2011

ANNUAL REPORT

Marianas Public Land Trust

A Message from the Chairman

Dear People of the Commonwealth,

In compliance with Article XI, Section 6(e), of the Commonwealth Constitution, the Trustees of the Marianas Public Land Trust makes this report on its investments and related activities for the year 2011.

The housing loans that the Trust received due to settlement of the loan made to NMHC continues to be an issue as collection of these loans involves administration of the portfolio and legal fees associated with the foreclosure of defaulted loans. These costs amounted to $94,944 in 2011 while earning only about $108,896 of interest. This is a result of the loan mitigation program wherein the interest rate was reduced to 2% and the monthly payment reduction. This was done in order to reduce the excessive delinquency rate (60%) inherited from NMHC at the time MPLT received these loans and to avert mass foreclosures. But even with MPLT's aggressive loan interest reduction policy, the delinquency rate has risen and is currently at 53%, which is unacceptable to the Trustees. As the economy continues to decline, it is likely that this delinquency rate will increase along with future foreclosures. It is the Trustees' goal to protect this investment and recover its principal loaned to NMHC and limit potential future losses through strict oversight and review of each delinquent borrower. Given the rate of principal payments being received, it is anticipated that this essentially nonperforming investment will take about 28 years to recover.

In July, 2010, the Commonwealth Government requested an advance of the distributions from the Trust to the Commonwealth General Fund in the amount of $4 million, which was construed to be an addition to the 2008 CUC loan of $3.5 million, which has subsequently been repaid. The Trust entered into a loan agreement that required the payment of interest at 7%. The future annual distributions from the Trust were "earmarked" per P.L. 17-7 commencing in 2012 to be applied to repay this advance. It is anticipated that this loan should be paid by 2014.

The MPLT return for FY 2010 was 8% due to the partial recovery of the financial markets from the "crash" that occurred in 2008 and 2009. Since then the investment returns for the Trust have been stagnate resulting a total investment return for 2011 of only .59%, which is substantially below our nominal projected return of 7.5%. The poor returns of our managed investment portfolio were due to the continuing decline of the U.S. economy causing the equity markets not to grow. Looking forward, interest rates continue to be low and the U.S. economic recovery is sluggish. The markets are still troubled by many uncertainties and fears of a double-dip recession. Supporting these fears are the new norms for unemployment and the huge U.S. annual deficit and growing national debt. This trend appears to be on-going for 2012 with the expectation of lowered returns. Understanding this, the Trustees will continue to monitor the global markets and adjust asset allocations, if necessary, in order to take a more conservative approach in order to avoid future losses.

Currently, the Trust has been the focus of legislative initiatives to amend the Constitution in order to change its primary beneficiary from the CNMI General Fund to the Retirement Fund or perhaps, direct payments to Northern Mariana Descent persons. The criticism has been that the Trust provides no benefits to the Commonwealth. The Trustees take exception to this premise as the Trust has provided many important past as well as future benefits to the Commonwealth. Such benefits will be described more fully in this annual report. As the CNMI Government continues to incur huge annual deficits, the Trust has been a stabilizing force by providing financial assistance to meet payrolls, pay utility bills, buy fuel for the Commonwealth Utilities Corporation, and keep the Commonwealth Healthcare Corporation from collapsing. MPLT is the only source of savings in the Commonwealth and is the only remaining resource that can be employed in a crisis.

We hope this report provides an insight into the operations of the Trust and provides useful information to all our beneficiaries. The Trustees take their fiduciary duty very seriously and welcomes any question or suggestion regarding the operation of the Marianas Public Land Trust.

Respectfully submitted,

Alvaro A. Santos
Chairman, MPLT Trustees

CONTENTS

OVERVIEW

The Marianas Public Land Trust (MPLT) was established to preserve and enhance the net revenues received from the lease of public lands for the benefit of future generations of persons of NMD. MPLT functions, therefore, as the money or financial manager for the net revenues distributed to it by the Marianas Public Land Corporation (MPLC) or its successor organization, the Marianas Public Land Authority (MPLA) or the Department of Public Lands (DPL).

The following are the distributions from MPLC & Successor Entities to MPLT and recorded as principal in the General & Park Trust Funds:

July 19, 1983	$ 5,000,000
January 20, 1984	100,000
February 17, 1984	14,080,046
April 13, 1984	5,958,700
August 27, 1984	803,856
May 22, 1991	500,000
December 20, 1991	500,000
September 19, 2007	1,250,000
August 4, 2008	3,500,000
Total	$ 31,692,602

DPL's primary duty is to manage the public lands for the benefit of the people of the Commonwealth who are persons of NMD. They have the responsibility to lease out public lands pursuant to the NMI Constitution and to facilitate and manage a homestead development program. The revenues from the lease of public lands, less DPL's reasonable expenses of administration, are distributable to the Trust on an annual basis.

MPLT invests the funds it receives from DPL within clearly established guidelines. The net distributable income received from its investments is distributed to the Commonwealth Government's General Fund and to the American Memorial Park. Monies distributed to the General Fund are subject to appropriation by the CNMI

Legislature. Funds distributed to the American Memorial Park are dedicated to the maintenance and development of the Park.

It should be noted that the contributions made to the Trust were derived from the Tinian, Tanapag Harbor and Farallon de Medinilla land leases as provided for in Article VIII, Section 803, of the Covenant. This portion of the single-payment rent has been preserved in the Trust's general and park funds and constitutes the payment from the United States for up to one hundred years usage of the prescribed land area, and the waters immediately adjacent thereto.

IMPLEMENTING AUTHORITY

The origins of the Trust are found both in the ***Constitution of the Northern Mariana Islands*** and Public Law 94-241, ***Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America***. Both of these documents came into full force and effect on January 9, 1978.

Article XI, Section 6 of the ***Constitution*** provides for the establishment of the Trust upon the effective date of the ***Constitution.*** Some excerpts pertaining to the operating requirements for the Trust are:

- "... The number of trustees appointed by the Governor with the advice and consent of the Senate shall be ..[five]. Three shall be from Saipan, one from Rota and one from Tinian. At least one trustee shall be a woman and at least one trustee shall be of Carolinian descent. The trustees shall serve for a term of six years ... [shall] be staggered."
- "... The trustees shall make reasonable, careful and prudent investments."
- "... The trustees shall ...[use] the interest on the amount received for the lease of property at Tanapag Harbor for the development and maintenance of a memorial park. The trustees shall transfer to the general revenues of the Commonwealth the remaining interest accrued ... [except] that the trustees may retain the amount necessary to meet reasonable expenses of administration."
- "... The trustees shall make an annual written report to the people of the Commonwealth accounting for the revenues received and expenses incurred by the Trust and describing the investments and other transactions authorized by the trustees."
- "... The trustees shall be held to strict standards of fiduciary care. Each trustee shall annually submit to the Governor and the presiding officers of the Legislature a report disclosing their financial affairs, as provided by law."

A lease agreement was signed on January 6, 1983 between the Commonwealth and the United States, for the designated premises, for an initial lease term of fifty (50) years.

The CPI adjustment yielded a total price of $33 million for the entire term of the lease, including the fifty (50) year additional option period. From this total amount $6,565,800 was withheld and placed in a joint escrow account pending the Commonwealth's acquisition of private land holdings within the leasehold area. This escrow fund was later transferred to the Commonwealth Superior Court (named the Tinian Land Acquisition Fund) to be used for funding of the condemnation and land acquisition costs. The final balance of this fund was ordered by the Superior Court to be distributed to MPLC on November 25, 1994.

The ***Covenant*** contains key provisions which are fundamental to the Trust's development. Article VIII, Section 802 requires that certain lands be made available to the United States

Government by lease in order for it to carry out its defense responsibilities. These lands consist of 7,203 hectares on Tinian and waters immediately adjacent thereto, 72 hectares at Tanapag Harbor in Saipan, and the entire island of Farallon de Medinilla and waters immediately adjacent thereto.

Article VIII, Section 803 of the ***Covenant*** describes the lease terms for the above properties. The Commonwealth will lease the property to the United States for 50 years with the United States having the option of renewing the lease for all or part of the property for an additional term of 50 years. The United States will pay the Commonwealth, in full settlement of the two 50 year lease terms, the total sum of $19,520,600 determined as follows:

- Tinian Island property - $17.5 million;
- Saipan Island property located at Tanapag Harbor - $2 million;
- Farallon de Medinilla Island - $20,600.

The above sum will be adjusted by a percentage, which will be the same as the percentage change in the United States Department of Commerce composite price index from the date of signing the ***Covenant***. Additional terms and conditions of this lease are found in the ***Technical Agreement Regarding Use of Land To Be Leased by the United States,*** which was executed simultaneously with the ***Covenant.***

Furthermore, Section 803 provides for 54 hectares of the leased property at Tanapag Harbor to be made available by the United States, at no cost to the Commonwealth, to establish an American Memorial Park to honor the American and Marianas dead in the World War II Marianas Campaign. The $2 million received from the United States for the lease of this property would be placed into a trust fund with the “income” to be used for the development and maintenance of the park.

PERFORMANCE ANALYSIS

The Trust's performance of -.57% for FY 2011 illustrates a return very much below its policy of annual return of 7.5% and also well below its policy index of 2.25%. While the recession of 2008 was officially declared over in June 2009, the U.S. economy has not fully recovered and is very sluggish with very modest economic growth. Unemployment is still very high at over 8% and inflationary pressures are causing very high commodity prices. Given the needs of our beneficiary and the many uncertainties, the Trust has adopted a very risk adverse investment policy. Such an investment policy is aimed at maximizing the distribution to the Commonwealth General Fund and favors fixed income as opposed to equity.

During 2011, the Trust net assets decreased by $3,619,801. This decreased in the net assets for 2011 was due to capital losses resulting from declining market valuations.

While the volatility of the past two years has been extreme, it does illustrate why the Trust invests in fixed income, it is to cushion or offset the volatility of the equity markets and provide a safety net of guaranteed earnings.

MPLT's principal fund is currently $69 million. This balance is 2.2 times more than the original principal contributions received from MPLC, etc. This principal growth has occurred while making cumulative distributions of $55.1 million since inception.

With this backdrop in place, why does MPLT invest in equities? The reason is long-term equities outperform all other types or classes of investments. MPLT is a long-term investor who does not allow short-term market declines to influence its long-term time horizon. MPLT has grown its principal through the investment in equities. To do otherwise, would be irresponsible and in contradiction to ***modern portfolio theory***.

A review of the Trust's annual returns for the last five years (see Table 1) indicates a five year annualized average rate of return of 4.70% on the total portfolio. This five-year average includes a substantial write-downs or losses from the NMHC

MPLT Trustees invest for the long term by analyzing income needs, acceptable risk levels and investment time horizons. This forms the basis for asset allocations.

Market cycle timing is more important than trying to peg annual market fluctuations caused by changing interest rates.

loan and the 2008 economic crises. By comparison the five-year average for managed portfolio is 4.58% and when compared to the Weighted Average of Target Allocation of 4.11% for the same period, it indicates the Trust has been meeting our targeted return for the asset allocation per the Investment Policy Statement. By being able to meet our target, it demonstrates a sound asset allocation strategy.

Annual rates of return taken alone do not present an accurate picture of investment performance. Investment performance must be analyzed consecutively for a range of three to five years. This is because money managers do not try to time market fluctuations caused by short-term interest rate changes and other economic factors. Their goal is to analyze market cycles in order to be fully invested when markets are in an up-swing pattern. Trying to outguess the market in the short term will not yield continuous portfolio growth over the years. Instead added risk and volatility will mark performance negatively resulting in average yields below the historical trends.

The investment revenue (interest & dividends) for 2011 was $3,293,514 as compared to $2,658,979 for 2010. Likewise, the net capital losses for 2011 were $3,692,375 as compared to a net capital gain of $2,906,547 for 2010. This is indicative of the poor equity markets for 2011 and the continuing sluggish economic recovery since the 2008 “meltdown”. This trend is continuing into 2012.

In summary, MPLT showed that it can maintain its principal even when the stock market has losses or is stagnate. This defensive or conservative investment style has been able to provide reliable distributions to its beneficiaries for this year as well as for the preceding years. We anticipate being able to continue adding value to the portfolio in accordance with our long-term investment strategy as well as meet the needs of our income beneficiaries.

MARIANAS PUBLIC LAND TRUST

ANALYSIS OF INVESTMENT RETURNS - Table 1

	2011	2010	2009	2008	2007	Five Year Average
Investment Returns:						
Interest	$ 2,964,704	$ 2,282,277	$ 2,781,911	3,041,931	2,729,975	2,760,160
Dividends	328,810	376,702	324,612	380,195	415,333	365,130
Realized Capital Gains	-1,830,991	-317,891	-834,785	-1,832,256	3,644,123	-234,360
Unrealized Capital Gains (Losses)	-1,861,384	3,224,438	4,372,166	-6,226,269	1,612,852	224,361
Totals	$ -398,861	$ 5,565,526	$ 6,643,904	$ -4,636,399	$ 8,402,283	$ 3,115,291
Average Cost of Investments	$ 69,650,243	$ 69,197,912	$ 70,459,762	$ 69,483,856	$ 64,360,902	$ 68,630,535
MPLT Return on Total Investment	-.57%	7.97%	9.88%	-6.19%	12.42%	4.70%
MPLT Return on Managed Investments	-.88	8.76%	11.10%	-8.69%	12.60%	4.58%
Performance Benchmarks:						
S&P 500	1.14%	10.16%	-6.91%	-21.98%	16.44%	-.23%
S&P Barra Growth	4.85%	11.67%	-2.62%	-19.44%	16.78%	2.25%
S&P Barra Value	-2.66%	8.54%	-11.43%	-24.50%	16.11%	-2.79%

MARIANAS PUBLIC LAND TRUST

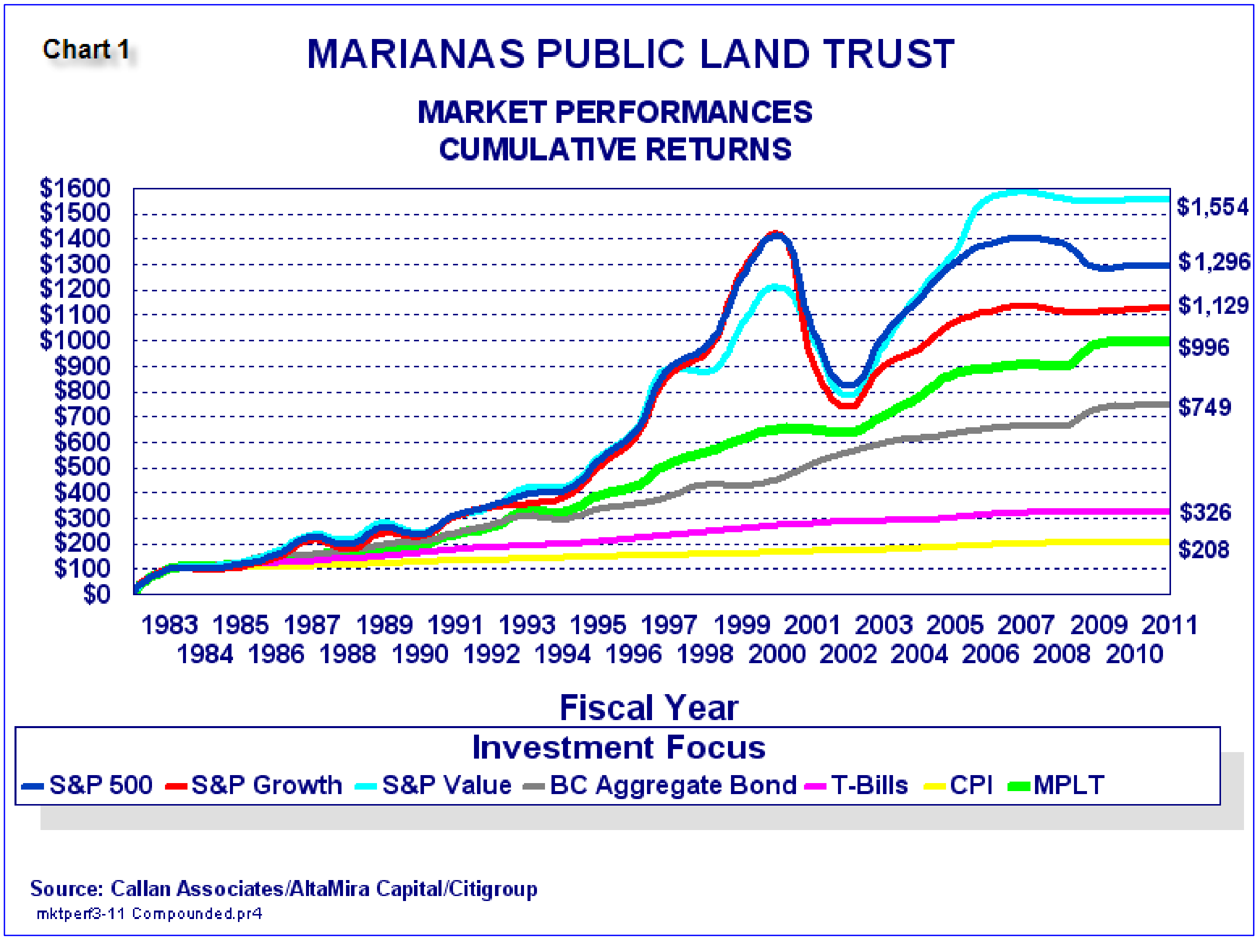
ANALYSIS OF INVESTMENT RETURNS - Table 1

	2011	2010	2009	2008	2007	Five Year Average
Barclays Agg Bond	5.26%	8.16%	10.55%	3.66%	5.10%	6.55%
91 Day T-Bills	.58%	.12%	.19%	2.05%	5.02%	1.59%
Consumer Price Index	3.87%	1.21%	1.35%	5.26%	2.76%	2.89%
Weighted Average per Target Allocation	2.25%	7.86%	7.45%	-6.85%	9.83%	4.11%

A further review of the above chart for 2008 through 2011 realized and unrealized capital gains (losses) shows the $8,058,525 loss in 2008 when the World financial markets failed. 2009, 2010 and 2011 shows a total partial recovery of only $2,751,553. The Trust has not fully recovered from this debacle.

