



AUDITED FINANCIAL STATEMENTS

June 30, 2010 and 2009

FACETS
AUDITED FINANCIAL STATEMENTS
June 30, 2010 and 2009

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To the Board of Directors
FACETS
Fairfax, Virginia

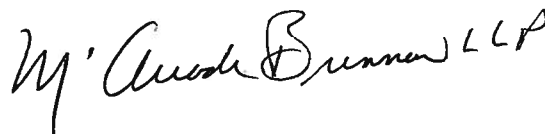
Independent Auditors' Report

We have audited the accompanying statements of financial position of FACETS as of June 30, 2010 and 2009, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of FACETS' management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 FACETS as of June 30, 2010 and 2009, 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.

Washington, DC
May 3, 2011



FACETS
STATEMENTS OF FINANCIAL POSITION

<i>June 30,</i>	2010	2009
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$244,449	\$339,880
Certificates of deposit		
Client funds on hand	90	646
Due from government contracts	264,050	144,027
Unconditional promises to give, current portion	106,756	136,242
Prepaid expenses	42,353	53,096
TOTAL CURRENT ASSETS	657,698	673,891
NET PROPERTY AND EQUIPMENT	16,282	28,264
OTHER ASSETS		
Investments	396,924	345,167
Intangible asset, net of accumulated amortization of \$7,894 and \$5,691, respectively	3,121	5,324
Unconditional promises to give, net of curent portion	75,425	134,281
TOTAL ASSETS	\$1,149,450	\$1,186,927
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$38,155	\$33,023
Accrued payroll liabilities and benefits	24,957	18,136
Client funds held in trust	90	646
TOTAL CURRENT LIABILITIES	63,203	51,805
NET ASSETS		
Unrestricted	568,178	457,302
Temporarily restricted	518,069	677,820
TOTAL NET ASSETS	1,086,247	1,135,122
TOTAL LIABILITIES AND NET ASSETS	\$1,149,450	\$1,186,927

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

**FACETS
STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2010

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND OTHER REVENUE			
Support	\$215,677	\$1,129,788	\$1,345,465
Donated goods, services, and facilities		535,771	535,771
Events	47,077		47,077
Unrealized gain		41,087	41,087
Interest and dividend income	943	10,670	11,613
Program fees	24,665		24,665
Gain on sale of assets			
Loss on pledges receivable		(16,385)	(16,385)
Net assets released from restrictions, Satisfaction of program restrictions	1,860,684	(1,860,684)	
TOTAL SUPPORT AND OTHER REVENUE	2,149,045	(159,751)	1,989,293
EXPENSES			
Program services			
Emergency Services	821,361		821,361
Education and Community Development	285,672		285,672
Supportive Housing	235,910		235,910
Total Program Services	1,342,943		1,342,943
Supporting Services			
Fundraising	172,861		172,861
General and administrative expenses	522,363		522,363
Total Supporting Services	695,225		695,225
TOTAL EXPENSES	2,038,168		2,038,168
CHANGE IN NET ASSETS	110,877	(159,751)	(48,875)
NET ASSETS AT BEGINNING OF YEAR	457,302	677,820	1,135,122
NET ASSETS AT END OF YEAR	\$568,178	\$518,069	\$1,086,247

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

**FACETS
STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2009

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND OTHER REVENUE			
Support	\$448,576	\$960,041	\$1,408,617
Donated goods, services, and facilities		612,562	612,562
Events	24,777		24,777
Unrealized (loss)		(114,316)	(114,316)
Interest and dividend income	2,281	5,545	7,826
Program fees	23,796		23,796
Gain on sale of assets		6,265	6,265
Loss on pledges receivable		(43,783)	(43,783)
Net assets released from restrictions, Satisfaction of program restrictions	1,530,957	(1,530,957)	
TOTAL SUPPORT AND OTHER REVENUE	2,030,387	(104,644)	1,925,743
EXPENSES			
Program services			
Outreach and Education	678,989		678,989
Supportive Housing	988,342		988,342
Total Program Services	1,667,331		1,667,331
Supporting Services			
Fundraising	117,015		117,015
General and administrative expenses	403,505		403,505
Total Supporting Services	520,520		520,520
TOTAL EXPENSES	2,187,851		2,187,851
CHANGE IN NET ASSETS	(157,464)	(104,644)	(262,108)
NET ASSETS AT BEGINNING OF YEAR	614,766	782,464	1,397,230
NET ASSETS AT END OF YEAR	\$457,302	\$677,820	\$1,135,122

