

**HOMES FOR OUR TROOPS, INC.**

**FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
SEPTEMBER 30, 2012 AND 2011**

**(With Independent Auditor's Report Thereon)**



## TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS:	
Statements of financial position	2
Statements of activities	3
Statements of cash flows	4
Statements of functional expenses	5-6
Notes to financial statements	7-14



INDEPENDENT AUDITOR'S REPORT

BOARD OF DIRECTORS  
HOMES FOR OUR TROOPS, INC.  
Taunton, Massachusetts

We have audited the accompanying statements of financial position of Homes for Our Troops, Inc. (a nonprofit organization) as of September 30, 2012 and 2011, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 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 Homes for Our Troops, Inc. as of September 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Parent, McLaughlin & Nangle*

Certified Public Accountants, Inc.

Boston, Massachusetts  
January 18, 2013

HOMES FOR OUR TROOPS, INC.

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2012 AND 2011

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ 1,107,247	\$ 2,146,890
Investments	4,404,547	1,748,310
Pledges receivable, net	6,429,447	4,978,326
Construction and acquisition costs for veterans' homes (Note H)	5,888,000	6,614,682
Prepaid expenses and other assets	281,117	295,344
Investments designated for veterans' projects (Note F)	10,520,000	9,776,000
Property and equipment, net	1,154,037	902,254
Total Assets	<u>\$ 29,784,395</u>	<u>\$ 26,461,806</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Contractual commitment to transfer homes to veterans (Note H)	\$ 5,888,000	\$ 6,614,682
Accrued expenses	585,793	310,967
Total Liabilities	<u>6,473,793</u>	<u>6,925,649</u>
Net Assets:		
Unrestricted:		
Undesignated Net Assets	12,790,602	9,611,990
Designated by the Board of Directors (Note F)	10,520,000	9,776,000
Total Unrestricted	23,310,602	19,387,990
Temporarily Restricted	-	148,167
Total Net Assets	<u>23,310,602</u>	<u>19,536,157</u>
Total Liabilities and Net Assets	<u>\$ 29,784,395</u>	<u>\$ 26,461,806</u>

See accompanying notes to financial statements.



HOMES FOR OUR TROOPS, INC.

STATEMENTS OF ACTIVITIES  
YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	<u>2012</u>			<u>2011</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and other support:						
Contributions	\$ 13,866,345	\$ -	\$ 13,866,345	\$ 10,670,012	\$ -	\$ 10,670,012
Contributed materials and services	2,308,955	-	2,308,955	5,566,469	-	5,566,469
Special events - net	250,055	-	250,055	102,458	-	102,458
Investment income	489,654	-	489,654	376,014	-	376,014
Other revenue	17,052	-	17,052	36,404	-	36,404
Net assets released from restrictions:						
Restrictions released	148,167	( 148,167 )	-	501,833	( 501,833 )	-
Total revenues and other support	17,080,228	( 148,167 )	16,932,061	17,253,190	( 501,833 )	16,751,357
Expenses:						
Program services	11,316,501	-	11,316,501	14,372,314	-	14,372,314
General and administrative	951,512	-	951,512	882,401	-	882,401
Fundraising	889,603	-	889,603	940,806	-	940,806
Total expenses	13,157,616	-	13,157,616	16,195,521	-	16,195,521
Change in net assets	3,922,612	( 148,167 )	3,774,445	1,057,669	( 501,833 )	555,836
Net assets, beginning of year	19,387,990	148,167	19,536,157	18,330,321	650,000	18,980,321
Net assets, end of year	<u>\$ 23,310,602</u>	<u>\$ -</u>	<u>\$ 23,310,602</u>	<u>\$ 19,387,990</u>	<u>\$ 148,167</u>	<u>\$ 19,536,157</u>

See accompanying notes to financial statements.



HOMES FOR OUR TROOPS, INC.