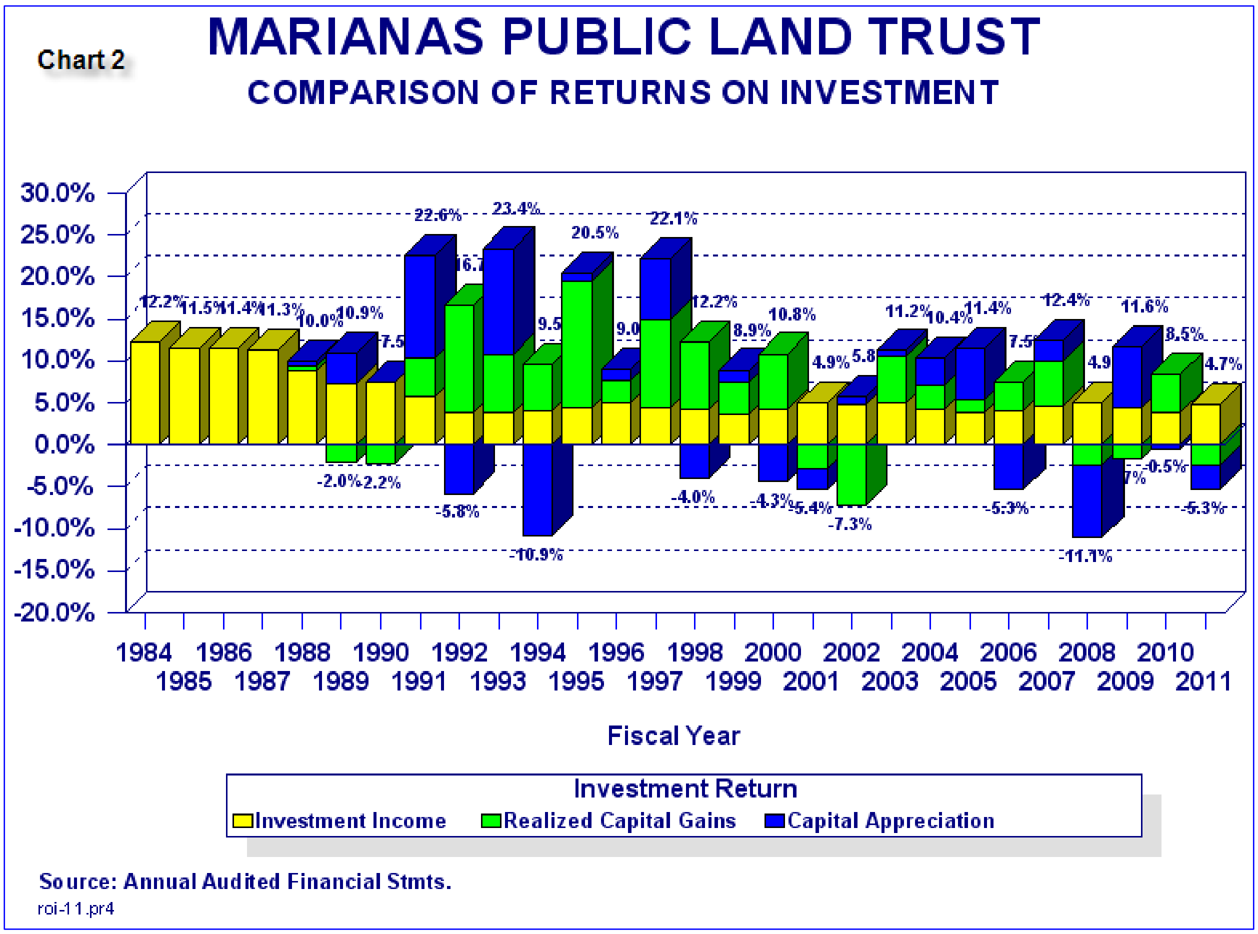
Another means to review MPLT's historical return performance is to chart the Trust's annual rate of return since inception as compared to various indices. Chart 1 is an example of this type of analysis. It assumes an original investment of $100 made in 1983 with the annual investment returns reinvested. MPLT's annual rate of return is charted along with the annual returns for the following indices:

1. S&P 500 Index
2. S&P BARRA Growth Index
3. S&P BARRA Value Index
4. Barclays Aggregate Bond Index
5. 91-Day T-Bills Index
6. Consumers Price Index



This chart reveals that MPLT has performed very well since inception, earning a cumulative return to grow our original investment of $100 to $996 as compared to the S&P 500, S&P 500 Growth and S&P 500 Value all of which grew to a range of $1,129 to $1,554 (note the chart reveals the downward trend of equities for the 2001 and 2002). The fixed income benchmark, Barclays Aggregate Bond index, cumulatively grew to $749. Based upon our targeted asset allocation of approximately 65% to equities and 35% to fixed-income (effective July 2006), we compare very favorably to the market performances. We can never perform up to the level of the S&P 500 as this index is based upon 100% investment in equities. Our income distribution target to the Commonwealth General Fund and American Memorial Park do not permit us to invest solely in equities.

The accompanying Chart 2 provides an overview of the Trust's historical returns on investment since its inception. For each year, the positive and negative rates of annual rate of return are shown. For years 1984 through 1987 (and portion of 1988), the returns were for interest only as we were not permitted to invest in anything other than U. S. Treasury obligations. The average annual rate of return for these years was 11.6%; the average annual return rate for the years 1988 through 2011 was 8.8%. This is indicative of our money managers performing to the level expected in our Investment Policy Statement that states our expected nominal return shall be 7.5%.



While our money managers have been successful in meeting the expected nominal return, they have also been able through the equity portfolio to add value and increase the principal fund since 1988. During the intervening years, the Trust has added $37.4 million to the principal contributions received from MPLC for a 218% gain. This is more than doubling of the principal fund has been accomplished during the last twenty-four years. This net gain of principal occurred even with the sharp loss of investment value occurring in years 2001, 2002, 2008, and 2011.

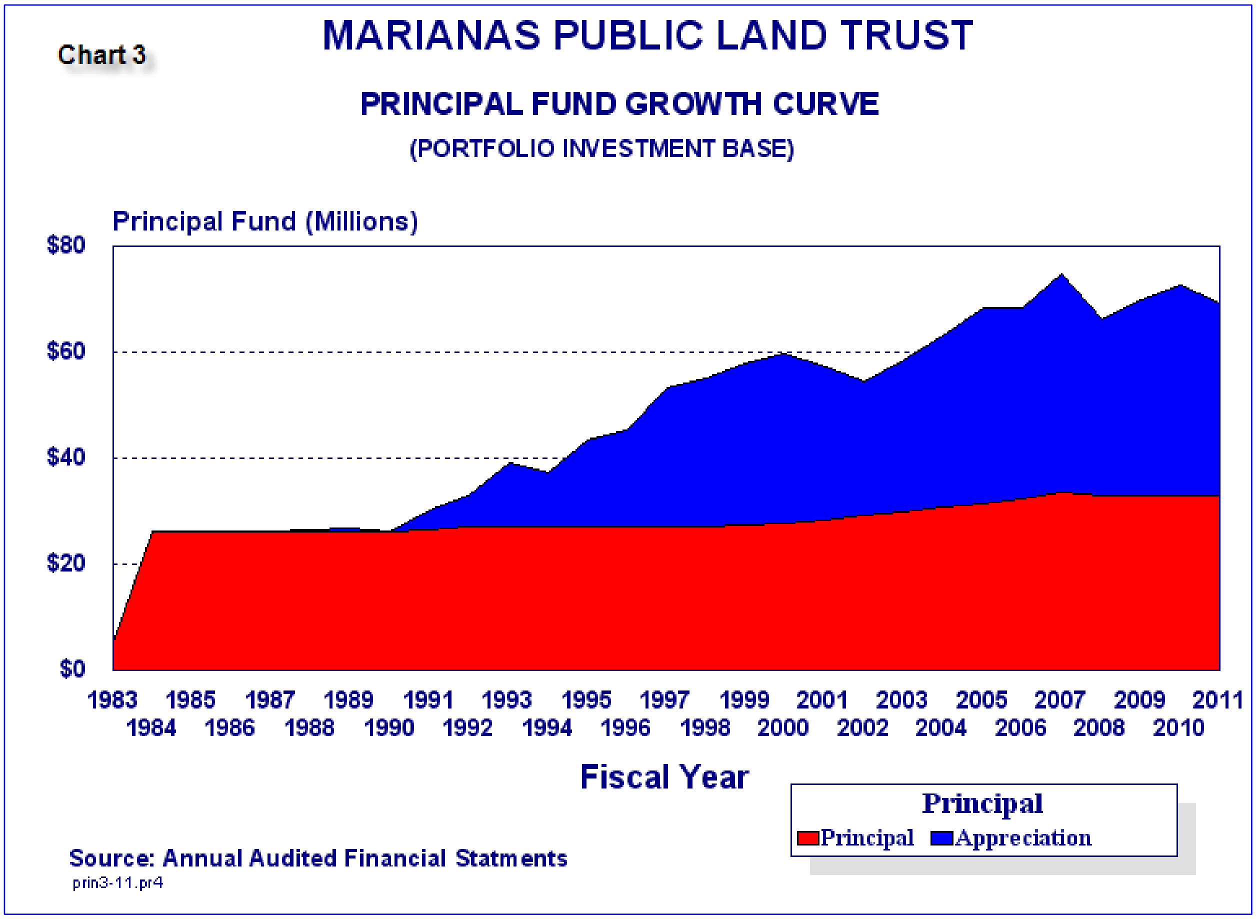
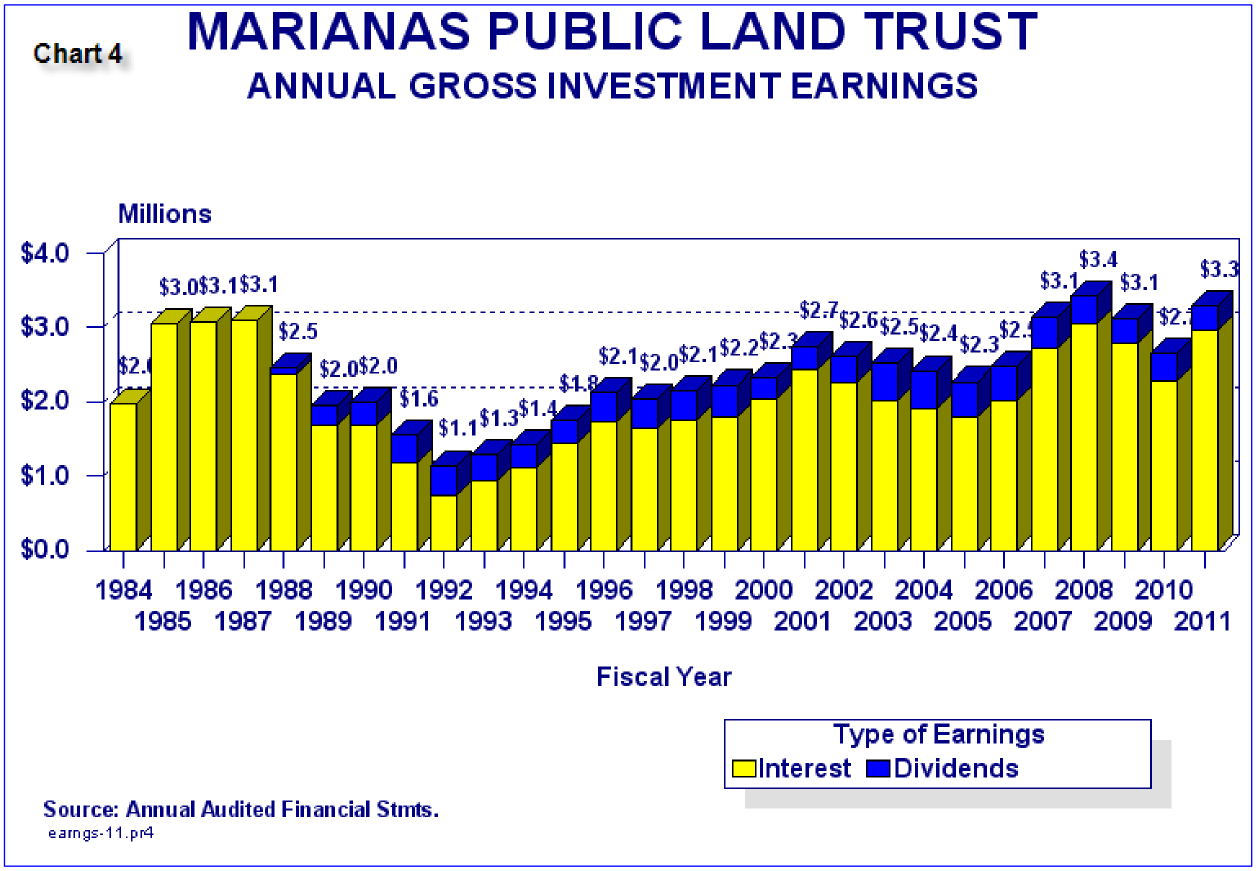


Chart 3 illustrates the increasing investment base derived from capital gains which are allocable to principal and are not subject to distribution. The red portion of the chart represents the original principal contributions received from MPLC while the blue portion is the value added (appreciation) to the portfolio as a result of the investment policy instituted in 1988 and the active money management. A further review of this chart reveals the dramatic loss of value occurring in years 1994, 2001, 2002, 2008, and 2011. It also demonstrates the recovery occurring in years 1995, 2003, 2005 through 2007, and 2009 through 2010. This is a testament of our investment policy and asset allocation to equities. Without an equity allocation, the Trust would not have been able to achieve this growth. It also shows that by reducing the equity allocation in favor of current income the Trust will not be able to sustain this rate of growth as capital gains as a portion of the total revenues will be less.

There are trade-offs between capital appreciation and investment earnings. As Chart 4 indicates when we started to enjoy larger annual rates of return and increased capital growth, our investment earnings declined. This is to be expected and to properly analyze performance all the components of annual return must be considered (investment earnings, i.e., interest and dividends, as well as realized capital gains (losses) and investment appreciation).



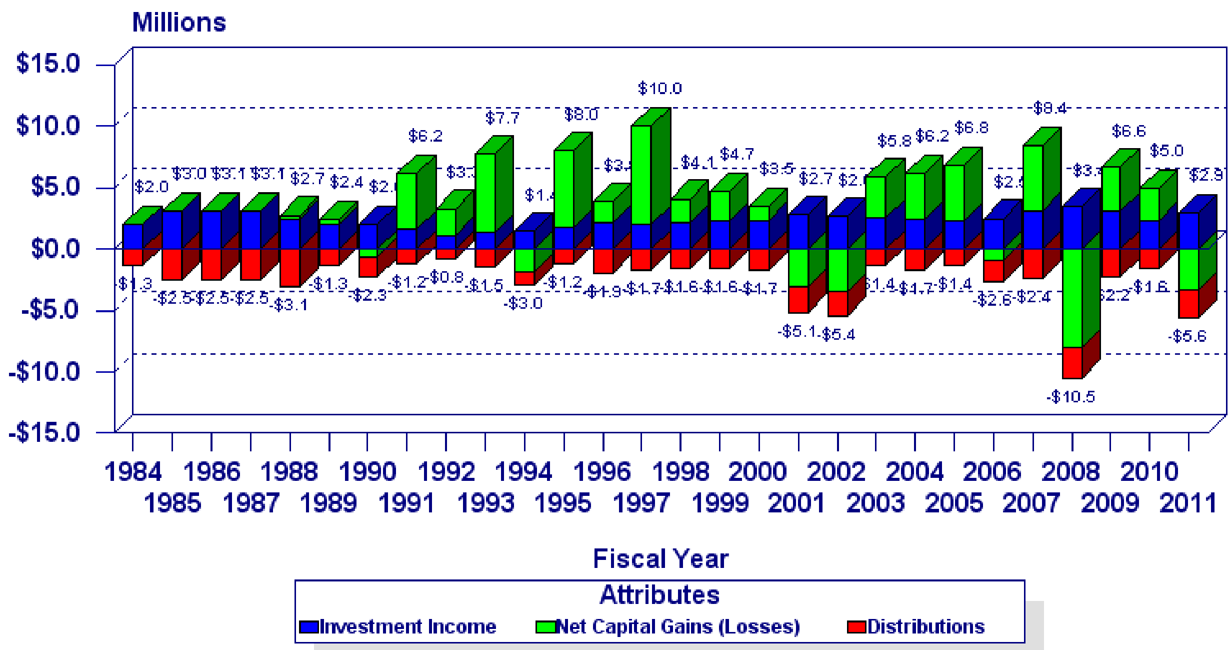
Accordingly, Chart 5 illustrates the total annual investment receipts as compared to the annual distributions to beneficiaries (includes the capital losses for years 1990, 1994, 2001, 2002, 2006, 2008, and 2011). Overall, investment returns for the period of active money management has performed at substantial multiples more than the annual average earnings for the years when the portfolio was not actively managed. This illustrates the value of professional active money management over the twenty-eight years the Trust has been in existence. Even in down years such as years 1990, 1994, 2001, 2002, 2006, 2008, and 2011, the active management approach, given a long time horizon, will provide more income and capital growth than an investment of solely U.S. obligations.

In order to achieve high rates of return and meet the ***"uniform prudent investor"*** standards, the Trust retains money managers who are experts in their fields of investment focus. Money managers are typically specialist in equities (core, growth, value, small cap., international, etc.) or fixed income. Currently, we have seven money managers for the following asset allocations:

- Large Cap Core
- International ADR
- Emerging Markets
- High Yield Fixed Income
- International Fixed Income
- Core Fixed Income

Chart 5 **MARIANAS PUBLIC LAND TRUST**

COMPARISON OF ANNUAL INVESTMENT RETURNS TO BENEFICIARY DISTRIBUTIONS



Source: Annual Audited Financial Stmts.
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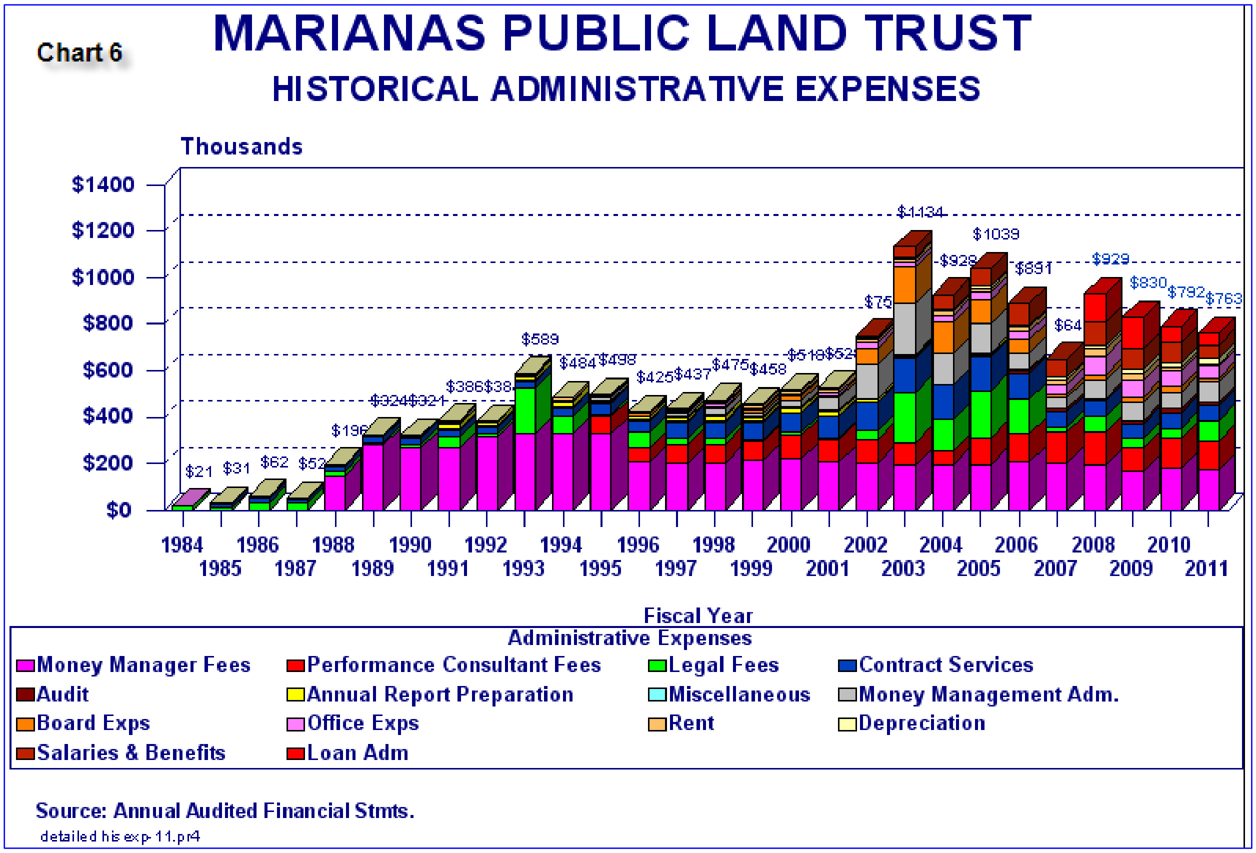
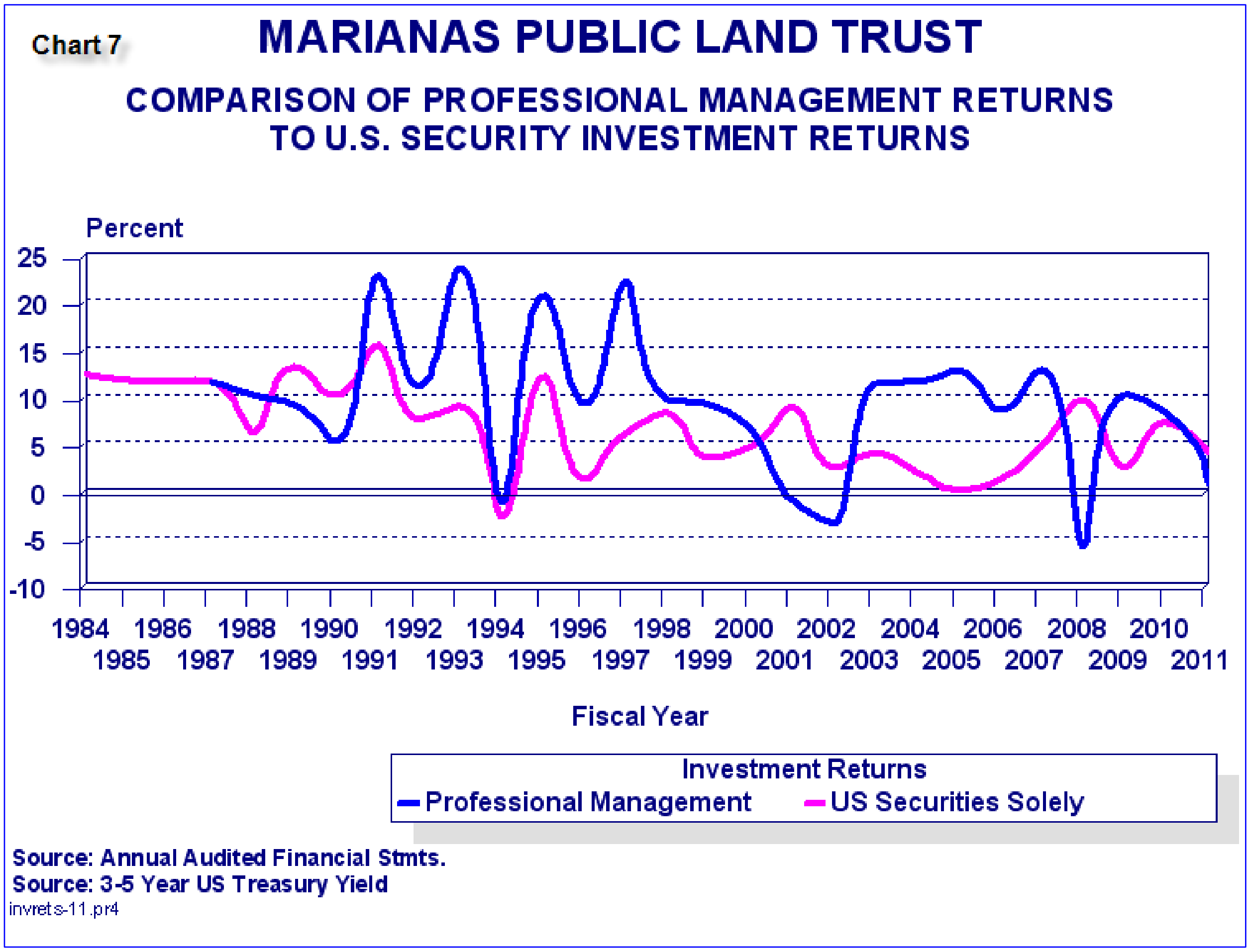
An analysis of Chart 6 reveals our historical administrative expenses since inception. The increase in expenses in 1988 corresponds to the hiring of professional money managers. FY 1993 administrative expenses were high due to very complicated legal expenses which spilled-over into