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

FACETS
STATEMENTS OF CASH FLOWS

<i>For the Year Ended June 30,</i>	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	(\$48,875)	(\$262,108)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	14,185	14,184
Unrealized loss (gain) on investments	(41,087)	114,316
Realized (gain) loss	(10,670)	(6,265)
Loss on pledges receivable	16,385	32,834
(Increase) decrease in:		
Due from government contracts	(120,023)	44,115
Unconditional promises to give	71,957	(6,521)
Prepaid expenses	10,743	(883)
Increase (decrease) in:		
Accounts payable	5,132	18,254
Accrued payroll liabilities and benefits	6,821	(52,616)
Refundable advances		(66,274)
NET CASH USED IN OPERATING ACTIVITIES	(95,431)	(170,964)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments		268,442
Redemption of certificates of deposit		81,210
Purchases of investments		(156,558)
NET CASH PROVIDED BY INVESTING ACTIVITIES		193,094
NET CHANGE IN CASH AND CASH EQUIVALENTS	(95,431)	22,130
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	339,880	317,750
CASH AND CASH EQUIVALENTS, END OF YEAR	\$244,449	\$339,880

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

FACETS
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2010

	Emergency Services	Education and Community Development	Supportive Housing	Fund Raising	General and Administration	Total
In-kind	\$389,876	\$77,847	\$3,184	\$37,626	\$27,238	\$535,771
Salaries	273,983	127,788	57,367	80,390	237,068	776,596
Direct client assistance	70,887	8,749	163,349			242,985
Employee benefits and payroll taxes	21,919	10,223	4,589	5,539	78,158	120,428
Professional fees	4,921	4,921	1,727	8,932	97,197	117,697
Rent and utilities	41,931	41,931				83,862
Office supplies and materials	5,951	9,426	3,067	403	14,614	33,461
Public Relations				23,083	4,060	27,143
Telecommunicatons	1,285	120	1,256		21,684	24,345
Printing				12,217	3,700	15,917
Depreciation and amortization					14,185	14,185
Travel	8,821	1,946	1,121	226	220	12,334
Insurance expense					9,544	9,544
Maintenance	549	1,496			6,504	8,549
Postage and delivery				3,345	3,291	6,636
Subscriptions and memberships	95	95		1,020	2,947	4,157
Conferences and training	77	282		80	1,732	2,171
Personal property taxes	960	320	250		99	1,629
Volunteer management	106	528			123	757
Total Expenses	\$821,361	\$285,672	\$235,910	\$172,861	\$522,363	\$2,038,168

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

FACETS
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2009

	Outreach & Education	Supportive Housing	Fundraising	General and Administrative	Total
In-kind	\$131,532	\$335,938	\$29,660	\$115,433	\$612,562
Salaries	298,292	242,266	39,234	196,639	776,431
Direct client assistance	56,457	245,139		14,191	315,787
Employee benefits and payroll taxes	55,617	52,448	7,880	23,893	139,838
Professional fees	46,877	40,823	4,874	24,426	117,000
Rent and utilities	39,337	37,582	1,227	6,156	84,302
Office supplies and materials	15,011	8,028	516	4,772	28,327
Public Relations	867	698	21,173	412	23,150
Telecommunicatons	6,885	6,681	739	3,704	18,009
Printing	4,114	3,199	4,627	2,544	14,484
Depreciation and amortization	5,449	4,426	717	3,592	14,184
Travel	2,948	1,686	565	65	5,264
Insurance expense	5,878	4,774	774	4,655	16,081
Maintenance	3,722	878	130	651	5,381
Postage and delivery	1,473	1,197	3,099	971	6,740
Subscriptions and memberships	1,342	998	842	765	3,947
Conferences and training	817	847	747	284	2,695
Personal property taxes	757	344	56	280	1,437
Volunteer management	1,614	391	155	73	2,233
TOTAL EXPENSES	\$678,989	\$988,342	\$117,015	\$403,505	\$2,187,851

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

FACETS
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE A – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization FACETS is a nonprofit organization incorporated in the Commonwealth of Virginia. FACETS commenced operations in July 1988 and became incorporated in 1989. Our mission at FACETS is to build strong families and safe communities by improving the quality of life for impoverished men, women and children through comprehensive programs addressing physical, spiritual, and emotional needs. Our vision is to be the trusted, primary catalyst for bringing together those who have a need with those who can help meet the need to break the cycle of homelessness and poverty in Fairfax, Virginia.