STATEMENTS OF CASH FLOWS  
YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	<u>\$ 3,774,445</u>	<u>\$ 555,836</u>
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	60,318	49,910
Realized losses (gains) on investments	1,311	( 22,927 )
Unrealized (appreciation) depreciation of investments	( 112,646 )	78,993
Increase in pledges receivable	( 1,509,442 )	( 1,544,545 )
Provision for uncollectible pledges	58,321	244,024
Decrease (increase) in construction and acquisition costs for veterans' homes	726,682	( 3,984,377 )
Decrease (increase) in prepaid expenses and other assets	14,227	( 41,244 )
(Decrease) increase in contractual commitment to transfer homes to veterans	( 726,682 )	3,984,377
Increase in accrued expenses	<u>183,903</u>	<u>51,181</u>
Total adjustments	( <u>1,304,008</u> )	( <u>1,184,608</u> )
Net cash provided by (used in) operating activities	<u>2,470,437</u>	( <u>628,772</u> )
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	( 221,178 )	( 125,414 )
Purchases of investments	( 3,462,340 )	( 1,533,505 )
Proceeds from sales of investments	<u>173,438</u>	<u>2,047,638</u>
Net cash (used in) provided by investing activities	( <u>3,510,080</u> )	<u>388,719</u>
Net decrease in cash and cash equivalents	( 1,039,643 )	( 240,053 )
Cash and cash equivalents, beginning of year	<u>2,146,890</u>	<u>2,386,943</u>
Cash and cash equivalents, end of year	<u>\$ 1,107,247</u>	<u>\$ 2,146,890</u>
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Noncash investing activities:		
Unrealized (appreciation) depreciation of investments	( <u>\$ 112,646</u> )	<u>\$ 78,993</u>
Donated stock	<u>\$ 47,584</u>	<u>\$ 45,960</u>
Software acquisition accrued	<u>\$ 110,700</u>	<u>\$ -</u>
Vehicle exchanged in lieu of severance payment	<u>\$ 19,777</u>	<u>\$ -</u>

See accompanying notes to financial statements.



HOMES FOR OUR TROOPS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	2012			
	Program Services	General and Administrative	Fundraising	Total Expenses
Cost of veterans' homes	\$ 8,291,709	\$ -	\$ -	\$ 8,291,709
Salaries and benefits	1,475,936	647,700	380,779	2,504,415
Advertising and message communication	364,311	34,229	25,769	424,309
Home project and fundraising events	321,036	-	26,189	347,225
Travel	277,668	39,030	25,315	342,013
Payroll taxes	134,891	41,725	34,826	211,442
Miscellaneous	60,958	69,013	43,564	173,535
Professional services	49,843	55,913	48,069	153,825
Promotional materials	69,937	5,770	71,673	147,380
Fundraising appeals	-	-	111,048	111,048
Office supplies and expenses	64,558	22,123	23,135	109,816
Deed transfer costs	77,229	-	-	77,229
Credit card contribution fees	-	-	65,091	65,091
Telephone and computers	42,005	10,831	12,052	64,888
Depreciation	38,827	11,698	9,793	60,318
Occupancy	23,743	7,412	6,182	37,337
Postage and shipping	23,850	6,068	6,118	36,036
	\$ 11,316,501	\$ 951,512	\$ 889,603	\$ 13,157,616

See accompanying notes to financial statements.

(Continued)



HOMES FOR OUR TROOPS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	2011			
	Program Services	General and Administrative	Fundraising	Total Expenses
Cost of veterans' homes	\$ 11,818,757	\$ -	\$ -	\$ 11,818,757
Salaries and benefits	1,040,981	496,029	265,350	1,802,360
Advertising and message communication	347,811	12,224	61,476	421,511
Home project and fundraising events	286,744	-	25,945	312,689
Travel	279,786	27,545	59,478	366,809
Payroll taxes	97,509	46,660	24,839	169,008
Miscellaneous	23,255	115,047	36,805	175,107
Professional services	105,084	115,881	252,457	473,422
Promotional materials	66,680	6,471	65,714	138,865
Fundraising appeals	-	-	54,816	54,816
Office supplies and expenses	39,490	22,354	24,091	85,935
Deed transfer costs	138,798	-	-	138,798
Credit card contribution fees	-	-	46,681	46,681
Telephone and computers	43,773	11,913	7,821	63,507
Depreciation	30,115	12,867	6,928	49,910
Occupancy	11,846	5,646	3,022	20,514
Postage and shipping	41,685	9,764	5,383	56,832
	\$ 14,372,314	\$ 882,401	\$ 940,806	\$ 16,195,521

See accompanying notes to financial statements.

(Concluded)





HOMES FOR OUR TROOPS, INC.

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2012 AND 2011

A. Nature of activities:

Homes for Our Troops, Inc. (the Organization) was organized in 2004 as a not-for-profit corporation for the purpose of building specially adapted, barrier-free homes for severely injured military veterans.

B. Summary of Significant Accounting Policies:

Basis of accounting:

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Basis of presentation:

The Organization follows FASB ASC 958, "Not-For-Profit Entities." In accordance with FASB ASC 958, the Organization 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) based upon the existence or absence of donor-imposed restrictions. The Organization further subdivides unrestricted net assets into: (a) Board-designated net assets, which have been designated by action of the Board of Directors for specific purposes; and (b) other unrestricted net assets.

Reclassifications:

Certain reclassifications have been made to the 2011 financial statements in order to conform to the 2012 presentation.

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 activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of estimates:

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount 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 reported period. Actual results could differ from those estimates.

Statements of cash flows:

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents for purposes of the statements of cash flows.

Investments:

Investments in all securities with readily determinable fair value are reported at their fair value in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

HOMES FOR OUR TROOPS, INC.