FY 1994. The money management expenses for the years 1992 through 1995 were at the same approximate level, but commencing in 1995 we hired a professional investment performance consultant to study, among other matters, how we could reduce money management expenses. Starting in 1996 efforts began to be realized as money management expenses were reduced significantly even when including fees. Overall, the money management fees have been relatively stable since 1996. Our expenses for legal and board consultant's contract have also remained fairly stable since 1994, except for 2003, 2004 and 2005 when our legal fees increased due to litigation issues with MPLA. Since many legal issues have been resolved and the consultant's contract amount fixed, the legal and contract fees decreased in 2006 by 26% from the amount in 2005. This trend continued for 2007 as there were no major legal issues. Performance consultant fee increased in 2007 as the value of the portfolio increased. This fee is also based upon a percentage of the value of the managed portfolio and will increase as the value of the portfolio increases. The remaining expenses i.e., board expenses, salaries, office, and rent decreased in 2007 and remained about the same for 2008. The major increase to administration expenses for 2008 was due to additional costs of managing the NMHC loan portfolio. The 2009 expenses were reduced due to the financial crisis occurring in late 2008, which substantially reduced to the money management expenses as securities lost value. Overall the 2010 costs were reduced due to a decrease in salaries and benefits and loan administration fee, however, money management and performance consultant fees increase as the value of the investments increased. The administration costs for 2011 again declined due to securities losing value which decreased the money management expenses. Salaries and benefits also were also lowered, but this was offset due to increases in legal fees as a result of delinquencies and foreclosures from the NMHC loan portfolio. It is anticipated that 2012 administrative expenses will increase by about 3% from the 2011 level. The administrative expenses for the Trust decreased by 3.6% over the amount spent in 2010. The administrative expenses budget for 2012 has been estimated at $786,663, which shows a 3% increase due primarily to obtaining fiduciary liability insurance. The other administrative expenses should remain about the same amount as in 2011. The Board of Trustees is cognizant of these costs and will continue to be vigilant in controlling administrative expenses in order to maximize the annual distribution to the Commonwealth General Fund.



Due to the technical nature of professional investing, the Board of Trustees and staff must maintain a level of proficiency in the technical concepts of investing and money management. The following are the money management activities and seminars attended in 2011:

Dates	Conference	Attendees	Location
October 10, 2010	10th Annual Pacific Region Investment Conference	Alvaro Santos, Trustee Pedro Deleon Guerrero,Trustee Phillip Mendiola-Long,Trustee Barbara Reyes, Office Manager Bruce M. MacMillan, Board Consultant	Makati, PI
November 6, 2010	fi360 AIFA Program	Phillip Mendiola-Long,Trustee	Orlando, FL
November 12, 2010	56th Annual Employee Benefits Conference	Alvaro Santos, Trustee Pedro Deleon Guerrero,Trustee Phillip Mendiola-Long,Trustee Melchor Mendiola, Trustee Barbara Reyes, Office Manager	Honolulu, HI
April 9, 2011	IFEBP Investment Institute	Peter Cruz,Trustee	Las Vegas, NV



To further illustrate the value and necessity of professional money management as compared to managing the money ourselves, as we did from 1983 until 1988, a graph of the rates of return has been prepared showing the returns of investing solely in U. S. Securities (3 to 5 year U. S. Treasury bonds) compared to MPLT's actual returns during the period of professional management (1988 through 2011). Chart 7 reveals that, except for 1989, 1990, 2001, 2002, 2008, and 2011 the yields returned by professional money managers have consistently outperformed those of our prior investment policy when we were limited to investing solely in U. S. Obligations. An average of the annual returns for each of these two options or approaches reveals that the professional money managers yielded 1.6 times more than an investment plan limited to U. S. Obligations solely. Since we pay our money managers annually from 25 to 50 basis points (100 basis points equals 1%) of the value of the monies they manage, the incremental annual gain is more than justified. To do otherwise would be a breach of our fiduciary duty and would be contradictory to **modern portfolio theory.**

Another way of looking at the effectiveness of our investment policies is to compare our administrative expenses each year since inception to the total Trustees assets (using fair market valuation). Chart 8 illustrates the progression and growth of our administrative expenses (red line) over the years, which reached its highest level in 2003. Since this time, administrative expenses have been trending down. The blue line of the chart depicts the annual administrative expenses as a percentage of the Trust's total assets. This percentage is expressed in basis points (100 bp equals 1%). This line shows the cost of running the Trust as compared to the growth of our investment program. Currently, the administrative expenses in terms of dollars is trending down but due to the decline of security values the administrative expenses as a percentage of assets has increased. Once the security markets begin to gain in value, these two relationships will once again show correlation. It is the goal of the Trust to continue the trend of lowering the ***rate of administrative expenses*** over the coming years. Over the past twenty years, the Trust has spent $14,894,000 for administrative expenses to create $37,353,124 new assets while at the same time distributing $55,104,202 to the Trust's beneficiaries.

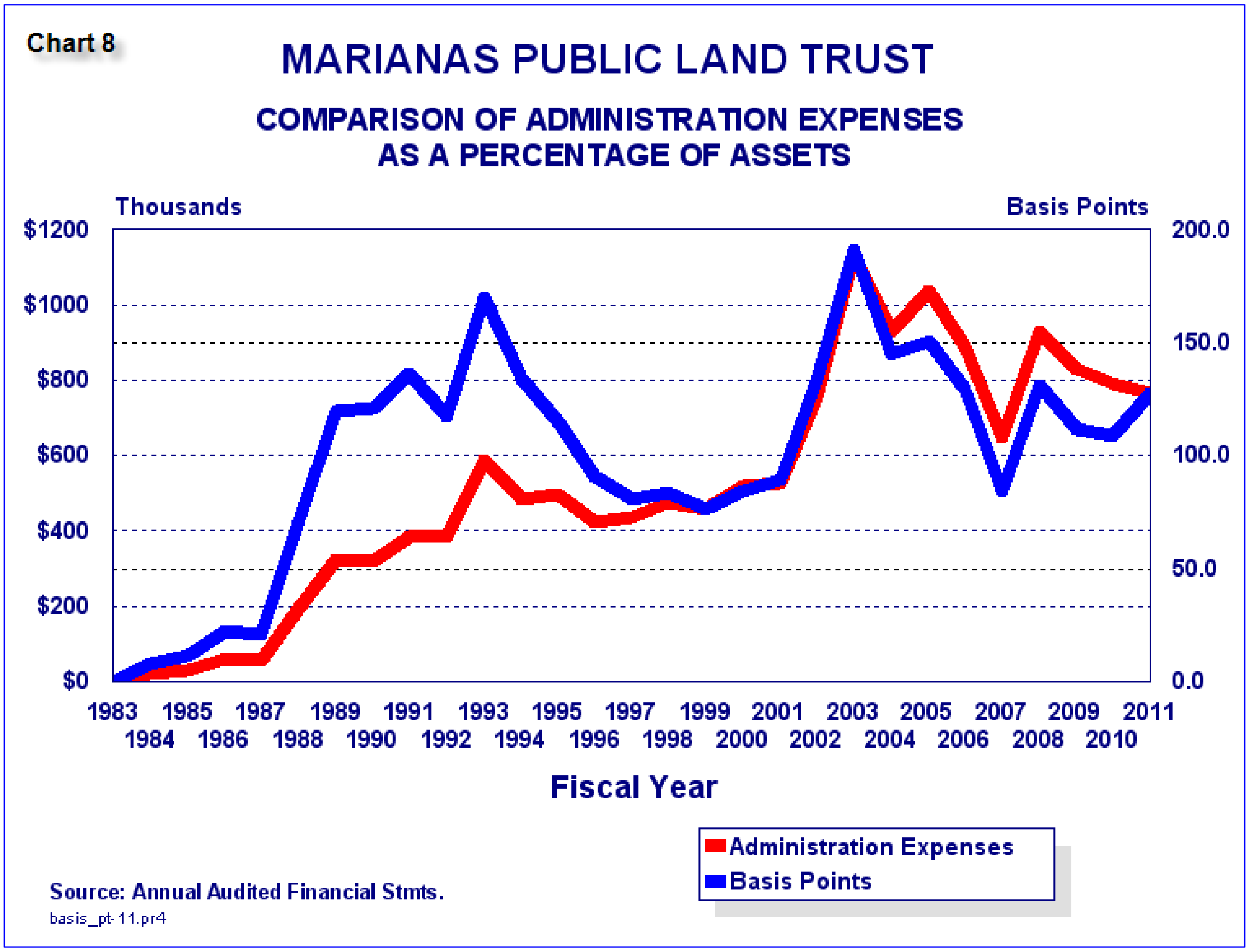


Chart 8
MARIANAS PUBLIC LAND TRUST
COMPARISON OF ADMINISTRATION EXPENSES
AS A PERCENTAGE OF ASSETS
Thousands
Basis Points
$1200
$1000
$800
$600
$400
$200
$0
200.0
150.0
100.0
50.0
0.0
1983 1985 1987 1989 1991 1993 1995 1997 1999 2001 2003 2005 2007 2009 2011
1984 1986 1988 1990 1992 1994 1996 1998 2000 2002 2004 2006 2008 2010
Fiscal Year
Administration Expenses
Basis Points
Source: Annual Audited Financial Stmts.
basis_pt-11.pr4

INVESTMENT POLICY

The MPLT Trustees are collectively referred to as ***fiduciaries***, but what does this mean and what is their role in the investment process? The answer is as follows:

To provide the essential management of the investment process, without which the other components of the investment plan cannot be defined, implemented or evaluated.

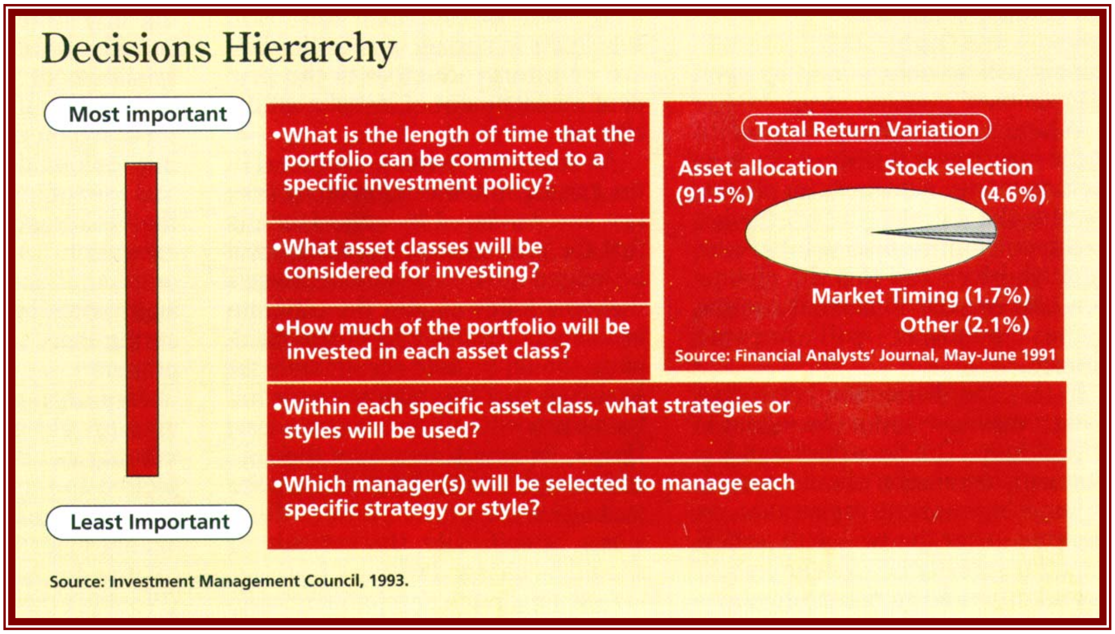
The emphasis is on the fiduciary as the ***manager*** of the investment process - a role that does not require discretionary money management expertise. They are responsible for the ***general management*** of the assets.

To accomplish these key tasks, the Trustees have worked with their staff and consultants to prepare an Investment Policy Statement (IPS); the purpose for which is to assist the Trustees in effectively supervising, monitoring and evaluating the Trust's investment assets. The investment program is defined in the various sections of the IPS by:

- Stating in a written document the Trustees' attitudes, expectations, objectives and guidelines for the investment of all Trust's assets.
- Setting forth an investment structure for managing all Trust assets. This structure includes various asset classes, investment management styles, asset allocation and acceptable ranges that, in total, are expected to produce a sufficient level of overall diversification and total investment return over the long-term.
- Providing guidelines for each investment portfolio that control the level of overall risk and liquidity assumed in that portfolio, so that all Trust assets are managed in accordance with stated objectives.
- Encouraging effective communications between the Trustees, the investment consultant and the money managers.
- Establishing formalization criteria to monitor, evaluate, and compare the performance results achieved by the money managers on a regular basis.
- Complying with all applicable fiduciary, prudence and due diligence requirements that experienced investment professionals would utilize, and with all applicable laws, rules and regulations from various local, state, federal and international political entities that may impact trust assets.

FIDUCIARIES' KEY TASKS

- **Determining the portfolio's mission and objectives;**
- **Choosing an appropriate asset allocation strategy;**
- **Establishing explicit written investment policies consistent with the objectives;**
- **Selecting investment managers to implement the investment policy; and**
- **Monitoring investment results.**



The IPS was prepared based upon considerations by the Trustees of the financial implications of a wide range of policies and describes the prudent investment process which the Trustees deem appropriate. Studies have been made of the factors or elements of the investment process which affect total return variation. Of these elements, the investment portfolio time horizon and the asset allocation are the most important and have the greatest affect on portfolio returns. The selection of money managers and their stock selections typically have the least impact on return variations. See the graphic which illustrates this reality very well.

INDUSTRY BEST PRACTICE

One of the most important decisions the fiduciary has to manage is the determination of the time horizon. Based on the time horizon, the fiduciary then can determine which asset classes can be appropriately considered; what the allocation should be between the selected asset classes; whether there should be an allocation made among sub-asset classes; and, finally, which money managers or mutual funds should be retained to manage each asset class.

Since 1988, the asset allocation strategy has changed slightly, but can best be described as a "balance" investment focus.

During 2006 the asset allocation was amended slightly to move from equities to fixed income. This was done by eliminating the 10% small/mid cap "core" allocation and decreasing the lg/cap domestic equities by 10%. Also changed was the elimination of the lg/cap "value" and "growth" specialty managers, which were replaced with a single lg/cap "core" manager. This reduced the percentage allocation for this portion to 25% while the international equities remained at 10%. This made the overall equity allocation to be 35%. This overall 20% reduction in equities was added to fixed income allocation for a total of 65%, which was divided between "core" marketable securities of 50% and ETI's or local investments of 15%.

Adopted on December 18, 2009, a modification was made to the asset allocation in order to increase the yield on the fixed income. The lg/cap core was reduced from 25% to 20%, non-U.S. equities or developed international remained at 10%, while a 5% emerging markets portion was added, the domestic fixed income (core and local loans) remained at 45%, and 5% high yield and 5% domestic high yield was added plus 10% for international bond. The plan is to assume slightly more risk in order to increase yield.

This asset allocation was further amended on August 27, 2010 to further reduce the lg/cap core by 10% in order to create space for convertible securities of 10%. Also, developed international equities were removed in order to create space for alternative investments of 10%. These two new asset classes were not funded in FY 2010.

On February 18, 2012, the GF domestic high yield and alternative investments were removed from the asset allocation and domestic fixed income (core and local loans) were split into core fixed income at 30% and diversified local investments at 30%. On April 30, 2012, these changes were approved for the PF also.