FACETS opens doors by helping families and individuals who suffer the effects of poverty in Fairfax County. We meet their emergency shelter, food, and medical needs, help them gain safe, sustainable and permanent housing and work with them to end the cycle of poverty through educational, life skills and career counseling programs.

Description of Programs

Emergency Services to Prevent and End Homelessness: FACETS supports families and individuals who are homeless or at risk of becoming homeless by offering basic needs assistance and comprehensive case management. Through our Client Resource Center, we offer case management and supplies from our emergency pantry to adults who can also access our in-house client computers and phones to help with their employment and housing searches. Our Hot Meals Program provides dinners and Sunday morning breakfast to people who are homeless at three sites along Route 50 every day of the year. FACETS offers outreach and support for single adults who are homeless. We seek out and identify people who are living on the streets or in the woods with the goal of helping them stabilize and move into permanent housing. We also connect them with medical and dental resources. In addition, our Hypothermia Prevention Response Program operates throughout the winter providing individuals who are homeless with shelter, hot meals, optional case management and a warm welcome from FACETS staff and volunteers. Finally, we provide support services for families who are homeless or are at risk of becoming homeless. Our caring case managers work with parents to develop service plans and specific goals, whether their families are precariously housed, temporarily living in area motels or on the verge of becoming homeless.

Housing Services to Bring People Home: FACETS provides supportive and long-term housing for individuals and families who are currently homeless. Our programs operate using a “Housing First” approach, focusing on first getting people into housing and then working with a case manager to address barriers to housing and securing employment, child care, medical assistance and other basic needs. Linda’s Gateway is FACETS’ newest program which began in March 2010 and features five apartment units for families who would otherwise have been placed in a county homeless shelter. Families work with a FACETS case manager with the goal of locating permanent or transitional housing. Participants receive budget counseling, housing location services, connection to community resources, basic needs and transportation assistance and services for children. Home Connections and TRIUMPH are permanent supportive housing programs managed by FACETS for chronically homeless adults located in a cluster of apartment units. Many of these residents engage in life skills classes which increase their access to financial, medical and employment resources.

FACETS
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2010 and 2009

NOTE A – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Description of
Programs
(continued)**

Education and Community Development to Break the Cycle of Poverty: FACETS works in three community centers spread across Fairfax County - Ragan Oaks and Robinson Square in Fairfax and Barros Circle in Centreville. People living in these affordable housing communities have limited financial resources, with the average income for a family of four at approximately \$18,000. Programs for youth take place after school and in the evenings and focus on academics, self-esteem building, substance abuse prevention, healthy relationships and college or career planning. Programs for adults focus on computer and financial literacy, employment access and ESL. Residents in need can participate in individualized case management, focusing on eviction prevention, and emergency food and financial assistance to keep them stable and in their homes.

**Recent
Accounting
Standard**

In June 2009, the FASB issued Accounting Standards Update No. 2009-01. The new pronouncement is intended to simplify use of generally accepted accounting principles (GAAP) by providing all the authoritative literature related to a particular topic in one place. The codification is effective for financial statements issued for interim and annual periods ending after September 15, 2009. As of the effective date, the codification will supersede all pre-existing non-SEC accounting and reporting standards. ASU 2009-1 is not expected to have a material impact on FACETS financial statements; however it will change how FACETS references GAAP in its financial statements.

**Cash and Cash
Equivalents**

FACETS considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments

FACETS' investments consist of mutual funds investing in debt and equity securities and are carried at readily determinable fair market values. Unrealized gains and losses are included in the statements of activities.

**Property and
Equipment**

Property and equipment are recorded at cost, less accumulated depreciation. Depreciation expense is calculated using the straight-line method over the estimated useful lives of the assets, which range from 5 to 7 years. Expenditures of \$5,000 or more for major renewals and betterments which increase the value or materially extend the life of the related assets are capitalized. Expenditures for maintenance and repairs are expensed as incurred.

Net Assets

FACETS reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There are currently no permanently restricted net assets.

FACETS
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2010 and 2009

NOTE A – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Contributions
and Donations**

In-kind support is recognized for professional services received if those services: (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Donations of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses or assets.

Contributions are recorded at fair value as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. When the donor restriction expires, that is, when a stipulated time restriction ends or purpose is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

**Unconditional
Promises to Give**

Promises to give are recognized as support when the donor makes a promise to give to FACETS that is, in substance, unconditional. Promises to give that are expected to be collected within one year are recorded at their net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on these amounts are computed using a risk-free interest rate applicable to the year in which the pledge is made.