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2012 AND 2011

(Continued)

B. Summary of Significant Accounting Policies - continued:

Contributions:

The Organization follows FASB ASC 958, "Not-For-Profit Entities." In accordance with FASB ASC 958, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Temporarily restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

Pledges receivable:

Pledges receivable are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to pledges receivable.

Property and equipment:

Property and equipment are recorded at cost and depreciated on a straight-line basis over their respective estimated useful lives. Purchases of property and equipment costing \$1,000 or more are capitalized.

Advertising:

The Organization expenses advertising as incurred.

Income taxes:

The Organization is recognized as an organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code") whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to federal income tax. 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 Code.

The Organization recognizes and measures its unrecognized tax positions in accordance with FASB ASC 740, "Income Taxes."



HOMES FOR OUR TROOPS, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2012 AND 2011

(Continued)

B. Summary of Significant Accounting Policies - continued:

Income taxes - continued:

Under that guidance the Organization assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax positions is adjusted when new information is available, or when an event occurs that requires a change.

The Organization has not identified any uncertain tax positions at September 30, 2012 or 2011. Interest and penalties associated with unrecognized tax positions, if any, would be classified as additional income taxes in the statements of activities.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization's federal Exempt Organization Business Income Tax Returns are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

Subsequent events:

Subsequent events have been evaluated through January 18, 2013, which is the date the financial statements were available to be issued.

C. Investments:

Investments are comprised of the following at September 30:

	2012		
	Cost	Fair Market Value	Unrealized Appreciation
Mutual funds - fixed income	\$ 14,671,305	\$ 14,924,547	\$ 253,242
Unrealized appreciation at September 30, 2011			140,596
Total unrealized appreciation on investments			\$ 112,646
	2011		
	Cost	Fair Market Value	Unrealized Appreciation (Depreciation)
Mutual funds - fixed income	\$ 11,383,714	\$ 11,524,310	\$ 140,596
Unrealized appreciation at September 30, 2010			219,589
Total unrealized depreciation on investments			( \$ 78,993 )



HOMES FOR OUR TROOPS, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2012 AND 2011

(Continued)

C. Investments - (continued):

Total investment income for the years ended September 30 is comprised of the following:

	<u>2012</u>	<u>2011</u>
Unrealized appreciation at end of year	\$ 253,242	\$ 140,596
Unrealized appreciation at beginning of year	140,596	219,589
Increase (decrease) for the year	112,646	( 78,993 )
Net realized (losses) gains	( 1,311 )	22,927
Dividend and interest income	398,493	451,059
	509,828	394,993
Less custodial and investment advisor fees	( 20,174 )	( 18,979 )
Total investment income	<u>\$ 489,654</u>	<u>\$ 376,014</u>

D. Pledges Receivable:

Pledges receivable represent unconditional promises to give from various donors and are discounted at 3.23% if long-term. Pledges receivable consist of the following at September 30:

	<u>2012</u>	<u>2011</u>
Amounts due:		
Within one year	\$ 5,990,034	\$ 5,345,262
After one year, through three years	941,666	-
Discount	( 76,996 )	-
Total pledges receivable	6,854,704	5,345,262
Allowance for uncollectible pledges	( 425,257 )	( 366,936 )
Pledges receivable, net	<u>\$ 6,429,447</u>	<u>\$ 4,978,326</u>

E. Property and Equipment:

A summary of property and equipment at September 30 is as follows:

	<u>2012</u>	<u>2011</u>
Land	\$ 50,500	\$ 50,500
Buildings and improvements	984,121	844,496
Furniture and equipment	241,161	77,345
Vehicles	37,918	71,771
	1,313,700	1,044,112
Less accumulated depreciation	( 159,663 )	( 141,858 )
	<u>\$ 1,154,037</u>	<u>\$ 902,254</u>

Depreciation expense charged to operations amounted to \$60,318 and \$49,910 for the years ended September 30, 2012 and 2011, respectively.

HOMES FOR OUR TROOPS, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2012 AND 2011

(Continued)

F. Net Assets:

Board-designated net assets represent amounts designated for specific veterans' projects. Once the Organization commits to undertake a project to build a new home, the estimated cost of the project is included as Board-designated net assets and as cash or investments designated for veterans' projects.

A commitment to undertake a project is often made while the veteran is still undergoing treatment in a hospital or rehabilitation center, a process that can take many months. More time is then needed to plan and complete the project. Because of these factors, many months can pass between the time the Organization makes the commitment to undertake a project and the time the project is completed. This policy of self-restricting funds was established as a means to ensure that funds needed for current commitments cannot be used for any other purpose or project.

As of September 30, 2012 and 2011, \$10,520,000 and \$9,776,000, respectively, of investments has been designated exclusively to fund committed projects. These self-restricted funds will be recorded in the statement of activities as program services when the funds are spent.