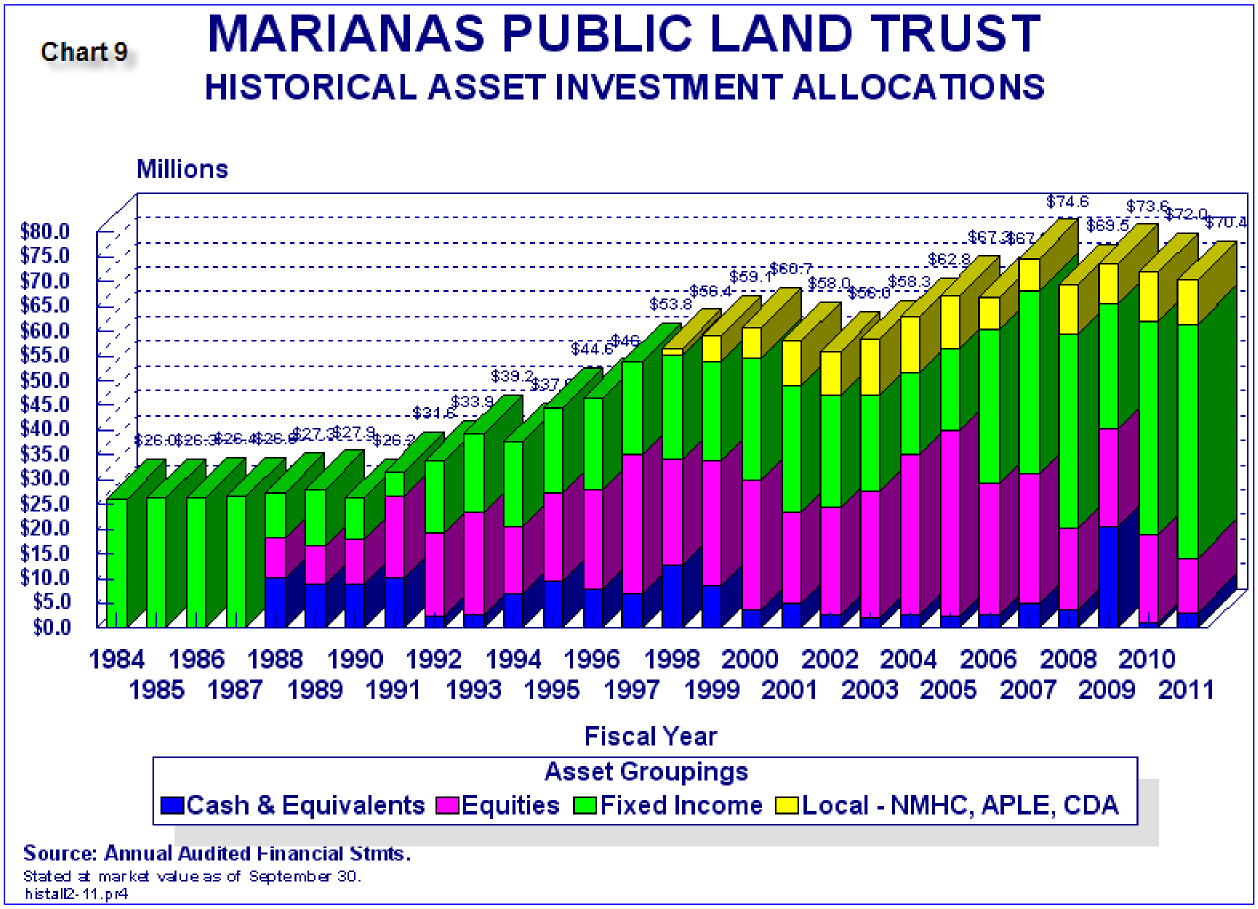


Chart 9 illustrates the asset allocation as reflected in the IPS. It also shows how the value of the investments has improved since 2002. This trend of increasing values was short-circuited in 2008 as a result of the credit failures and resulting loss of security values.

CHANGES IN PRINCIPAL FUND BALANCES

TRUST PRINCIPAL	GENERAL FUND	PARK FUND
MPLC distributions to MPLT	$29,692,602	$2,000,000
NMHC interest appropriated to principal	5,209,055	
Net increase (decrease) in net assets:		
FY 1988	145,026	(30,599)
FY 1989	(791,186)	256,014
FY 1990	(659,379)	66,172
FY 1991	1,099,866	193,433
FY 1992	3,323,619	564,709
FY 1993	2,036,236	245,330

FY 1994	1,422,710	427,715
FY 1995	4,729,962	1,040,133
FY 1996	3,583,364	156,938
FY 1997	7,008,118	1,353,347
FY 1998	1,764,253	219,979
FY 1999	2,155,083	684,403
FY 2000	1,054,744	204,038
FY 2001	(2,677,203)	(243,638)
FY 2002	(3,055,198)	(502,754)
FY 2003	2,955,539	367,771
FY 2004	3,396,385	143,775
FY 2005	4,156,017	278,565
FY 2006	(1,221,013)	178,242
FY 2007	4,742,997	572,512
FY 2008	(7,182,246)	(821,534)
FY 2008 NMHC restatement	(4,100,000)	-
FY 2009	3,220,183	360,171
FY 2010	2,633,849	307,424
FY 2011	(3,347,697)	(272,104)
Totals	$61,295,685	$7,750,041

The main cause for the decline of investment assets in 2010 was the payment of the "recovered" interest to the CNMI General Fund. The loss of value to the portfolio has continued for FY 2011 due to the poor performing equity markets.

As part of the above discretionary money manager allocations, the Trust had set-aside $10,000,000 as Local Investments. This investment program commenced in 1998 wherein $5,000,000 was loaned to the Northern Marianas Housing Corporation (NMHC) to provide short-term construction housing loans to persons of Northern Marianas descent. Upon completion of the homes, permanent mortgage financing would be obtained from local banks to finance and payoff the construction loan. In this manner, the loan fund could be revolving to provide new financing to applicants wishing to build homes. As an additional incentive to the Trust, P.L. 10-29 was enacted, which allowed MPLT to keep the interest earned on the loan. Unfortunately, NMHC did not obtain the necessary loan commitments from local banks and as a result NMHC had to make the long-term mortgage loans themselves. This resulted in MPLT having to amend the short-term loan to a term loan of fifteen years at an annual interest rate of 8.5%.

Subsequently on October 19, 2000, P. L. 12-27 was enacted which gave to NMHC a ten year moratorium for repayment of this loan and appropriated the annual net income distribution, which MPLT makes to the Commonwealth General Fund, back to MPLT to pay-off this NMHC obligation. This legislation effectively transfers NMHC's debt obligation to the Commonwealth General Fund. As a part of this legislation, MPLT agreed to loan an additional $3.9 million to NMHC bringing the total loan to $10 million. These additional loan proceeds were aimed at benefiting "low-income" applicants. On March 13, 2007, the Governor signed into law the repeal of the provision relating to the NMHC moratorium. This resulted in NMHC being required to resume the loan payments per the original loan agreement commencing on April 1, 2007. NMHC defaulted on making such payments and MPLT negotiated a settlement of the note and obtained the collateralized NMHC loan portfolio plus enough cash to pay-off the accrued interest due. It is anticipated that MPLT will have a loss of an estimated $4.830 million due to the NMHC default. As such, a write-down of the value of this investment for this amount has been made resulting in a net value of $3,828,942. The actual future loss from this investment is unknown at this time.

Additionally, the Trust has implemented a pilot program to test the concept of investing in a parent-student scholarship loan program. The initial program commenced on Rota with a loan being made to a local non-profit corporation, APLE 501, Inc. Under this program, APLE would receive a loan from MPLT to be secured by their loan portfolio. It is APLE's responsibility to establish the lending criteria, award the loans and prepare the appropriate loan documentation, e.g., loan agreement, promissory note, guaranty first mortgage, etc., copies of which were to be provided to MPLT. MPLT's loan agreement with APLE requires them to only make loans that are secured by a first mortgage on real estate having at least two times the appraised value of the loan amount. The terms of the loan to APLE require them to repay MPLT over a term of fifteen years at an interest rate of five percent (5%). The first advance on this loan arrangement was made on October 18, 2002 in the amount of $154,924. This loan is currently in default resulting in MPLT receiving a default judgment. Some of the borrowers are making payments but the majority of the borrowers have defaulted and MPLT is currently suing them to recover our principal. This is a non-performing investment. The final loss from this loan is not known at this time. The following is an overview of the Trust's current investment policies and the respective money managers assigned to carry out the investment activity. There are no limitations on the amount of "*cash & equivalents*" which may be held.

MONEY MANAGER	ASSET ALLOCATION (of principal resources)	
	GENERAL FUND	**PARK FUND**
Atalanta Sosnoff – large cap equity “core” money manager; objective is to manage domestic equity assets consistent with the Standard & Poors 500 Index and **Domestic Large Cap Manager Core Equity** peer group.	10% to 20%	10% to 20%
MacKay Shields – convertible fixed income money manager; objective is to manage convertible assets consistent with the ML All Convertibles Index.	5% to 20%	5% to 20%
Lazard – *emerging markets money manager; objective is to manage emerging international equity assets consistent with the MSCI EM (net) Index.*	0% to 10%	0% to 10%
Newgate – *emerging markets money manager; objective is to manage emerging international equity assets consistent with the MSCI EM (net) Index.*	0% to 10%	0% to 10%
Richmond Capital Management, Inc. – domestic fixed income core money manager; objective is to manage fixed income assets consistent with the Barclays Aggregate Bond Index.	35% to 55%	35% to 55%
Seix Investment Advisors – *high yield bond;* objective is to manage high yield bonds consistent with the Barclays HY Bond Index.	0% to 10%	5% to 10%
Templeton Global – *foreign bond fund unhedged;* objective is to manage foreign bonds consistent with the CitigrpNon USWGovUnHd Index.	0% to 20%	0% to 20%
Local Investments	35% to 55%	35% to 55%
Alternative Investments	0% to 10%	0% to 10%

FIDUCIARY DUTY and PRUDENT PROCESS

In recent years the question of what is ***fiduciary duty*** has become a topic of discussion; especially in regard to the Trust's responsibilities for investment of their assets. While the Constitution expressly requires the Trustees to ***"...make reasonable, careful and prudent investments"* and holds them to *"...strict standards of fiduciary care"***, it does not state how they will be measured in meeting these legal concepts. Accordingly, the Trustees rely on their attorneys, professional consultants and fiduciary training to provide guidance in such matters. As a fiduciary the Trustees have personal liability for their acts if they do not meet the concepts of the ***Prudent Process***. Fiduciary liability is not determined by investment performance, but rather by the failure to apply ***"prudent investment practices"***.

Safe Harbor Rules

1. Use prudent experts to make the investment decisions.
2. Demonstrate that the prudent expert was selected by following a due diligence process.
3. Give the prudent expert discretion over the assets.
4. Have the prudent expert acknowledge their co-fiduciary status.
5. Monitor the activities of the prudent expert to ensure that the expert is performing the agreed upon tasks.

Uniform Fiduciary Standards of Care

1. Know standards, laws, and trust provisions.
2. Diversify assets to specific risk/return profile.
3. Prepare investment policy statement.
4. Use "prudent experts" (money managers) and document due diligence.
5. Control and account for investment expenses.
6. Monitor the activities of "prudent experts".
7. Avoid conflicts of interest and prohibited transactions.

PRIMARY DUTY of the FIDUCIARY

To *manage* a prudent investment process, without which the components of an investment plan cannot be defined, implemented, or evaluated. Statutes, case law, and regulatory opinion letters dealing with investment fiduciary responsibility further reinforce this important concept.

Understanding and applying prudent investment practices will establish a disciplined process for making and managing investment decisions. It is through the study and application of these ***Practices*** that the MPLT Board of Trustees manages the investment decision-making for the Trust. Many of these ***"industry best practices"*** as identified in the ***Practices*** are also included in legislation dealing with the fiduciary aspects of investing. The following are the important legislative authorities, which overlap the ***"prudent investment practices"***:

INDUSTRY BEST PRACTICE

If a fiduciary even thinks he or she may have a conflict of interest – they probably do. The best advice is end it, or avoid it. It's that simple. An excellent question every fiduciary should ask before deciding or voting on an investment issue is: ***Who benefits from this decision?*** If the answer is any party other than the client, participant, and/or the beneficiary, the likelihood is the fiduciary is about to breach his or her duties.

- **ERISA** – Employee Retirement Income Security Act (impacts qualified retirement plans).
- **UPIA** – Uniform Prudent Investor Act (impacts private trusts, and may impact foundations and endowments).
- **MPERS** – Uniform Management of Public Employee Retirement Systems Act (impacts state, county, and municipal retirement plans).

INDUSTRY BEST PRACTICE

Simply stated, an investment strategy can fail by being too conservative or too aggressive. A fiduciary could adopt a very safe investment strategy by keeping a portfolio in cash, but then see the portfolio's purchasing power whither under inflation. Or, a fiduciary could implement a long-term growth strategy that overexposes a portfolio to equities, when a more conservative fixed-income strategy would have been sufficient to cover the identified goals and objectives.

What essentially is the ***Prudent Process***? This process can best be described through the ***Five Step Investment Management Process*** as shown in Chart 10. The ***Uniform Fiduciary Standards of Care*** are legislated standards (see preceding text box) that when applied with the Five Step Investment Management Process frames the ***Prudent Investment Process***.

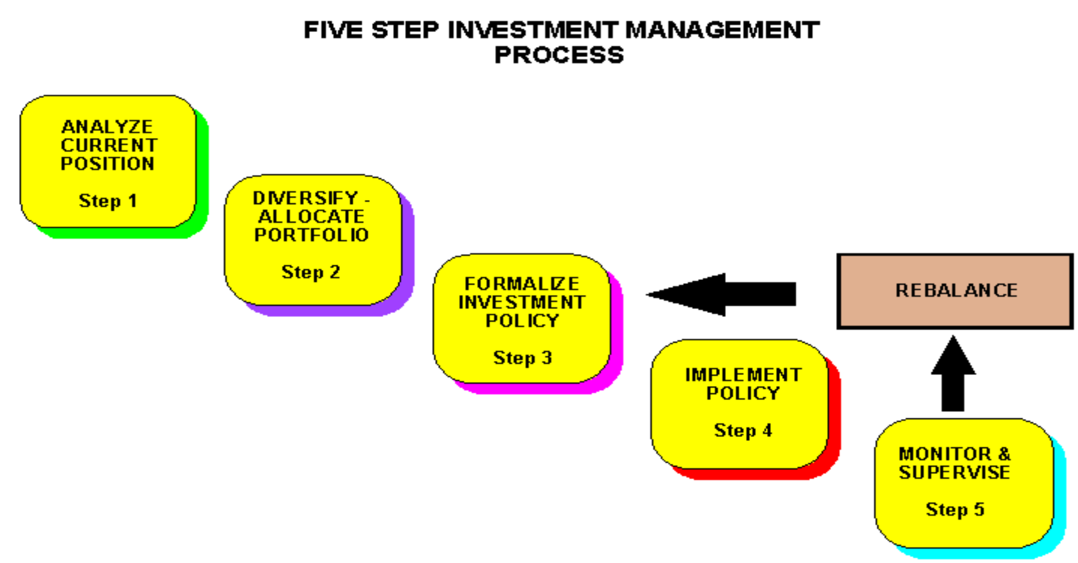


Chart 10

INDUSTRY BEST PRACTICE

The fiduciary is required to manage investment decisions with a reasonable level of detail. By reducing that detail to writing, preparing a written IPS, the fiduciary can: (1) avoid unnecessary differences of opinion and the resulting conflicts; (2) minimize the possibility of missteps due to a lack of clear guidelines; (3) establish a reasoned basis for measuring their compliance; and, (4) establish and communicate reasonable and clear expectations with participants, beneficiaries, and investors.

A further discussion of the ***Practices*** is as follows:

Step 1 - Analyze Current Position

- Investments are managed in accordance with applicable laws, trust documents, and written policy statements.
- Fiduciaries are aware of their duties and responsibilities.
- Fiduciaries and parties in interest are not involved in self-dealing.
- Service agreements and contracts are in writing, and do not contain provisions that conflict with fiduciary standards of care.
- There is documentation to show timing and distribution of cash flows and the payment of liabilities.
- Assets are within the jurisdiction of U.S. courts, and are protected from theft and embezzlement.

INDUSTRY BEST PRACTICE

The following documents, at a minimum, should be collected, reviewed, and analyzed:

- A copy of the Investment Policy Statement (IPS), written minutes, and/or files from investment committee meetings.
- Applicable trust documents.
- Custodial and brokerage agreements.
- Service agreements with investment management vendors.
- Information on retained money managers; specifically the ADV for each separate account manager and prospectus for each mutual fund.
- Investment performance reports from money managers, custodian, and/or consultant.

Step 2 – Diversity - Allocate Portfolio

- A risk level has been identified.
- An expected, modeled return to meet investment objectives has been identified.
- An investment time horizon has been identified.
- Selected asset classes are consistent with the identified risk, return, and time horizon.
- The number of asset classes is consistent with portfolio size.

Step 3 - Formalize Investment Policy

- There is detail to implement a specific investment strategy.
- The investment policy statement defines the duties and responsibilities of all parties involved.
- The investment policy statement defines diversification and rebalancing guidelines.
- The investment policy statement defines due diligence criteria for selecting investment options.
- The investment policy statement defines monitoring criteria for investment options and service vendors.
- The investment policy statement defines procedures for controlling and accounting for investment expenses.
- The investment policy statement defines appropriately structured, socially responsible investment strategies (when applicable).

Step 4 - Implement Policy

- The investment strategy is implemented in compliance with the required level of prudence.
- The fiduciary is following applicable “Safe Harbor” provisions (when elected).
- Investment vehicles are appropriate for the portfolio size.
- A due diligence process is followed in selecting service providers, including the custodian.

Step 5 - Monitor and Supervise

- Periodic reports compare investment performance against an appropriate index, peer group, and IPS objectives.
- Periodic reviews are made of qualitative and/or organizational changes of investment decision-makers.
- Control procedures are in place to periodically review policies for best execution, soft dollars, and proxy voting.
- Fees for investment management are consistent with agreements and with the law.
- “Finder’s fees,” 12b-1 fees, or other forms of compensation that have been paid for asset placements are appropriately applied, utilized, and documented.

INDUSTRY BEST PRACTICES

Rebalancing is inherent to the element of diversification, where the goal is to create a portfolio that balances appropriate levels of risk and return. That balance, once achieved, only can be maintained by periodically rebalancing the portfolio to maintain the appropriate diversification.

The rebalancing limits define the points when a portfolio should be reallocated to bring it back in line with the established asset allocation target. The discipline of rebalancing, in essence, controls risk and forces the portfolio to move along a predetermined course. It takes gains from stellar performers or favored asset classes, and reallocates them to lagging styles, without attempting to time the market.

We are currently performing step 5 of the investment process, in particular, performing rebalancing. The process of rebalancing of the portfolio realigns it back to the strategic asset allocation formalized in the IPS. The asset mix will change as a result of rising values in the portfolio. Rebalancing controls risk and force the portfolio to move along a predetermined course. It is through this overall procedural process that the Trust maintains its financial integrity.

INDUSTRY BEST PRACTICE

The acronym **TREAT** helps define the key fiduciary inputs to the asset allocation strategy.

T Tax Status

R Risk Level

E Expected Return

A Asset Class Preference

T Time Horizon

INDUSTRY BEST PRACTICE

The fiduciary should establish performance objectives for each investment decision-maker, and/or money manager, and record the same in the investment policy statement. Investment performance should be evaluated in terms of an appropriate market index, and the relevant peer group.

The investment policy statement also should describe the actions to be taken when an investment decision-maker fails to meet the established criteria. The fiduciary should acknowledge that fluctuating rates of return characterize the securities markets, and may cause variations in performance. The fiduciary should evaluate performance from a long-term perspective, ordinarily defined as two-to-three years.

There often will be times when a money manager is beginning to exhibit shortfalls in the defined performance objectives but, in the opinion of the fiduciary, does not warrant termination. In such situations, the fiduciary should establish in the investment policy statement specific ***Watch List*** procedures. The decision to retain or terminate a manager cannot be made by a formula. It is the fiduciary's confidence in the money manager's ability to perform in the future that ultimately determines the retention of a money manager.

Footnote

The References used in this section of the 2011 Annual Report were taken from Prudent Investment Practices, A Handbook for Investment Fiduciaries, written and published by the Foundation for Fiduciary Studies, www.cfstudies.com, © 2003 Foundation for Fiduciary Studies.