Income Taxes

FACETS qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is not considered to be a private foundation within the meaning of Section 509(a) of the Code. FACETS is required to report unrelated business income to the IRS and the Commonwealth of Virginia taxing authority. FACETS did not have any unrelated business income for the year ended June 30, 2010.

FACETS has adopted the accounting of uncertainty in income taxes as required by the Income Taxes topic (Topic 740) of the FASB Accounting Standards Codification. Topic 740 requires the WRC to determine whether a tax position is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is more than fifty percent likely of being realized upon ultimate settlement which could result in FACETS recording a tax liability that would reduce the FACETS net assets.

FACETS has analyzed its tax positions, and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on returns filed for open tax years (2006-2008), or expected to be taken in its 2009 tax return. FACETS is not aware of any tax positions for which it believes that there is a reasonable possibility that the total amounts of unrecognized tax benefits will change materially in the next twelve months.

FACETS
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2010 and 2009

NOTE A – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

Costs of providing the programs and services have been summarized on a functional basis on the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Reclassifications

Certain amounts for the fiscal year ended June 30, 2009 have been reclassified for the purpose of comparison.

NOTE B – INVESTMENTS

Investments are comprised of Vanguard Mutual Funds as follows for the years ended June 30:

Description	2010	2009
FACETS Reserve Fund	\$308,238	\$262,424
FACETS Supportive Housing Fund	88,686	82,744
Total	\$396,924	\$345,167

NOTE C – PROMISES TO GIVE

Unconditional promises to give consist of the following at June 30:

Description	2010	2009
Receivable in less than one year	\$160,957	\$145,114
Receivable in one to five years	85,367	145,636
Receivable in more than five years	1,000	5,000
Subtotal	247,324	295,750
Less: Discount to net present value	(10,943)	(16,355)
Less: Allowance for uncollectible promises	(54,201)	(8,872)
Total	\$182,181	\$270,523

FACETS
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2010 and 2009

NOTE D – CONCENTRATION OF CREDIT RISK

FACETS maintains cash in three financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures the balances up to \$250,000 as of June 30, 2010. At June 30, 2010 and 2009, the cash balances were not in excess of the FDIC insurance limit.

NOTE E – RETIREMENT PLAN

FACETS maintains a 403(b) plan which covers substantially all employees. During the years ended June 30, 2010 and 2009, employer contributions totaled \$7,593 and \$10,492, respectively.

NOTE F – INTANGIBLE ASSET

During the fiscal year ended June 30, 2007, FACETS purchased software totaling \$11,015. During the years ended June 30, 2010 and 2009 amortization expense of \$2,203 per year was recorded using the straight-line method over a 60-month period.

NOTE G – RELATED PARTY TRANSACTIONS

During the year ended June 30, 2010, FACETS received donations totaling approximately \$46,522 from members of its Board of Directors. As of June 30, 2010, unconditional promises to give include approximately \$37,484 due from Board members.

During the year ended June 30, 2009, FACETS received donations totaling approximately \$57,000 from members of its Board of Directors. As of June 30, 2009, unconditional promises to give include approximately \$52,000 due from Board members.

NOTE H – PROPERTY AND EQUIPMENT

At June 30, 2010 and 2009 property and equipment is comprised of the following:

Description	2010	2009
Program vans	\$78,944	\$78,944
Office equipment	16,230	16,230
Total Property and Equipment	95,174	95,174
Less: Accumulated depreciation	(78,892)	(66,910)
Net Property and Equipment	\$16,282	\$28,264

FACETS
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2010 and 2009

NOTE I – RESTRICTED NET ASSETS

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

Description	2010	2009
Supportive Housing	\$321,733	\$350,474
General support for subsequent periods	97,495	270,523
Emergency Services	59,613	
Training and Education	34,950	
Education & Community Development	4,277	56,823
Total	\$518,069	\$327,346

NOTE J – DONATED GOODS, SERVICES, AND FACILITIES

The community provides a significant portion of its support in the form of donated goods, services, and facilities. The following support is recorded on the financial statements as both revenue and expense unless capitalized:

For the Year Ended June 30,	2010	2009
Goods, facilities and equipment	\$494,241	\$501,482
Volunteer services requiring specialized skills and meeting the criteria for recognition:		
Hours provided	2,106	3,510
Total value	\$41,530	\$111,080

These donated resources accounted for approximately 22% and 32% of the total support and other revenue used for programs and operations during the fiscal years ended June 30, 2010 and 2009, respectively.