Temporarily restricted net assets as of September 30, 2011 were restricted for the following purposes:

Incorporate "green" building materials into veterans' homes and promote the benefits of green building	\$ 148,167
Temporarily restricted net assets	<u>\$ 148,167</u>

G. Contributed Materials and Services:

Contributed materials and services are reflected as contributions at their estimated fair values on the date of donation. The following have been reflected as both expense and contribution revenue in the accompanying financial statements for the years ended September 30, 2012 and 2011, respectively:

	<u>2012</u>	<u>2011</u>
Building materials and construction services	\$ 2,226,102	\$ 5,450,449
Land	58,400	91,500
Travel accommodations	7,642	16,720
Advertising and promotion	16,811	7,800
Total contributed materials and services revenue	<u>\$ 2,308,955</u>	<u>\$ 5,566,469</u>



HOMES FOR OUR TROOPS, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2012 AND 2011

(Continued)

H. Construction and Acquisition Costs for Veterans' Homes and Contractual Commitment to Transfer Homes to Veterans:

Construction and acquisition costs for veterans' homes represents real estate acquisition and home construction costs of specially adapted home projects.

When acquiring land and constructing a new home, title and ownership of the property is retained by the Organization until such time the Organization transfers ownership to the veteran. Prior to transfer of ownership, costs incurred and donations of materials and services received by the Organization for these activities are recorded as an asset of the Organization in the statement of financial position.

To the extent that all significant conditions of the contractual agreement between the Organization and the veteran have been met, a liability representing the contractual commitment to transfer the home to the veteran is established. Upon transfer of ownership, the full cost of the property and the corresponding contractual liability are both reduced to zero.

As of September 30, 2012 and 2011, the Organization's estimated contractual obligations to fund the completion of current and future projects amounted to approximately \$10,520,000 and \$9,776,000, respectively.

I. Concentration of Credit Risk:

The Organization maintains its cash balances at several banks located in Massachusetts. The cash balances are insured, with certain limitations, by the Federal Deposit Insurance Corporation. At certain times during the year, cash balances exceeded the insured amounts. Management monitors, on a regular basis, the financial condition of the financial institutions, along with their balances, to keep this potential risk to a minimum.

At September 30, 2012, \$2,522,075 or approximately 39% of pledges receivable are attributable to three donor organizations. In addition, at September 30, 2012 and 2011, an additional \$3,061,440 and \$4,078,140, or approximately 48% and 82% of pledges receivable, respectively, are attributable to pledges of eligible veterans' benefits provided by the Department of Veterans Affairs under the Specially Adapted Housing Grant Program.

J. Related Party Transactions:

During 2012, the Organization entered into a severance agreement with its former president. The terms of the agreement require the Organization to pay one year's salary plus certain benefits over a twelve- month period. The total amount expected to be paid under this agreement is approximately \$187,000. Concurrent with his departure, the Organization also agreed to sell a vehicle to the former president. The sale price was \$19,777, which was equal to the estimated fair value of the vehicle. The purchase price is being deducted from monthly severance payments being made in connection with the aforementioned agreement. At September 30, 2012, the outstanding balance under the severance agreement, net of amounts due in connection with the vehicle sale, was \$63,305.

HOMES FOR OUR TROOPS, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2012 AND 2011

(Continued)

K. Fair Value Measurements:

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The fair value of a financial instrument is the 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. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Organization's financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

Fair Value Hierarchy:

In accordance with this guidance, the Organization groups its financial assets and liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. The fair value hierarchy prioritizes its inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1** Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access.
- Level 2** Inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly. These may include quoted prices for similar securities.
- Level 3** Inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

A description of the valuation techniques applied to the Organization's major categories of assets and liabilities measured at fair value on a recurring basis is as follows:

- Level 1** The securities measured at fair value Level 1 are based on quoted market prices in an active exchange market. These investments include mutual funds.
- Level 2** The Organization does not have any assets or liabilities measured at fair value in Level 2 at either September 30, 2012 or 2011.
- Level 3** The Organization does not have any assets or liabilities measured at fair value in Level 3 at either September 30, 2012 or 2011.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level of input that is significant to the fair value measurement in its entirety.

HOMES FOR OUR TROOPS, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2012 AND 2011  
(Continued)

K. Fair Value Measurements - (continued):

Fair values of assets measured on a recurring basis at September 30 are as follows:

	Total Fair Value	<u>Fair Value Measurements at Reporting Date Using:</u>		
		Level 1	Level 2	Level 3
September 30, 2012:				
Mutual funds - fixed income	\$ 14,924,547	\$ 14,924,547	\$ -	\$ -
September 30, 2011:				
Mutual funds - fixed income	\$ 11,524,310	\$ 11,524,310	\$ -	\$ -