FINANCIAL BENEFITS

The financial benefits provided to the Commonwealth by the Trust generally consist of direct distributions of income and capital growth to its investment portfolio. The equity market for 2011 did not add value to the portfolio due to our equity allocations losing value. While the S&P 500 did grow by 1.1% for the year, MPLT lost 6.2% on its lg cap core equities. Additionally, our emerging markets equities lost 19.3% and the new convertible security allocation lost 10.4%. These losses have been moderated by the fixed income allocation of 75%, which provided a total return of 4.1%. The overall result being that the Trust lost $3,619,801 of its principal.

MPLT's 2011 General Fund distribution was in the amount of $2,248,926, which yields a total of $49,973,659 being given over to the Commonwealth General Fund since inception. Additionally, the Park Fund made distributions of $208,955 for the debt service on the CDA/AMP loan. This makes a total of $5,130,543, which has been distributed to fund projects.

American Memorial Park Development Projects	
1. Tennis Courts	**$242,770**
2. 400 Meter Track	**15,000**
3. Grandstand	**2,200**
4. Bike Path	**47,750**
5. American Memorial Pavilion	**603,362**
6. Park Maintenance	**1,289,154**
7. AMP World War II Memorial	**493,248**
8. Parking Lot and Paving	**165,601**
9. Concession Room and Other Facilities	**76,741**
10. AMP Underground Utilities	**142,927**
11. AMP Mall Landscaping	**139,068**
12. Engineering, Survey & Mapping Svcs.	**15,000**
13. Schematic Master Plan	**13,435**
14. Lighting Bike/Jogging Trail	**62,800**
15. A&E for the Cultural/Visitors Center & Memorial Gardens	**65,000**
16. Debt service on CDA/AMP loan for Cultural/Visitors Center & Memorial Gardens	**1,756,487**
Total	**$ 5,130,543**

GROSS PUBLIC LAND LEASE REVENUES FLOWCHART

LEASE REVENUES
(Received by MPLA; formerly MPLC)

LESS EXPENSES of AMINISTRATION
(general and administration, homestead program, and comprehensive master planning)

EQUALS NET DISTRIBUTIONS to MPLT from MPLC

$ 31,692,602

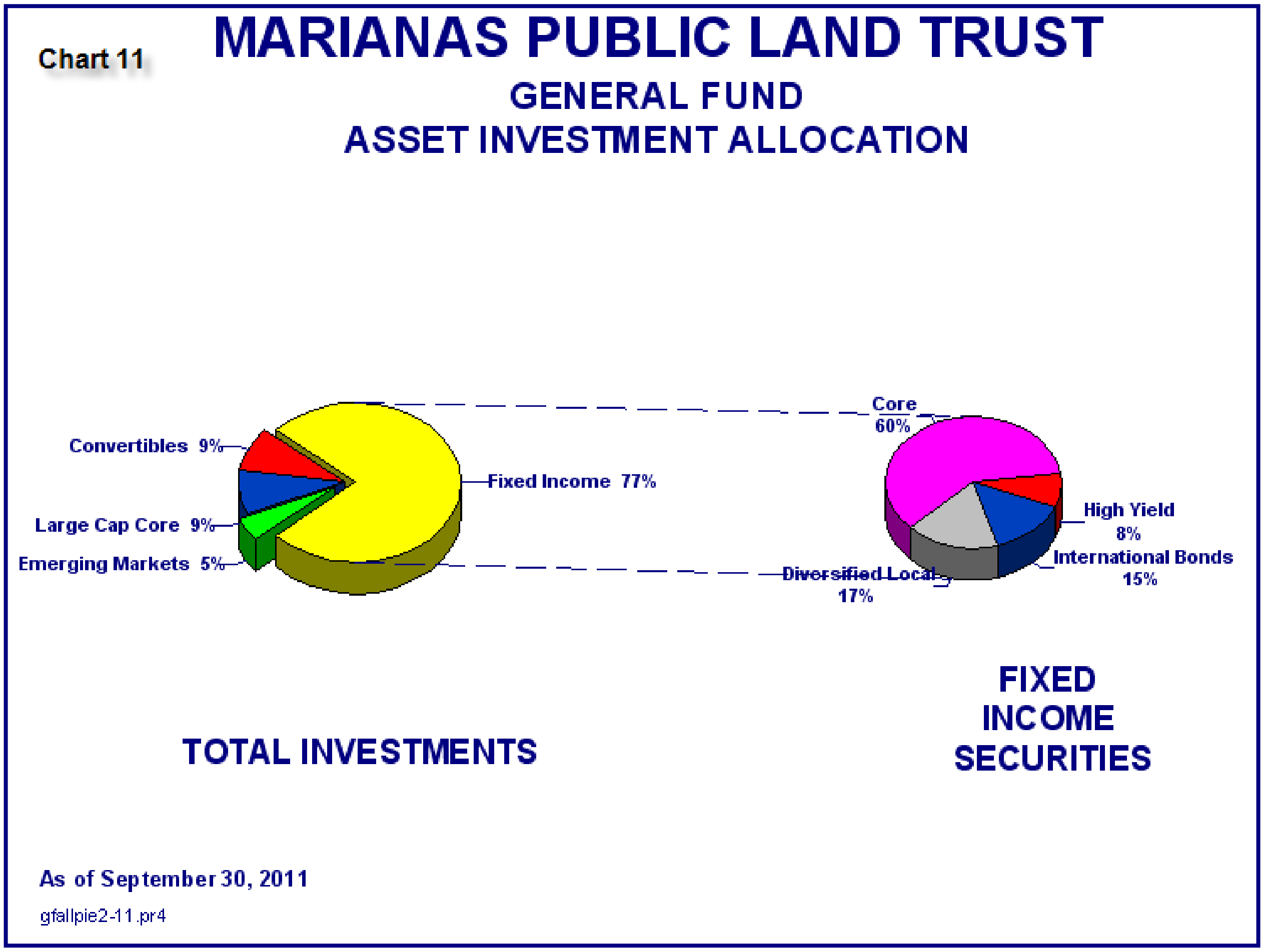
GENERAL FUND PRINCIPAL INVESTED	***PARK FUND PRINCIPAL INVESTED***
$29,692,602	***$2,000,000***

INVESTMENT INCOME

LESS EXPENSES OF ADMINISTRATION
(money management fees, professional fees, contractual services, etc.)

Income Distributed to CNMI General Fund		***Distributable Net Income***	
		$5,456,779	
FY 1984	$ 1,348,293		
FY 1985	2,495,638		
FY 1986	2,507,825		
FY 1987	2,543,529		
FY 1988	3,098,924		
FY 1989	1,349,138		
FY 1990	1,721,670		
FY 1991	1,032,690	FY 1991	$ 171,248
FY 1992	707,863	FY 1992	140,160
FY 1993	534,953	FY 1993	973,825
FY 1994	763,298	FY 1994	294,410
FY 1995	1,191,602	FY 1995	28,853
FY 1996	1,560,522	FY 1996	376,219
FY 1997	1,461,200	FY 1997	201,437
FY 1998	1,420,000	FY 1998	164,868
FY 1999	1,566,931	FY 1999	82,110
FY 2000	1,600,594	FY 2000	148,335
FY 2001	1,982,714	FY 2001	95,321
FY 2002	1,690,569	FY 2002	269,855
FY 2003	1,206,139	FY 2003	165,294
FY 2004	1,308,788	FY 2004	387,119
FY 2005	1,064,661	FY 2005	294,713
FY 2006	1,379,989	FY 2006	274,075
FY 2007	2,228,048	FY 2007	208,917
FY 2008	2,219,596	FY 2008	218,572
FY 2008 restatement	4,100,000		
FY 2009	2,013,563	FY 2009	219,768
FY 2010	1,625,996	FY 2010	206,489
FY 2011	2,248,926	FY 2011	208,955
TOTAL	$ 49,973,659		$ 5,130,543
		Total Income Available for Future Distributions	$ 326,236

The Investment Policy Statement asset allocation changes that were adopted in 2010 to add convertible securities, alternative investments while removing developed international were not put in place until FY 2011. The change was made primarily to increase the investment income while reserving an option to convert the fixed income security to equity. This approach enhances current income while keeping an option to grow the principal investment base. The current asset allocation is reflected in the following Chart 11.



The overall asset investment base for 2011 was $62,361,978, decreasing by $3,036,790 from the amount in 2010.

The following is an overview of the current asset allocation:

Asset Allocation	Strategic Allocation	Total Fund	Percentage Difference
Domestic Equity – Large Cap Core	**10%**	**8.6%**	**-1.4%**
Non-U.S. Equities:			
Emerging Markets	**5%**	**5.1%**	**.1%**
Convertible Securities	**10%**	**9.1%**	**-.09%**
Domestic Fixed Income			
Core & Local Loans	**45%**	**59.6%**	**14.6%**
High Yield	**5%**	**6.1%**	**1.1%**
Local High Yield	**5%**	**0%**	**-5.0%**
International Bonds	**10%**	**11.5%**	**1.5%**
Alternative Investments	**10.0%**	**0.0%**	**-10.0%**
Total Allocation	**100%**	**100%**	**0%**

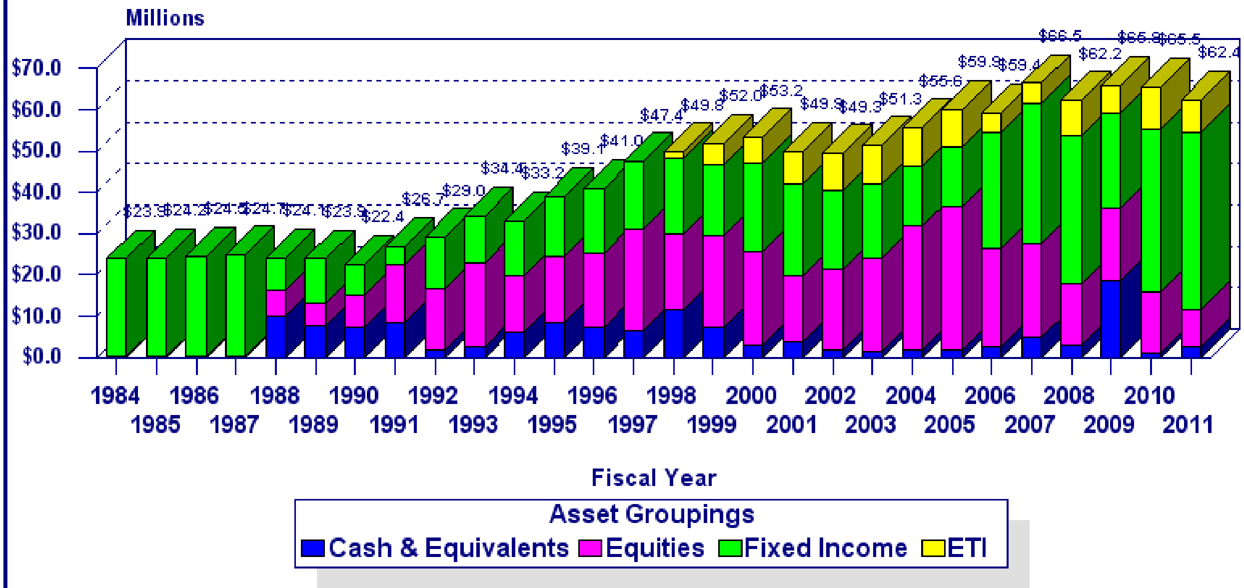
An overview of the General Fund's investment return is as follows:

Investment earnings	$ 2,942,976
Realized capital gains	(1,749,869)
Unrealized capital gains	(1,597,428)
Total return	$ (404,321)
Return on investment	(.65%)

Chart 12

MARIANAS PUBLIC LAND TRUST

GENERAL FUND
HISTORICAL ASSET INVESTMENT ALLOCATIONS



Source: Annual Audited Financial Stmts.

Stated at market value as of September 30.

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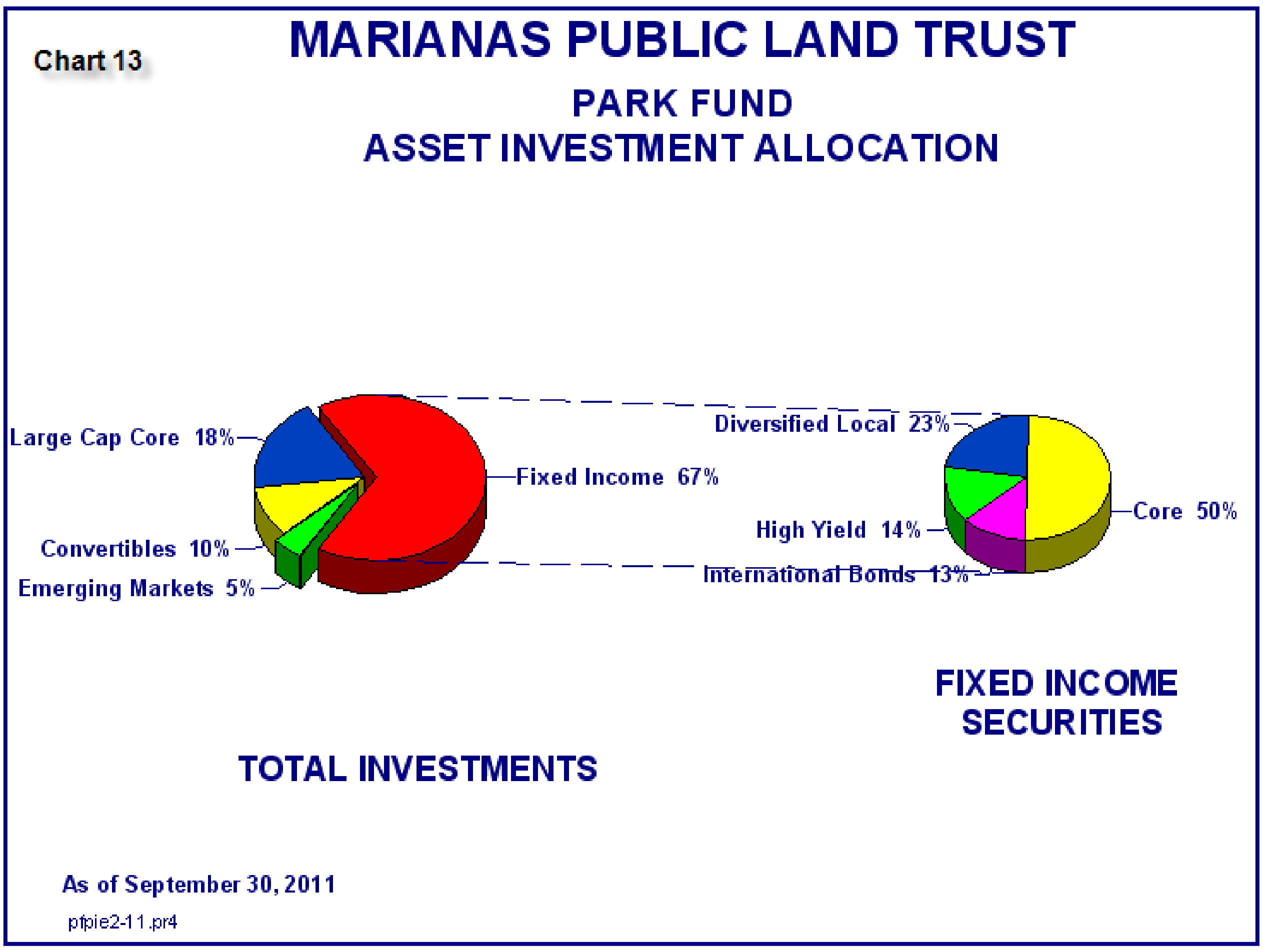
The Investment Policy Statement asset allocation changes that were adopted in 2010 to add convertible securities, alternative investments while removing developed international were not put in place until FY 2011. The change was made primarily to increase the investment income while reserving an option to convert the fixed income security to equity. This change was made to maintain the same asset allocation as in the General Fund. It was also justified in order to provide more annual distributable income to support the increased debt service on the CDA/AMP loan. This approach enhances current income while keeping an option to grow the principal investment base. The current asset allocation is reflected in the following Chart 13.

The overall asset investment base for 2011 was $7,707,614 resulting in a decrease of $315,213 from the amount in 2010.



The following is an overview of the current asset allocation:

Asset Allocation	Strategic Allocation	Total Fund	Percentage Difference
Domestic Equity – Large Cap Core	**10%**	**18.3%**	**8.3%**
Non-U.S. Equities:			
Emerging Markets	**5%**	**4.7%**	**-.3%**
Convertible Securities	**10%**	**9.8%**	**-.2%**
Domestic Fixed Income			
Core & Local Loans	**45%**	**48.9%**	**3.9%**
High Yield	**5%**	**9.5%**	**4.5%**
Local High Yield	**5%**	**0%**	**-5.0%**
International Bonds	**10%**	**8.8%**	**-1.2%**
Alternative Investments	**10%**	**0.0%**	**-10.0%**
Total Allocation	**100%**	**100%**	**0%**

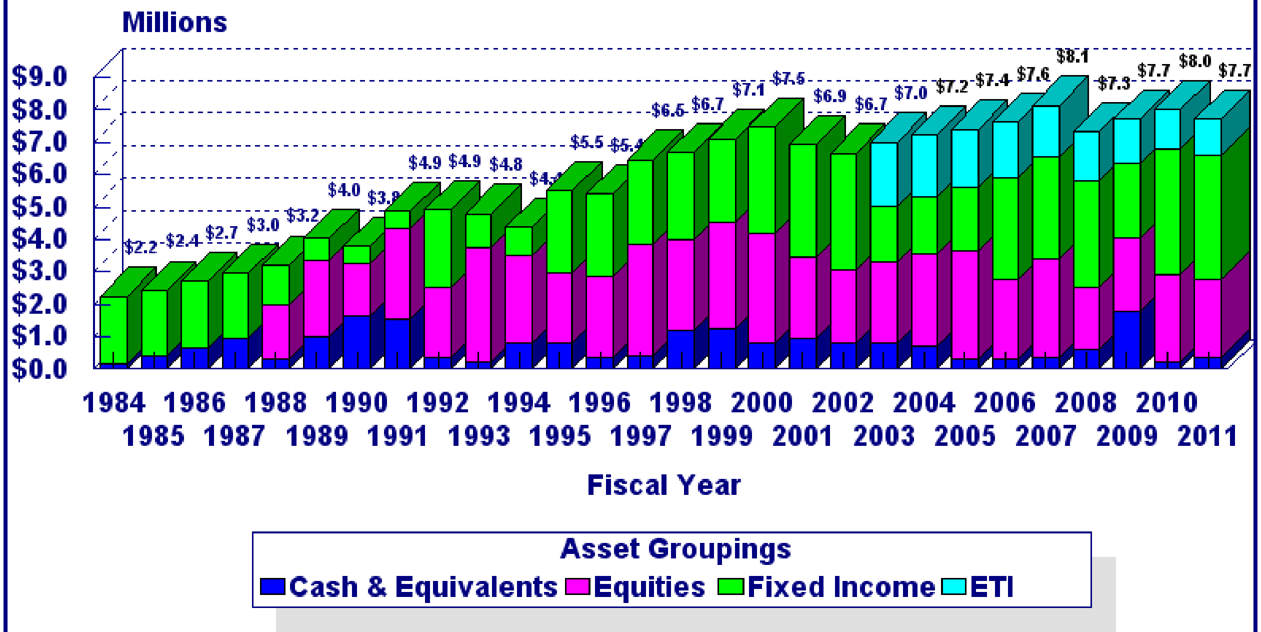
An overview of the General Fund's investment return is as follows:

Investment earnings	$ 350,538
Realized capital gains	(81,122)
Unrealized capital gains	(263,956)
Total return	$ 5,460
Return on investment	.07%

Chart 14

MARIANAS PUBLIC LAND TRUST

PARK FUND
HISTORICAL ASSET INVESTMENT ALLOCATIONS



Source: Annual Audited Financial Stmts.