In addition, FACETS receives services that do not require specialized skills and do not meet the criteria for recognition; accordingly, these amounts are not recorded in the financial statements. Using rates established by government contract, the monetary value of these services are determined using \$21.45 and \$19.72 per hour for the fiscal years ended June 30, 2010 and 2009, respectively:

For the Year Ended June 30,	2010	2009
Volunteer services not requiring specialized skills:		
Hours provided	29,811	35,367
Total value	\$559,254	\$697,436

FACETS
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2010 and 2009

NOTE K – SUPPORT

Support is composed of grants and awards received by FACETS and contributions from individuals and organizations which were restricted by the donors or designated by FACETS for use in the following areas:

For the Year Ended June 30, 2010

SOURCE	Education & Community Development	Emergency Services	Supportive Housing	General Support	Total
Government	\$198,118	\$374,318	\$179,354	\$150	\$751,940
Foundations		72,339	6,841	39,017	\$118,197
Churches	3,586	22,375	32,121	104,528	\$162,610
Individuals	1,970	1,470	7,477	248,585	\$259,502
Organizations		1,000	100	5,198	\$6,298
Combined Campaigns				31,731	\$31,731
Corporations		4,500	500	10,187	\$15,187
Total	\$203,674	\$476,002	\$226,393	\$439,396	\$1,345,465

For the Year Ended June 30, 2009

SOURCE	Outreach & Education	Supportive Housing	General Support	Total
Government	\$393,118	\$223,703	\$18,769	\$635,590
Foundations	24,984	107,824	31,850	164,658
Churches	11,290	57,690	83,423	152,403
Individuals	8,194	21,772	368,096	398,062
Organizations	600	2,472	3,300	6,372
Combined Campaigns			32,355	32,355
Corporations	1,105	529	17,543	19,177
Total	\$439,291	\$413,990	\$555,336	\$1,408,617

FACETS received grants and contracts through the Fairfax County government which represented approximately 31% and 33% of its total support and revenue during fiscal years ended June 30, 2010 and 2009, respectively. In addition, 87% of the amounts due from government contracts as of June 30, 2010 and 2009 are due from the Fairfax County government.

FACETS
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2010 and 2009

NOTE L – LEASES

FACETS is a licensee to office space provided by the County of Fairfax pursuant to providing services under a certain contract. The term of the license runs concurrently with the term of the contract and its amendments. The license is automatically renewed at the time the contract is renewed. The term of the current contract ends June 30, 2012. Future minimum rental payments for office space are approximately \$84,000 per year for the years ending June 30, 2011 and 2012. For the years ended June 30, 2010 and 2009 occupancy expense totaled \$83,862 and \$84,302, respectively.

In addition, FACETS entered into several operating leases for residential units occupied by its supportive housing program clients. All of the leases expire on or before June 30, 2011. The monthly rent liabilities range from \$1,072 to \$1,417.

Future minimum rental payments required under the aforementioned operating leases are as follows:

For the year ended June 30,	Amount
2011	\$142,155
Total	\$142,155

For the years ended June 30, 2010 and 2009 rent expense under these leases totaled \$157,715 and \$244,409, respectively.

NOTE M – SUBSEQUENT EVENTS

Management has evaluated the impact on FACETS' financial statements and disclosures of certain transactions occurring subsequent to its fiscal year end through May 3, 2011, which is the date FACETS' financial statements are available to be issued.

NOTE N – FAIR VALUE MEASUREMENTS

In accordance with Fair Value Measurements and Disclosures topic (Topic 820) of the FASB Accounting Standards Codification, FACETS has categorized its financial instruments, based on the priority of the inputs to the valuations technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation technique as follows:

Level 1. These are instruments where values are based on unadjusted quoted prices for identical assets in an active market FACETS has ability to access.

Level 2. These are investments where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the investments.

FACETS
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2010 and 2009

NOTE N – FAIR VALUE MEASUREMENTS (continued)

Level 3. These are investments where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect certain assumptions by management about the assumptions market participants would use in pricing the investments. These investments include non-readily marketable securities that do not have an active market.

Financial assets recorded on the Statements of Financial Position are categorized based on the inputs to the valuation technique as follows for the year ended June 30, 2010:

Asset Category -	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments:				
Mutual Funds	\$269,946	\$126,978		\$396,924
Total	\$269,946	\$126,978		\$396,924

Financial assets recorded on the Statements of Financial Position are categorized based on the inputs to the valuation technique as follows for the year ended June 30, 2009:

Asset Category -	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments:				
Mutual Funds	\$259,955	\$85,212		\$345,167
Total	\$259,955	\$85,212		\$345,167