue when the Home has the unconditional right to receive benefits under the agreements. During the term of the agreements, any changes in actuarial assumptions are recognized as "change in beneficial interest in trusts" in the statement of activities.

The Home is the beneficiary of four charitable remainder trusts. The Home's beneficial interest in these trusts at September 30, 2011 was $197,995, calculated using discount rates ranging from 1.43% to 2.6% for 2011. The change in the value of the trusts for 2011 was $20,279.

The Home is the beneficiary of a charitable lead trust. Annual distributions began during 2002 and will continue for 20 years under the terms of the trust. The Home's beneficial interest in this trust at September 30, 2011, was $1,227,575, discounted at 1.92%. Change in the value of the trust during 2011 was $105,111.

The Home has a beneficial interest in four perpetual trusts. The value of the Home's share of the trusts was $849,657 at September 30, 2011. Change in value of the trusts was ($73,563) for 2011.

9. Land Held for Investment

On March 24, 2010, the Supreme Court of Virginia ruled in favor of the Home in a case over a dispute of rights to an estate. The estate included 2 parcels of undeveloped land in Sussex County of approximately 198 acres zoned for agricultural use. The deed to the parcels was recorded in the Home's name on April 22, 2010. The land was appraised and is recorded on the statement of financial position as land held for investment in the amount of $345,000. In addition to the land, subsequent to year-end, final distribution from the estate was received in the amount of $48,602.

10. Restricted Net Assets

The net assets of the home are restricted as follows at September 30, 2011:

	Temporarily	Permanently
Beneficial interest in trusts	$ 1,425,570	$ 849,657
Higher education scholarships	21,822	-
Betsy Wade Chinnis scholoarship	20,030	-
Glock-Goodwin Extended Education scholarships	14,451	-
Alger Higher Education scholarships	38,913	-
Independent Living Program home purchase	25,000	-
Independent Living Program	51,859	-
Richmond West Central Optimist Club	200	-
Women's Board special events	2,450	-
Donor dinner	1,000	-
Capital Campaign	851,413	-
	$ 2,452,708	$ 849,657

Amounts were released from restrictions as follows:

	Temporarily	Permanently
Donor dinner	$ 12,328	$ -
Other	1,678	-
	$ 14,006	$ -

11. 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 which 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 with also make a matching contribution to the participant's account in the amount of 50% of the first 4% of eligible pay contributed by the participant. The Home's contributions to the plan for 2011 was $91,793.

12. Rent Income

The Home leases a 1.289 acre tract of land to Asbury Automotive North Carolina Real Estate Holdings LLC, located on West Broad Street for use as a surface parking lot under a 20 year agreement expiring in April of 2023. Rent is adjusted annually based upon an "adjustment fraction" per the agreement. Rent income under this lease for 2011 was $69,710.

Future minimum rental income, based upon estimated adjustments to the current rental amount under the above operating lease as of September 30, 2011, is as follows:

2012	$ 70,178
2013	70,178
2014	70,178
2015	70,178
2016	70,178
Thereafter	491,247
	$ 842,137

The remaining balance of rent income in the statement of activities includes miscellaneous facility rentals.

13. Commitments

Severance Consideration

Effective September 7, 2011, the Home entered into an employment separation and settlement agreement with a long-term employee of the Home. Pursuant to the agreement, the Home agreed to provide severance consideration including an automobile, and base wages, healthcare, and a housing allowance through March 31, 2012. The total value of the severance consideration is $60,599 and is included with accrued expenses at September 30, 2011.

Operating Lease

The Home leases office equipment under operating leases with terms expiring in April 2014 and February 2017. Lease expense was $15,326 for 2011.

Future minimum commitments under the operating lease for succeeding years ending September 30 are as follows:

2012	$ 13,569
2013	13,809
2014	8,655
2015	1,440
2016	1,440
Thereafter	600
	$ 39,513

14. Line of Credit

The Home has a revolving working capital line of credit with a bank not to exceed $1,000,000. Interest accrues at a rate of the bank's prime rate plus .8%. Interest only is due monthly. All principal and accrued interest is due and payable on March 31, 2012. As of September 30, 2011, no funds have been advanced on this line.

15. Comparative Totals

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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Home's financial statements for the year ended September 30, 2010 from which the summarized information was derived.

16. Prior Period Adjustment

An error resulting in the overstatement of the previously reported beneficial interest in perpetual trusts was discovered during the current year. Accordingly, an adjustment was made to reduce the beneficial interest in trusts on the statement of financial position by $464,671 at September 30, 2010. The effect on the change in beneficial interest in trusts on the statement of activities for 2010 was a reduction of $227,326. The balance of the restatement was a reduction of $237,345 in the September 30, 2009 net assets.

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