Stated at market value as of September 30.

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BOARD OF TRUSTEES

The following are the current trustees and their respective terms of office:

Alvaro A. Santos
Chairman
Saipan
Confirmed: 3/6/2006 Expires: 1/9/2012

Pedro R. Deleon Guerrero
Treasurer
Saipan
Confirmed: 4/4/2010 Expires: 1/9/2016

Peter Q. Cruz Jr.
Trustee
Tinian
Confirmed: 2/11/2010 Expires: 1/9/2016

Gregoria Fitial-Omar
Carolinian/Women Representative
Saipan
Confirmed: 3/6/2006 Expired: 1/9/2012

Melchor J. Mendiola
Trustee
Rota
Confirmed: 3/12/2010 Expires: 1/9/2016

STAFF

The following are the current staff of the Trust:

Barbara Reyes
Office Manager

Lillian Leon Guerrero
Administrative Assistant

Consultant and Legal Services

Bruce M. MacMillan
Board Consultant

Robert T. Torres
Legal Counsel

The law stipulates that MPLT must maintain a five member board, which comprises of three people from Saipan, one from Tinian and one from Rota, and of the five, one must be of Carolinian descent and one must be a woman. The current board of trustees consists of the required five members who are, according to the Constitution, appointed by the Governor and confirmed by the Senate.

In addition to the Board of Trustees, MPLT retains the services of Bruce M. MacMillan, C.P.A., as the Board Consultant and Robert T. Torres, as the Legal Counsel.

MPLT also employs Barbara Reyes, Office Manager and Lillian Leon Guerrero, Administrative Assistant

PROFESSIONAL ASSISTANCE

The Trustees solicit professional services for the management of its assets, the development and maintenance of a dynamic investment policy, the supervision and evaluation of investment managers, as well as auditing and asset custodial services.

The Money Managers, selected by the Trustees, have sole responsibility for purchase and sale decisions for all investments under their control. Should any manager fail to meet the goals or stay within the guidelines of the Trust's investment policy, the trustees may initiate proceedings to determine the desirability of retaining the manager.

The Consultant is responsible for providing ongoing assistance to the Trustees in the supervision, retention and termination of the investment managers, the maintenance and updating of the investment policy, asset allocation decisions and other matters involving the investment of assets. From 1988 through 1994, Merrill Lynch acted as the Trust's investment consultant. Commencing March 1, 1995, Altamira Capital Corporation was retained to replace Merrill Lynch as investment consultant. On February 18, 2004 the Trust hired MorganStanley SmithBarney to replace Altamira Capital. MSSB is the current portfolio consultant.

The Custodian of the funds is responsible for safekeeping all securities and cash, accounting for all cash flow and providing monthly statements. Effective with the hiring of MorganStanley SmithBarney in February 2004, Smith Barney Citigroup became the custodian. Prior to this time, BNY Western Trust Company (a subsidiary of the Bank of New York) had been serving as custodian for all of the Trust's funds. The Board of Trustees has also retained seven discretionary money management firms to manage the Trust's investment portfolios – see above (stated at fair market value).

MONEY MANAGER	AMOUNT OF ASSETS UNDER MANAGEMENT	
	GENERAL FUND	PARK FUND
Atalanta Sosnoff – large cap equity "core" money manager; objective is to manage domestic equity assets consistent with the Standard & Poors 500 Index and **Domestic Large Cap Manager Core Equity** peer group.	$5,453,265	$1,424,184
MacKay Shields – convertible fixed income money manager; objective is to manage convertible assets consistent with the ML All Convertibles Index.	$5,741,225	$765,827
Lazard – *emerging markets money manager; objective is to manage emerging international equity assets consistent with the MSCI EM (net) Index.*	$1,727,060	$194,325
Newgate – *emerging markets money manager; objective is to manage emerging international equity assets consistent with the MSCI EM (net) Index.*	$1,489,294	$172,440
Richmond Capital Management, Inc. – domestic fixed income "core" money manager; objective is to manage fixed income assets consistent with the Lehman Aggregate Bond Index.	$29,031,957	$2,611,162
Seix Investment Advisors *– high yield bond;* objective is to manage high yield bonds consistent with the Barclays HY Bond Index.	$3,824,961	$731,414
Templeton Global *– foreign bond fund unhedged;* objective is to manage foreign bonds consistent with the CitigrpNon USWGovUnHd Index.	$7,265,272	$687,318
Local Investments.	$7,828,943	$1,120,943
GRAND TOTALS	*$ 62,361,977*	*$ 7,707,613*

Marianas Public Land Trust

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

Year Ended September 30, 2011

MARIANAS PUBLIC LAND TRUST
(A COMPONENT UNIT OF THE COMMONWEALTH
OF THE NORTHERN MARIANA ISLANDS)

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

YEARS ENDED SEPTEMBER 30, 2011 AND 2010

Deloitte.

Deloitte & Touche LLC
P.O. Box 500308
Saipan, MP 96950-0308
USA

Tel: +1 670 322 7337/0860/0861
Fax: +1 670 322 7340
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Marianas Public Land Trust:

We have audited the accompanying statements of net assets of the Marianas Public Land Trust (MPLT), a component unit of the Commonwealth of the Northern Mariana Islands (CNMI), as of September 30, 2011 and 2010, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of MPLT'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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 MPLT's internal control over financial reporting. Accordingly, we express no such opinion. An audit 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 audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Marianas Public Land Trust as of September 30, 2011 and 2010, and its changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 through 9 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the Marianas Public Land Trust's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information and we do not express an opinion on it.

Our audits were conducted for the purpose of forming an opinion on the Marianas Public Land Trust's basic financial statements. The accompanying combining information presented on pages 35 through 37 and schedules of investments and administrative expenses compared to budget presented on pages 38 through 54 are presented for purposes of additional analysis and are not a required part of the basic financial statements. This combining information and schedules are the responsibility of the Marianas Public Land Trust's management. The combining information and schedules have been subjected to the auditing procedures applied by us in the audit of the 2011 financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2012, on our consideration of internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Deloitte & Touche LLC

February 13, 2012

Management's Discussion and Analysis
Year Ended September 30, 2011

As management of the Marianas Public Land Trust (MPLT), we offer readers of MPLT's financial statements this narrative overview and analysis of the financial activities of MPLT for the year ended September 30, 2011. This Management's Discussion and Analysis should be read in conjunction with the audited financial statements.

Implementing Authority

The origins of MPLT are found in both the Constitution of the Commonwealth of the Northern Mariana Islands and Public Law (P.L.) 94-241, Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America. Both of these documents came into full force and effect on January 9, 1978.

Article XI, Section 6 of the Constitution provides for the establishment of MPLT upon the effective date of the Constitution. Some excerpts pertaining to the operating requirements of MPLT are:

- "... The number of trustees appointed by the Governor with the advice and consent of the Senate shall be ...[five]. Three shall be from Saipan, one from Rota and one from Tinian. At least one trustee shall be a woman and at least one trustee shall be of Carolinian descent. The trustees shall serve for a term of six years ... [shall] be staggered."
- "... The trustees shall make reasonable, careful and prudent investments."
- "... The trustees shall ...[use] the interest on the amount received for the lease of property at Tanapag Harbor for the development and maintenance of a memorial park. The trustees shall transfer to the general revenues of the Commonwealth the remaining interest accrued ...[except] that the trustees may retain the amount necessary to meet reasonable expenses of administration."
- "... The trustees shall make an annual written report to the people of the Commonwealth accounting for the revenues received and expenses incurred by the Trust and describing the investments and other transactions authorized by the trustees."
- "... The trustees shall be held to strict standards of fiduciary care. Each trustee shall annually submit to the Governor and the presiding officers of the Legislature a report disclosing their financial affairs, as provided by law."

The Covenant contains key provisions, which are fundamental to MPLT's development. Article VIII, Section 802 requires that certain lands be made available to the Untied States Government by lease in order for it to carry out its defensive responsibilities. These lands consist of 7,203 hectares on Tinian, 72 hectares at Tanapag Harbor in Saipan, and the entire island of Farallon de Medinilla.

P.O. Box 501089, Saipan, MP 96950
Tel. (670) 322-4401 • Fax: (670) 322-4450
E-mail: mplt@pticom.com

Article VIII, Section 803 of the Covenant describes the lease terms for the above properties. The Commonwealth will lease the property to the United States for 50 years with the United States having the option of renewing the lease for all or part of the property for an additional term of 50 years. The United States will pay the Commonwealth, in full settlement of the two 50 year lease terms, the total sum of $19,520,600 determined as follows:

- Tinian Island property - $17.5 million;
- Saipan Island property located at Tanapag Harbor - $2 million;
- Farallon de Medinilla Island - $20,600.

The above sum will be adjusted by a percentage, which will be the same as the percentage change in the United States Department of Commerce composite price index from the date of signing the Covenant. Additional terms and conditions of this lease are found in the Technical Agreement Regarding Use of Land to Be Leased by the United States, which was executed simultaneously with the Covenant.

Furthermore, Section 803 provides for over 53 hectares of the leased property at Tanapag Harbor to be made available to the United States, at no cost to the Commonwealth, to establish an American Memorial Park to honor the American and Chamorros who died in the World War II Marianas Campaign. The $2 million received from the United States for the lease of this property would be placed into a trust fund with the "income" to be used for the development and maintenance of the park.

This was the initial source of the funding for MPLT, i.e., $23,942,602 allocated to the MPLT General Fund and $2,000,000 allocated to the MPLT Park Fund. In 1991, 2007 and 2008, additional distributions were received of $1,000,000, $1,250,000 and $3,500,000, respectively, from the Marianas Public Land Corporation and its successor, the Department of Public Lands. These amounts were treated as General Fund principal contributions.

Financial Highlights

The following financial highlights are taken from the audited financial statements for the years ended September 30, 2010, 2009 and 2008.

- The assets of MPLT decreased in 2011 by $1,673,342 over the amount at 2010. This net decrease in assets was due primarily to a "soft" securities market that resulted in increased loss of security values as well as realized losses due to the sales of securities. Additionally, losses were recognized due to valuation of our local investments.

  The assets of MPLT decreased in 2010 by $1,646,226 over the amount at 2009. This net decrease in assets was due primarily to the actual distribution of past accumulated interest from the Northern Marianas Housing Corporation (NMHC) loan plus an advance of future contributions to the Commonwealth of the Northern Mariana Islands (CNMI) General Fund. This decrease from distributions was compensated by an increase in the fair value of investments.

- Total liabilities for 2011 increased by $1,946,459 over the amount from 2010 attributable to recognition of $1,950,418 due to the CNMI Government.

  Total liabilities for 2010 decreased by $4,587,499 from 2009 due to decreases in due to CNMI General Fund and due to brokers of $4,412,649 and $175,084, respectively.

- The above changes resulted in a decrease in net assets of $3,619,801 for 2011 and an increase in net assets of $2,941,273 for 2010 and $3,580,354 for 2009.
- Total revenues of MPLT are a combination of (1) gains (losses) attributable to the valuation of investments plus (2) income earned on such investments. Total operating revenues for 2011, 2010 and 2009 were $(257,861), $5,565,526 and $6,643,905, respectively.
- The total performance of MPLT for 2011 was 0.55% as the security markets showed no growth for the year, 2010 was 8% as growth was minimal and 2009 was 10% due to the partial recovery from the recession.
- The overall administrative costs increased in 2011 by 14% or $112,291. This was due primarily to the recognition of an impairment loss from the decline in value of the land held for future development. Otherwise, the administrative costs would have decreased by $28,709.

MPLT General Fund Operations

The Board of Trustees amended its Investment Policy Statement in December 2010 in order to increase its fixed income yield by adding an allocation for convertible securities. Also, an allocation was made to alternative investments in order to pursue the growth occurring in Asia. In August 2011, MPLT established a Local Investments Diversified Class program within the Domestic High Yield Fixed Income Asset Class (described as "Local Investments Diversified" or "DLI"). The DLI refers to investments that are structured or designed to encourage a diversification of investments by MPLT within the CNMI. Currently, the Board of Trustees is contemplating removal of the High Yield and Local High Yield as well as the Alternative Investments as these asset classes had not been funded. This would increase Domestic "Core" Fixed Income to 60%, which favors current investment income as opposed to long-term growth, which matches the beneficiaries' current needs.

The investment income for 2011, 2010 and 2009 was $2,942,976, $2,345,965 and $2,777,718, respectively.

The distributions to the CNMI General Fund paid for 2011, 2010 and 2009 was $2,248,926, $1,625,996 and $2,013,563, respectively. The cumulative amount distributed to the CNMI General Fund since inception in 1983 has been $49,973,659. This has occurred while growing the principal fund by $31,603,083 for the same time-period. The General Fund's annual return for 2011 was 0.67%, 2010 was 8.02% and 2009 was 10%.

The loan made to NMHC became nonperforming when NMHC defaulted in 2007 when P.L. 10-29 and 12-27 was repealed per P.L. 15-48. MPLT negotiated a settlement agreement wherein $2,025,000 was paid and the related loan portfolio was transferred to MPLT. MPLT is currently managing these loans and attempting to recover its $8.9 million principal. Due to collection uncertainty for this investment, a write-down of value amounting to $4,830,000 was recognized by MPLT as of September 30, 2011 (current value of $3,828,943). Interest on this investment is being recognized based upon collections.

General Fund Condensed Financial Statements Summaries:

STATEMENTS OF NET ASSETS

	2011	2010	2009
Assets			
Current assets	$ 3,580,828	$ 1,960,746	$ 19,474,121
Other assets, restricted	52,003,958	54,209,128	40,548,730
Notes receivable - noncurrent portion	7,552,805	8,223,427	6,353,679
Capital assets	209,744	354,358	333,931
Total	$ 63,347,335	$ 64,747,659	$ 66,710,461
Liabilities and Net Assets			
Current liabilities	$ 2,051,650	$ 104,277	$ 4,700,928
Invested in capital assets	209,744	354,358	333,931
Restricted	61,085,941	64,289,024	61,675,602
Net assets	61,295,685	64,643,382	62,009,533
Total	$ 63,347,335	$ 64,747,659	$ 66,710,461

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	2011	2010	2009
Operating revenues, net	$ (263,321)	$ 4,979,814	$ 5,997,902
Operating expenses	(835,450)	(719,969)	(764,156)
Nonoperating income (expenses), net	(2,248,926)	(1,625,996)	(2,013,563)
Change in net assets	(3,347,697)	2,633,849	3,220,183
Beginning net assets	64,643,382	62,009,533	58,789,350
Ending net assets	$ 61,295,685	$ 64,643,382	$ 62,009,533

STATEMENTS OF CASH FLOWS

	2011	2010	2009
Cash flows from operating activities	$ 1,935,145	$ (2,921,393)	$ 2,489,569
Cash flows from noncapital financing activities	-	(71,342)	(313,563)
Cash flows from capital and related financing activities	(19,359)	(39,595)	(1,622)
Cash flows from investing activities	(122,105)	(14,699,146)	13,637,499
Net increase (decrease) in cash and cash equivalents	1,793,681	(17,731,476)	15,811,883
Cash and cash equivalents at beginning of year	1,026,333	18,757,809	2,945,926
Cash and cash equivalents at end of year	$ 2,820,014	$ 1,026,333	$ 18,757,809

The statements above are inclusive of amounts due from the Park Fund of $5,567 that is eliminated in the accompanying financial statements.

Capital Assets:

At September 30, 2011, 2010 and 2009, MPLT had $209,744, $354,358, and $333,931, respectively, in capital assets, net of accumulated depreciation where applicable, including land, leasehold improvements, furniture, fixtures and equipment and vehicles, which represent a net decrease in 2011 of $144,614, a net increase in 2010 of $20,427 and a net decrease in 2009 of $16,640. See note 4 to the financial statements for more information on MPLT's capital assets.

Goals and Objectives:

It is the intent of MPLT to continue to monitor its investment portfolio to ensure an adequate risk-adjusted rate of return is achieved. This is the phase of the Five-Step Investment Management Process that MPLT is currently performing. This involves periodic rebalancing of the portfolio to comply with its asset allocation investment policy. Occasionally, the Board of Trustees may find it necessary or desirable to add additional asset classes, which require amendment of its Investment Policy Statement. It is MPLT's fiduciary duty to continue to follow the well-established prudent investment management practices.

MPLT Park Fund Operations

The MPLT Park Fund is part of the overall trust fund but is separately managed and accounted for due to its funding source and a different beneficiary as compared to the MPLT General Fund. The Park Fund's annual return for 2011 was (0.12)%, 2010 was 7.65%, and 2009 was 8.8%. The Park Fund has not suffered local investment losses as it only invests to benefit the American Memorial Park (AMP). As stated previously, the Park Fund received its principal funding from the lease proceeds of a portion of the Tinian - Tanapag Harbor - Farallon de Medinilla land lease revenues. The $2,000,000 for the Tanapag Harbor in Saipan was dedicated to the formation of AMP. The income on this principal contribution can only be used for the maintenance and development of AMP. Accordingly, this initial principal contribution has been prudently managed since 1983 and has grown to $7,750,041. This has been accomplished while distributing $5,130,583 for AMP maintenance and development.

As part of a plan to make some of the principal available for development of AMP, MPLT entered into a loan arrangement with the Commonwealth Development Authority on November 30, 2001 to lend them $2,000,000 to be used with CIP funding grants in order to make the following additions and upgrades to AMP:

1.	AMP Visitor/Cultural Center	$ 1,305,200
2.	AMP Marianas Memorial Garden	514,000
3.	Remodel and Upgrade Amphitheater	1,310,800
4.	Exhibit Design and Construction of Visitor Center	870,000
	Total	$ 4,000,000

This loan is to be repaid from future income realized on the Park Fund investments. As income is received, the principal portion of the payment will be taken from the income stream and transferred to principal and re-invested. The term of the loan is fifteen years at an annual rate of 6.5%. The monthly principal and interest payment will be about $17,200. It is through this mechanism that MPLT has been able to benefit AMP and sustain new development.

The Board of Trustees also amended its Investment Policy Statement at the same time and manner as was previously described for the General Fund. It is the policy of the Board of Trustees to maintain the same asset allocation for both part of MPLT. The shift toward increased investment income was deemed necessary to support the debt service on the CDA/AMP loan and to provide resources for routine maintenance of AMP.

Park Fund Condensed Financial Statements Summaries:

STATEMENTS OF NET ASSETS

	2011	2010	2009
Assets			
Current assets	$ 554,607	$ 352,124	$ 1,938,718
Other assets, restricted	6,226,927	6,583,591	4,557,372
Notes receivable - noncurrent portion	984,143	1,132,843	1,254,243
Total	$ 7,765,677	$ 8,068,558	$ 7,750,333
Liabilities and Net Assets			
Current liabilities	$ 15,636	$ 46,413	$ 35,612
Restricted principal	7,423,806	7,768,884	7,496,186
Restricted income	326,235	253,261	218,535
Net assets	7,750,041	8,022,145	7,714,721
Total	$ 7,765,677	$ 8,068,558	$ 7,750,333

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	2011	2010	2009
Operating revenues	$ 5,460	$ 585,712	$ 646,003
Operating expenses	(68,609)	(71,799)	(66,064)
Nonoperating income (expenses), net	(208,955)	(206,489)	(219,768)
Change in net assets	(272,104)	307,424	360,171
Beginning net assets	8,022,145	7,714,721	7,354,550
Ending net assets	$ 7,750,041	$ 8,022,145	$ 7,714,721

STATEMENTS OF CASH FLOWS

	2011	2010	2009
Cash flows from operating activities	$ 161,764	$ 241,272	$ 302,255
Cash flows from noncapital financing activities	-	(206,489)	(219,768)
Cash flows from investing activities	11,586	(1,632,121)	1,081,699
Net increase (decrease) in cash and cash equivalents	173,350	(1,597,338)	1,164,186
Cash and cash equivalents at beginning of year	186,393	1,783,731	619,545
Cash and cash equivalents at end of year	$ 359,743	$ 186,393	$ 1,783,731

The statements above are inclusive of amounts due to the General Fund of $5,567 that is eliminated in the accompanying financial statements.

Goals and Objectives:

It is the intention of the Board of Trustees to continue to provide financial assistance to AMP in accordance with the terms of the Constitution and Covenant. It has been through MPLT's stewardship of the Park Fund assets that the developments in the AMP have occurred. The Board of Trustees plans to continue this past record of achievement and use it as a basis for further enhancements of a facility, which benefits the CNMI as a whole.

Economic Outlook

In 2008, MPLT suffered its largest loss of principal since 2002. This was due to the worldwide credit collapse and resulting recession. In 2009, a recovery of investment values began but did not completely recover the loss from 2008. In 2010, the rate of increase for valuations slowed revealing a weak recovery. This weak recovery trend deepened in 2011 resulting in no growth to investment values. The outlook for 2012 remains uncertain as unemployment remains high and foreign sovereign debt is problematic. There is also the potential for inflation. These factors will likely keep equity values in a slow growth mode for quite some time. It will likely take many years before the United States experiences a booming economy once again. MPLT has a long-term time horizon. Accordingly, MPLT is committed to its current investment allocation. Whereas, MPLT may add additional asset classes, the basic investment approach will remain the same.

Contacting MPLT's Financial Management

This report is designed to provide the branches of the CNMI Government and the public at large with a general overview of MPLT's finances and to show MPLT's accountability for the money it receives. The Management's Discussion and Analysis for the year ended September 30, 2010 is set forth in the report on the audit of MPLT's financial statements, which is dated April 25, 2011. The Discussion and Analysis explains the major factors impacting the 2010 financial statements. If you have questions about this report or the 2010 or 2009 reports or need additional financial information, contact the MPLT office, P.O. Box 501089, Saipan, MP 96950 or phone at (670) 322-4401 or email mplt@mplt.gov.mp.

Statements of Net Assets
September 30, 2011 and 2010

ASSETS	2011	2010
Current assets:		
Cash and cash equivalents	$ 3,179,757	$ 1,212,726
Receivables:		
Notes receivable, current portion	412,938	604,538
Accrued income	426,980	400,184
Other	9,051	8,762
Due from brokers	85,919	46,597
Prepaid expense	15,223	4,633
Total current assets	4,129,868	2,277,440
Other assets:		
Investments	58,230,885	60,792,719
Total other assets	58,230,885	60,792,719
Noncurrent assets:		
Notes receivable, net of current portion and allowance for loan losses	8,536,948	9,356,270
Capital assets (net of accumulated depreciation)	209,744	354,358
Total noncurrent assets	8,746,692	9,710,628
	$ 71,107,445	$ 72,780,787
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 38,055	$ 32,863
Due to CNMI Government	1,968,159	17,741
Due to brokers	52,337	59,050
Accrued expenses	3,168	5,606
Total liabilities	2,061,719	115,260
Commitment and contingency		
Net assets:		
Invested in capital assets	209,744	354,358
Restricted	68,835,982	72,311,169
Total net assets	69,045,726	72,665,527
	$ 71,107,445	$ 72,780,787

See accompanying notes to financial statements.

Statements of Revenues, Expenses and Changes in Net Assets
Years Ended September 30, 2011 and 2010

	2011	2010
Operating revenues:		
Net (decrease) increase in the fair value of investments	$ (2,906,324)	$ 2,906,547
Interest income:		
Investments, net	2,491,443	1,886,841
Notes receivable	471,852	388,962
Other	1,409	6,474
Dividend income	328,810	376,702
	387,190	5,565,526
Provision for allowance for loan losses of the Home Loan Program	(658,000)	-
Recovery of note receivable	12,949	-
Operating revenues, net	(257,861)	5,565,526
Operating expenses:		
Money manager fees	174,889	179,456
Impairment loss	141,000	-
Consultancy fees	121,903	126,780
Professional fees	89,970	46,614
Money management administration	84,181	73,044
Contract services	65,000	66,165
Salaries and benefits	59,375	86,108
Loan administration fee	51,968	72,994
Office supplies	49,362	66,740
Depreciation	21,743	19,168
Trustees' expenses	18,345	25,202
Audit	14,000	15,651
Rent and utilities	12,323	13,846
Total operating expenses	904,059	791,768
Operating (loss) income	(1,161,920)	4,773,758
Other nonoperating expenses:		
Net contribution to the CNMI General Fund/ American Memorial Park	(2,457,881)	(1,832,485)
Total nonoperating expenses	(2,457,881)	(1,832,485)
Change in net assets	(3,619,801)	2,941,273
Net assets at beginning of year	72,665,527	69,724,254
Net assets at end of year	$ 69,045,726	$ 72,665,527

See accompanying notes to financial statements.

Statements of Cash Flows
Years Ended September 30, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Cash received from operations	$ 2,899,147	$ 2,501,936
Cash payments to suppliers for goods and services	(802,238)	(5,338,488)
Net cash provided by (used for) operating activities	2,096,909	(2,836,552)
Cash flows from capital and related financing activities:		
Acquisition of property and equipment	(19,359)	(39,595)
Net cash used for capital and related financing activities	(19,359)	(39,595)
Cash flows from investing activities:		
Net decrease (increase) in notes receivable	233,971	(3,672,597)
Net increase in restricted assets	(344,490)	(12,780,070)
Net cash used for investing activities	(110,519)	(16,452,667)
Net increase (decrease) in cash and cash equivalents	1,967,031	(19,328,814)
Cash and cash equivalents at beginning of year	1,212,726	20,541,540
Cash and cash equivalents at end of year	$ 3,179,757	$ 1,212,726
Reconciliation of operating (loss) income to net cash provided by (used for) operating activities:		
Operating (loss) income	$ (1,161,920)	$ 4,773,758
Adjustments to reconcile operating (loss) income to net cash provided by (used for) operating activities:		
Net decrease (increase) in fair value of investments	2,906,324	(2,906,547)
Noncash interest income	(357,823)	(156,431)
Depreciation	21,743	19,168
Loss on disposal of fixed assets	1,230	-
Impairment loss	141,000	-
Bad debts	645,051	-
(Increase) decrease in assets:		
Receivable - accrued income	(26,796)	(150,049)
Other receivable	(289)	(1,885)
Due from brokers	(39,322)	152,973
Prepaid expense	(10,590)	19,960
Increase (decrease) in liabilities:		
Accounts payable	5,192	(310)
Due to CNMI Government	(17,740)	(4,412,649)
Payable to brokers	(6,713)	(175,084)
Accrued expenses	(2,438)	544
Net cash provided by (used for) operating activities	$ 2,096,909	$ (2,836,552)

Supplemental schedule of noncash operating, financing and investing activities:

MPLT applied $280,767 of the required income distribution to the CNMI General Fund for the year ended September 30, 2011 as an interest payment against the CNMI's note receivable.

	2011	2010
Increase in interest expense	$ (280,767)	$ (71,342)
Increase in net contribution	280,767	71,342
	$ -	$ -

MPLT applied $208,956 of the required income distribution of the American Memorial Park Fund for the year ended September 30, 2011 as a repayment of CDA's note receivable and related interest.

	2011	2010
Decrease in notes receivable	$ (131,900)	$ (121,400)
Increase in interest expense	(77,055)	(85,089)
Increase in net contribution	208,955	206,489
	$ -	$ -

Pursuant to Public Law 16-7 (as amended by Public Law 17-7 in fiscal year 2010), MPLT applied $1,554,654 of the required income distribution of the CNMI General Fund for the year ended September 30, 2010 as a repayment of CUC's note receivable.

	2011	2010
Decrease in notes receivable	$ -	$ (1,554,654)
Increase in net contribution	-	1,554,654
	$ -	$ -

See accompanying notes to financial statements.

(1) Organization and Purpose

The Marianas Public Land Trust (MPLT), a component unit of the Commonwealth of the Northern Mariana Islands (CNMI), was formed on January 9, 1978, pursuant to the ratification and adoption of the Constitution of the CNMI, Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America (the Covenant), and Technical Agreement Regarding Use of Land to be Leased by the United States in the Northern Mariana Islands.

MPLT did not become operational until May 17, 1983, when its Trustees were appointed by the Governor with confirmation by the Senate.

The purpose of MPLT is to manage all monies received by it from the CNMI Department of Public Lands (DPL) for the use of public lands. DPL has the responsibility to manage the public lands and distribute to MPLT all revenues net of reasonable expenses of administration.

MPLT's responsibility, with respect to monies received by it from DPL, requires it to make reasonable, careful and prudent investments. The Trustees have taken the position that their duty to the beneficiaries is not only to provide income to the general fund of the CNMI but also to preserve the principal of MPLT. As such, MPLT is currently allocating capital gains and losses on equity investments to principal fund balance. These capital gains and losses are not considered to be available for distribution to the general fund of the CNMI. Other forms of income on investments, after deduction of amounts necessary to meet reasonable administrative expenses, are distributed to the general fund of the CNMI.

Additionally, MPLT is responsible for carrying out the intention of Article VIII, Section 803(e) of the Covenant, by establishing a separate trust fund for the development and maintenance of an American Memorial Park. The Trustees are allocating capital gains and losses on equity investments of this trust fund to the principal of the trust fund. Other forms of income on investments, after deduction of amounts necessary to meet reasonable administrative expenses, are to be used for the development and maintenance of the American Memorial Park.

(2) Summary of Significant Accounting Policies

The accounting policies of MPLT conform to accounting principles generally accepted in the United States of America, as applicable to governmental entities, specifically proprietary funds. Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, requires that proprietary activities apply all applicable GASB pronouncements as well as Statements and Interpretations issued by the Financial Accounting Standards Board (FASB), Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989. MPLT has implemented GASB 20 and elected not to apply FASB Statements and Interpretations issued after November 30, 1989.

(2) Summary of Significant Accounting Policies, Continued

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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Accounting

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of this fund are included on the statements of net assets. Proprietary fund operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net assets. The accrual basis of accounting is utilized for proprietary funds. Under this method, revenues are recorded when earned and expenses recorded at the time liabilities are incurred.

Concentrations of Credit Risk

Financial instruments which potentially subject MPLT to concentrations of credit risk consist principally of cash demand deposits and investments.

At September 30, 2011 and 2010, MPLT has cash deposits and investments in bank accounts that exceed federal depository insurance limits. MPLT has not experienced any losses in such accounts.

Cash and Cash Equivalents

For purposes of the statements of net assets and cash flows, MPLT considers all cash held in demand accounts with initial maturities of ninety days or less, to be cash and cash equivalents. At September 30, 2011 and 2010, total cash and cash equivalents were $3,179,757 and $1,212,726, respectively, and the corresponding bank balances were $288,691 and $100,296, respectively. Of the bank balance amount, $288,691 and $100,296 are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance as of September 30, 2011 and 2010, respectively. Bank deposits in the amount of $287,532 and $96,050 were FDIC insured as of September 30, 2011 and 2010, respectively. Bank deposits in the amount of $3,405 and $3,261 were uninsured at September 30, 2011 and 2010, respectively.

At September 30, 2011 and 2010, unrestricted cash and cash equivalents consisted of the following:

	2011	2010
Custodian money market sweep deposits	$ 2,888,820	$ 1,113,415
Deposits with federally insured banks	287,532	96,050
Uninsured deposits	3,405	3,261
	$ 3,179,757	$ 1,212,726

(2) Summary of Significant Accounting Policies, Continued

Cash and Cash Equivalents, Continued

As of September 30, 2011 and 2010, custodian money market sweep deposits of $2,888,820 and $1,113,415, respectively, are held and administered by an investment manager subject to Securities Investor Protection Corporation (SIPC) insurance up to $250,000 and $100,000, respectively, with coverage in excess of SIPC provided by a supplemental insurance policy through certain underwriters with a per client aggregate limit of $1.9 million.

CNMI law does not require component unit funds to be collateralized and thus MPLT's funds are uncollateralized. Accordingly, the deposits are exposed to custodial credit risk.

Investments

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of debt instruments.

Concentration of credit risk for investments is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. GASB Statement No. 40 requires disclosure by issuer and amount of investments in any one issuer that represents five percent (5%) or more of total investments for MPLT. As of September 30, 2011, MPLT's investment in U.S. agency obligations of the Freddie Mac Federal Home Loan Mortgage Corporation and Fannie Mae Federal National Mortgage Association constituted 8% and 8%, respectively, of its total investments. As of September 30, 2010, MPLT's investment in U.S. agency obligations of the Freddie Mac Federal Home Loan Mortgage Corporation and Fannie Mae Federal National Mortgage Association constituted 7% and 6%, respectively, of its total investments.

MPLT has selected a custodian for both funds who shall maintain custody of all cash, securities and other assets of MPLT and shall credit interest and dividends on said securities and credit principal paid on called or matured securities of MPLT. The custodian shall provide, on a timely basis, a monthly statement of all assets, to include an accounting of all activity during that month. The investment held and administered by the investment manager is subject to SIPC of up to $500,000 (inclusive of the $250,000 cash balance protection coverage) and supplemental insurance for amounts in excess of SIPC coverage through certain underwriters, subject to an aggregate firm-wide cap of $1 billion with no per client sublimit.

The Trustees may engage the services of an investment consultant after a competitive search process. The investment consultant chosen shall demonstrate professional experience of at least ten (10) years with exclusive focus on Institutional Management Consulting.

When evaluating potential Investment Management Consulting Firms, the Trustees will consider at a minimum the following criteria:

- Must be a Registered Investment Advisor with exclusive focus on providing objective investment management consulting at an institutional level, having the support of a staff and/or organization, focused and experienced in consulting only.

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

- The candidate should be objective, free of conflict of interest and free to secure services from leading third party providers that will best suit the interest of MPLT.
- Firms must demonstrate experience in the breadth and depth of its professional staff.
- Ability to provide unbiased fiduciary and financial advice to public trusts.
- Knowledge of legislative, operational and legal aspects of the local public trusts.
- Ownership or ready access to relevant and comprehensive performance databases with proven and verifiable process for the institutional client.
- Ability to provide quantitative analysis of manager and total fund performance. In particular, attribution analysis to maintain the interests of the management styles and strategic asset allocation.
- Ability to provide on-going training.
- Firms must be recognized as having substantial experience in the institutional level investment management consulting field. Firms offering consulting as incidental to their securities business may not be considered.
- May not be an investment manager with discretion over MPLT assets.

The Trustees have determined that the following investment policy will govern the investment of assets of MPLT.

(i) The Trustees, with the assistance of the investment consultant, will select appropriate investment managers to manage MPLT assets. Investment managers must meet the following minimum criteria:

1. Be a bank, insurance company, investment management company, or investment adviser as defined by the Registered Investment Advisers Act of 1940, or equivalent as might be determined appropriate by the Trustees.
2. Provide historical quarterly performance numbers calculated on a time-weighted basis, based on a composite of all fully discretionary accounts of similar investment style, reported gross of fees.
3. Provide performance evaluation reports prepared by an objective third party that illustrate the risk/return profile of the manager relative to other managers of comparable investment style.
4. Provide detailed information on the history of the firm, key personnel, key clients, fee schedule, and support personnel.
5. Clearly articulate the investment strategy that will be followed and document that the strategy has been successfully adhered to over time.

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

6. Selected firms shall have no outstanding legal judgments or past judgments that may reflect negatively upon the firm.

(ii) Every money manager selected to manage MPLT assets must adhere to the following guidelines.

1. The following securities and transactions are not authorized unless receiving prior Trustees approval:

    - Letter stock and other unregistered securities; commodities or other commodity contracts; and short sales or margin transactions.
    - Securities lending; pledging or hypothecating securities.
    - Investments in the equity securities of any company with a record of less than three years of continuous operation (including the operation of any predecessor) and investments for the purpose of exercising control of management are all restricted.

2. Domestic Equities:

    - Equity holdings in any one company should not exceed more than 10% of the market value of MPLT's equity portfolio.
    - Investments in any one sector should not be excessive.
    - The manager may emphasize quality in security selection of the specific style hired to manage and may avoid risk of large loss through diversification within its mandated style.
    - The managers may have the discretion to invest a portion of the assets in cash reserves when they deem appropriate. However, the managers will be evaluated against their peers on the performance of the total funds under their direct management.
    - Holdings of individual securities may be large enough (round lots) for easy liquidation.

3. Convertible Securities:

    - Convertible bonds and convertible preferred stocks are permissible holdings, but the preponderance of holdings (75% plus) should be in bonds.
    - Holdings may be U.S. companies and non-U.S. companies, but the preponderance (75% plus) should be in U.S. companies.

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

3. Convertible Securities, Continued:

- Convertible holdings in any one company should not exceed more than 10% of the market value of the Trust's convertible portfolio.
- Investments in any one sector should not be excessive.
- The manager may emphasize quality in security selection of the specific style hired to manage and may avoid risk of large loss through diversification within its mandated style.
- The managers may have the discretion to invest a portion of the assets in cash reserves when they deem appropriate. However, the managers will be evaluated against their peers on the performance of the total funds under their direct management.
- Holdings of individual securities may be large enough (round lots) for easy liquidation.

4. Domestic Fixed Income:

- All fixed-income securities held in the portfolio may have a nationally recognized credit quality rating of no less than "BBB" from Moody's, Standard & Poor's and/or Fitch's. U.S. Treasury and U.S. government agencies, which are unrated securities, are qualified for inclusion in the portfolio.
- No more than 20% of the market value of the fixed income portfolio may be rated less than single "A" quality, unless the manager has specific written authorization.
- The exposure of the portfolio to any other issuer, other than securities of the U.S. government or agencies, may not exceed 10% of the market value of the fixed income portfolio.

5. Domestic High Yield Fixed Income:

- All high yield fixed income securities held in the portfolio may have a nationally recognized credit quality rating of no less than "CCC" from Moody's, Standard & Poor's and/or Fitch.
- No more than 20% of the market value of the high yield fixed income portfolio may be rated less than single "B" quality, unless the manager has specific written authorization.
- The exposure of the portfolio to any other issuer may not exceed 10% of the market value of the high yield fixed income portfolio.

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

6. Local Investments:

MPLT establishes Local Investments within the Domestic Income. Local Investments are those investments which originate from with the CNMI without regard to each island. The touchstone of classification within Local Investments is that investment vehicles in this class may be unique or specially targeted toward the CNMI economy or market.

A. High Yield Local Investments Class:

MPLT has established a High Yield Local Investments program within the Domestic High Yield Fixed Income Asset Class (described as "Local High Yield" or "LHY"). This program is intended to allow MPLT or its consultants to entertain and consider prospects for investments in local programs but under the High Yield standard of return. MPLT must balance its fiduciary mandate to generate income from investments for the General Fund while allowing for consideration of possible local investments under competitive rates of return. MPLT will no longer analyze local investments simply on grounds of the social benefits of such investments. MPLT's experience under the LHY, as well as the existing economic conditions, compels strict discipline in demanding high yield given the attending high risks of such ventures. While the Trustees may be sympathetic as to the need to develop certain industries or ventures, MPLT is charged with generating income from its investments as opposed to local economic development. In the face of competing interests, MPLT must favor high yield income programs from local investments. There are various reasons for doing so including the following: local companies may lack sufficient capitalization; promissory notes or other security may not be traded and so they have no liquidity or marketability; local promissory notes are not rated and are considered less than investment grade; the proposing entity's financial profile suggests great challenges in servicing any investment by MPLT; credit ratings for such proposing entities are often low or high risk; the proposing entity is often unable to raise capital or secure other investors; and there is often a lack of sufficient collateral for investment.

Under the Local High Yield program, MPLT may limit the time horizon for each investment to no more than five years (60 months) for recovery of the principal investment. This is not a low-income nor a low-interest program. Rather, the LHY contemplates a high yield standard of interest due to the risks. Although MPLT contemplates direct administration of the Local High Yield program, it may retain local administrators or managers at its discretion. The following constitute the standards of review of investments under the Local High Yield Asset Class:

- Risk-adjusted, market rates of return should be the primary consideration; with special attention paid to whether the LHY involves significantly greater financial risk.

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

6. Local Investments, Continued:

A. High Yield Local Investments Class, Continued:

- MPLT may establish one within the first quarter of each fiscal year to solicit, through a Request for Proposal, investment proposals under the LHY. This solicitation period may be no more than 30 days for each fiscal year. There may be no additional solicitation periods for each fiscal year.

- Proposal evaluations for LHY may include, but are not limited to, the following: credit worthiness of the proposer; the nature, type and value of the collateral offered to secure the investment; the experience of the proposer as to business development or in the applicable industry; references; a credit report; full authorization to MPLT to obtain tax, license, and other regulatory information; a tax clearance certification from the CNMI Division of Revenue and Taxation for all principals and the proposing entity; all copies of any court pleadings or litigation files including any administrative proceedings with the Department of Commerce, personal income tax returns and business gross revenue returns for the immediate prior five calendar years or the tax years in existence, whichever is less; a detailed itemization of costs; a detailed projection of income; a detailed Business Plan; and all Curriculum Vitae, including employment history and Criminal Background Clearance Sheet for all principals.

- MPLT may secure opinion and analyses from its investment consultants, legal counsel, and other entities with expertise whenever appropriate, and solicit community input as necessary, commensurate with standards of fiduciary care.

- Any LHY proposal may, at all times, be compared with the Domestic High Yield asset classification particularly as to risk and rates of return.

- Specific LHY proposals should be evaluated against investments of a similar asset class within the CNMI.

- An LHY should be an attractive investment on its own merits, and not be considered simply because MPLT has "available capital".

- A viable LHY should be able to attract external financing: a proposed LHY funded entirely by MPLT should be limited in size and scope and subjected to close scrutiny.

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

6. Local Investments, Continued:

A. High Yield Local Investments Class, Continued:

The Trustees recognize the importance of establishing a competitive risk-adjusted rate of return policy as part of their due diligence in identifying and documenting LHY projects. Having a clear policy is fundamental in documenting and completing the preceding recommended guidelines. Accordingly, as part of the investment analysis, the identification of the source of repayment of a fixed-income security, e.g., promissory note, municipal bond, etc., is of primary consideration. Evaluation of the credit rating for such repayment source is fundamental to establishment of the risk-adjusted rate of return. Since such investments are not marketable locally or in the markets due to their risk and other limitations, then an "illiquidity premium" must be recognized and added to the base risk-adjusted rate. Due to the fact that administration of a High Yield Local Investment program is much more time-consuming and costly than a managed portfolio for MPLT, the assessment of a loan origination fee may be assessed and MPLT may establish that fee at the beginning of each fiscal year for all proposing entities, regardless of amount. Further, as part of the fee, MPLT may include fees for servicing costs, legal review fees, consultancy review fees, and any travel costs. In adopting this policy, MPLT may consider all proposing entities equally and comparatively, reserving the right to enlist the assistance of financial or other business experts to evaluate those proposals.

This LHY policy applies only to the MPLT General Fund and does not relate to the American Memorial Park. In the case of the American Memorial Park Fund, any LHY are limited to directly benefiting the beneficiary, American Memorial Park, by funding development projects.

B. Diversified Local Investments Class:

MPLT has established a Local Investments Diversified Class program within the Domestic High Yield Fixed Income Asset Class (described as "Local Investments Diversified" or "DLI"). The DLI refers to investments that are structured or designed to encourage a diversification of investments by MPLT within the CNMI. With DLIs, MPLT seeks to structure or consider investment vehicles which provide minimal rates of market return with attending corollary benefits. Such corollary benefits may include, but are not limited to, economic development; government stabilization or stimulus programs; affordable housing programs; and scholarships. In the DLI class, the MPLT Trustees may allow for a minimally prudent rate of return where the corollary benefits provide an attending quantifiable return to the CNMI community, particularly to persons of Northern Marianas Descent or benefit persons of Northern Marianas Descent.

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

6. Local Investments, Continued:

B. Diversified Local Investments Class, Continued:

To be clear, by having DLIs within this Investment Policy Statement (described as "IPS") MPLT does not warrant nor guarantee that it may favor investments in DLIs over more competitive investment vehicles, but only that MPLT may weigh the attending corollary benefits in determining whether to make such an investment. Expressed more emphatically, MPLT considers DLIs to be a rarely considered exception and every DLI proposal must be compelling as to its mission and purpose and beneficial in its scope and impact to the people of the CNMI. At all times full fiduciary prudence analysis and proper due diligence is required in both program development and shall be conducted on an investment-by-investment basis.

The MPLT Trustees recognize the importance of establishing a competitive risk-adjusted rate of return policy as part of consideration of a DLI. Every DLI proposal under consideration shall, as part of the investment analysis, identify the source of repayment of a fixed-income security such as a mortgage; surety bond; promissory note; or other security as primary consideration. Evaluating the credit-rating or the risk of the DLI or its proposer is also necessary. MPLT also anticipates that such DLIs may not be marketable so that an "illiquidity premium" should be recognized or considered and added to the risk-adjusted rate. MPLT may require that the risk-adjusted rate may be a floating rate to the appropriate pricing index and adjusted on a quarterly or semi-annual basis. MPLT may also impose a loan origination fee and assess charges for costs of administration at no less than 2% per annum; legal fees; travel/accommodations; and other necessary fees. The Local Investment program applies only to the MPLT General Fund and does not relate to the American Memorial Park Fund.

The following constitute the basic standards of review for investments by MPLT in DLIs which remain subject to the prudent investment standard and discretion of the MPLT Trustees.

- An opinion of legal counsel in standards of fiduciary care considering the prospective DLI and its terms under the applicable prudent investor standard.

- A thorough review and analysis by MPLT's financial consultant and/or investment manager as to the prospective DLI. The analysis shall examine all economic factors and address any potential or actual conflicts of interest for MPLT or its Trustees. The analysis shall also give primary attention to risk-adjusted market rates of return with particular attention as to whether the DLI involves a significantly greater than prudent financial risk of loss.

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

6. Local Investments, Continued:

B. Diversified Local Investments Class, Continued:

- Documentation of a complete submission of a proposed DLI meeting the requirements of a detailed business plan (if applicable).

- Every DLI shall be considered with respect to fiduciary prudence and without regard to political, social, or emotional factors with particular attention to the founding provisions guiding MPLT's creation: to remit interest income on investments to the General Fund.

- Trustees shall formulate and articulate the specific and detailed investment guidelines for investments under any prospective DLI for which MPLT may wish to solicit. Such guidelines shall include the mechanics of the administration of the DLI; the findings as to the social or economic corollary benefits to the CNMI as a whole; and the consistency or adherence with MPLT's mission.

- Each specific DLI may be evaluated against investments of a similar asset class.

- MPLT may require additional conditions or impose additional terms for any DLI under consideration as part of its fiduciary analysis and no DLI may be approved until and unless it meets all the requirements imposed by MPLT.

7. International (Developed & Emerging Markets) Equities:

- Equity holdings in any one company may not exceed more than 10% of the International Equity portfolio.

- Investments in any one industry category should not be excessive.

- Allocations to any specific country may not be excessive relative to a broadly diversified international equity manager peer group. It is expected that the non-U.S. equity portfolio will have no more than 40% of its mandated style in any one country.

- The manager may enter into foreign exchange contracts on currency, provided that use of such contracts is limited to hedging currency exposure existing within the manager's portfolio. There may be no direct foreign currency speculation or any related investment activity.

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

8. International (Developed and Emerging Markets) Fixed Income:

   - Investments in a registered mutual fund may not be held to the same restrictions as set forth below for the respective asset classes. The Trustees instead will evaluate the risk and return merits of each mutual fund employing research as provided by third party service providers such as Consultant or Morningstar.

   - Allocations to any specific country may not be excessive relative to a broadly diversified international fixed income manager peer group. It is expected that the non-U.S. fixed income portfolio will have no more than 40% of its mandated style in any one country.

   - The manager may enter into foreign exchange contracts on currency, provided that use of such contracts is limited to hedging currency exposure existing within the manager's portfolio. There may be no direct foreign currency speculation or any related investment activity.

9. Cash/Cash Equivalents:

   - Cash equivalent reserves shall consist of cash instruments having a quality rating of A-1, P-1 or higher. Eurodollar Certificates of Deposits, time deposits, and repurchase agreements are also acceptable investment vehicles.

   - Idle cash not invested by the investment managers may be invested daily through an automatic interest-bearing sweep vehicle selected by the manager available and/or managed by the custodian.

(iii) Asset allocation of the two funds is as follows:

	General Fund			Park Fund		
	Lower Limit	Strategic Allocation	Upper Limit	Lower Limit	Strategic Allocation	Upper Limit
Domestic Equities:						
Large Cap Core	0%	10%	20%	0%	10%	20%
International Equities:						
Emerging Markets	0%	5%	15%	0%	5%	15%
Convertible Securities	0%	10%	20%	0%	10%	20%
Domestic Fixed Income:						
Core	35%	45%	55%	35%	45%	55%
High Yield	0%	5%	10%	0%	5%	10%
Local High Yield	0%	5%	10%	0%	5%	10%
Non U.S. Fixed Income:						
International Bonds	0%	10%	20%	0%	10%	20%
Alternative Investments:						
TBD	0%	10%	20%	0%	10%	20%

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

Rebalancing of Strategic Allocation

The percentage allocation to each asset class may vary as much as approximately 10% depending upon the market conditions.

When necessary and/or available, cash flows will be distributed following the strategic asset allocation of MPLT. If there are no cash flows, the allocation of MPLT will be reviewed quarterly.

If the Trustees judge cash flows to be insufficient in bringing MPLT within the strategic allocation ranges, the Trustees may decide whether to effect transactions so that MPLT would fall within the allocated threshold ranges.

Frequency

In two instances, portfolio rebalancing will be necessary to remain within the target asset allocation ranges:

1. Cash Flow Requirements

2. Significant Market Action

Positive cash flows should be directed to the under-weighted asset class, while negative cash flows (disbursements) should be directed away from the over-weighted asset class. This procedure is likely to be fairly routine and predictable.

Significant Market Action requires immediate action to restore asset allocation. This is neither predictable nor routine.

Liquidity

The Board Consultant shall prepare anticipated expenditure requirements for each disbursement period and communicate these disbursement requirements to all affected managers with as much advance notice as possible. It is anticipated that MPLT's fixed income manager will be the initial and main conduit for contributions and disbursements. It is further anticipated that most of all such disbursements will be made from "income" generated from each account.

MPLT values its investments at fair value in accordance with GASB Statement 31. MPLT's investments as of September 30, 2011 and 2010 (with combining information as of September 30, 2011) are as follows:

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

	General Fund	Park Fund	2011	2010
Mutual funds	$ 7,265,272	$ 687,318	$ 7,952,590	$ 8,289,520
Equities:				
Domestic preferred stock	906,884	120,345	1,027,229	-
International preferred stock	45,654	6,079	51,733	-
Domestic common stock	4,929,423	1,287,807	6,217,230	17,235,941
International common stock	3,241,843	403,896	3,645,739	-
Exchange traded and closed end funds	11,088	1,277	12,365	378,321
Fixed income securities:				
Asset and mortgage backed securities	11,270,339	1,060,136	12,330,475	11,111,977
International bonds	346,350	36,661	383,011	448,532
Government bonds	1,443,865	114,166	1,558,031	1,737,501
Municipal bonds	163,642	-	163,642	-
Corporate bonds	22,379,598	2,509,242	24,888,840	21,590,927
	$ 52,003,958	$ 6,226,927	$ 58,230,885	$ 60,792,719

GASB Statement No. 40 requires entities to provide information about the credit risk associated with their investments by disclosing the credit quality ratings. The following is a listing of MPLT's fixed income securities at September 30, 2011 and 2010:

		2011 Investment Maturities (In Years)				
Investment Type	Fair Value	Less Than 1	1 - 5	6 - 10	More Than 10	Credit Rating
Asset and mortgage backed securities	$ 12,330,475	$ -	$ 1,171,859	$ 280,367	$ 10,878,249	No rating
Government bonds	1,558,031	-	-	-	1,558,031	NR
Municipal bonds	163,642	-	-	-	163,642	A+
International bonds	112,618	-	-	112,618	-	A+
International bonds	11,120	-	11,120	-	-	BB
International bonds	97,600	-	97,600	-	-	BBB+
International bonds	63,973	-	63,973	-	-	BBB-
International bonds	55,700	-	55,700	-	-	BB
International bonds	42,000	-	42,000	-	-	B+
Corporate bonds	52,229	-	-	52,229	-	AAA
Corporate bonds	437,740	-	194,236	230,243	13,261	AA
Corporate bonds	739,644	-	522,711	211,225	5,708	AA+
Corporate bonds	539,250	-	73,091	117,063	349,096	AA-
Corporate bonds	6,710,585	20,029	2,429,226	3,522,446	738,884	A
Corporate bonds	2,408,507	-	1,217,660	633,184	557,663	A+
Corporate bonds	3,413,270	155,772	1,081,617	1,541,479	634,402	A-
Corporate bonds	1,223,902	-	610,067	390,397	223,438	BBB
Corporate bonds	1,572,705	-	1,036,330	296,936	239,439	BBB+
Corporate bonds	902,404	-	470,947	332,760	98,697	BBB-
Corporate bonds	875,354	-	296,186	447,108	132,060	BB
Corporate bonds	1,172,735	-	483,650	438,635	250,450	BB+
Corporate bonds	1,659,572	-	605,986	976,879	76,707	BB-
Corporate bonds	935,752	-	317,793	462,209	155,750	B
Corporate bonds	712,422	-	219,169	228,068	265,185	B+
Corporate bonds	279,008	-	152,008	127,000	-	B-
Corporate bonds	140,030	-	-	140,030	-	CCC
Corporate bonds	185,652	-	129,532	56,120	-	CCC+
Corporate bonds	61,513	-	61,513	-	-	CAA1
Corporate bonds	808,591	251,100	156,470	47,430	353,591	No rating
Corporate bonds	57,975	-	57,975	-	-	NR
	$ 39,323,999	$ 426,901	$ 11,558,419	$ 10,644,426	$ 16,694,253	

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

		2010				
		Investment Maturities (In Years)				
Investment Type	Fair Value	Less Than 1	1 - 5	6 - 10	More Than 10	Credit Rating
Mortgage and asset backed securities	$ 2,945,731	$ 12,682	$ 1,109,518	$ -	$ 1,823,531	AAA
Mortgage and asset backed securities	8,166,246	-	356,248	677,371	7,132,627	No rating
Government and Government Sponsored Entity (GSE) Bonds	1,737,501	-	-	-	1,737,501	AAA
International bonds	280,767	-	280,767	-	-	A
International bonds	124,452	-	124,452	-	-	BB-
International bonds	43,313	-	-	43,313	-	B
Corporate bonds	210,111	-	-	210,111	-	AAA
Corporate bonds	909,699	-	551,368	358,331	-	AA
Corporate bonds	686,570	60,118	414,921	211,531	-	AA+
Corporate bonds	299,537	-	-	118,028	181,509	AA-
Corporate bonds	7,560,023	-	2,814,854	3,676,963	1,068,206	A
Corporate bonds	2,089,918	-	1,476,300	261,126	352,492	A+
Corporate bonds	3,404,580	-	1,837,058	1,211,681	355,841	A-
Corporate bonds	595,725	-	356,152	186,004	53,569	BBB
Corporate bonds	1,346,385	-	862,922	149,573	333,890	BBB+
Corporate bonds	579,621	-	196,852	334,035	48,734	BBB-
Corporate bonds	591,409	-	164,911	379,354	47,144	BB
Corporate bonds	559,325	-	220,119	339,206	-	BB+
Corporate bonds	1,086,077	-	252,486	833,591	-	BB-
Corporate bonds	502,786	-	237,236	175,460	90,090	B
Corporate bonds	512,664	-	211,777	254,393	46,494	B+
Corporate bonds	392,631	-	282,724	109,907	-	B-
Corporate bonds	178,050	-	-	178,050	-	CCC
Corporate bonds	85,816	-	85,816	-	-	CCC+
	$ 34,888,937	$ 72,800	$ 11,836,481	$ 9,708,028	$ 13,271,628	

Notes Receivable and Allowance for Loan Losses

Notes receivable are stated at the amount of unpaid principal, reduced by an allowance for loan losses. The allowance for loan losses is established through a provision for doubtful accounts charged to principal fund. Loans are charged against the allowance for loan losses when management believes that the collection of the principal is unlikely. The allowance is an amount that management believes will be adequate to absorb possible losses on existing loans that may be uncollectible, based on evaluations of the collectability of loans and prior loan loss experience. The evaluations take into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans and current economic conditions that may affect the borrowers' ability to pay.

Management cannot currently determine the effects of the potential foreclosure of collateralized properties associated with the loans. Accordingly, the allowance for loan losses included in the accompanying financial statements excludes the value of the possible recovery of certain loans through foreclosure.

Capital Assets

Capital assets are stated at cost. Depreciation is provided over the estimated useful lives of the assets through use of the straight-line method and is charged as a reduction in the investment. Current policy is to capitalize items in excess of $250.

(2) Summary of Significant Accounting Policies, Continued

Defined Contribution Plan (DC Plan)

On June 16, 2006, Public Law No. 15-13 was enacted which created the DC Plan, a multi-employer pension plan and is the single retirement program for all employees whose first time CNMI government employment commences on or after January 1, 2007. Each member of the DC Plan is required to contribute to the member's individual account an amount equal to 10% of the member's compensation. MPLT is required to contribute to each member's individual account an amount equal to 4% of the member's compensation. The DC Plan by its nature is fully funded on a current basis from employer and member contributions.

The contribution requirements of plan members and MPLT are established and may be amended by the Fund's Board of Trustees. MPLT's total personnel expense for fiscal years 2011, 2010 and 2009 were $59,376, $86,108 and $91,410, respectively.

GASB Statement No. 45 requires employers to record other postemployment benefits (OPEB) expense for their contractually required contributions to the OPEB plan. MPLT has complied with GASB Statement No. 45 by recording OPEB expense based on the statutorial determined contribution rate of the Fund. It is the understanding of the management of MPLT that the statutorial determined contribution rate of the Fund incorporates both the pension liability and OPEB liability. GASB Statement No. 45 also requires detailed disclosure of information related to the OPEB plan and MPLT management was unable to obtain this information from the Fund financial report. MPLT management is unable to obtain the required disclosures and is of the opinion that such information must be obtained from the Fund. It is the position of the management of MPLT that the Fund is solely responsible for disclosure of OPEB information.

Net Assets

GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, has required MPLT to establish net asset categories as follows:

- Invested in capital assets: capital assets, net of accumulated depreciation.
- Restricted: net assets subject to externally imposed stipulations that can be fulfilled by actions pursuant to those stipulations or that expire by the passage of time. MPLT has net assets restricted for principal and income.
- Unrestricted: net assets that are not subject to externally imposed stipulations. As MPLT considers all assets except investments in capital assets, to be restricted, MPLT does not have unrestricted net assets at September 30, 2011 and 2010.

Operating and Non-Operating Revenue and Expenses

Operating revenue and expenses include all direct and administrative revenue and expenses associated with the investments.

Nonoperating revenues and expenses result from capital and noncapital financing activities.

(2) Summary of Significant Accounting Policies, Continued

New Accounting Standards

During fiscal year 2011, MPLT implemented the following pronouncements:

- GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

- GASB Statement No. 59, *Financial Instruments Omnibus*, which updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools.

The implementation of these pronouncements did not have a material effect on the accompanying financial statements.

In December 2009, GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, which amends Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* and Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and addresses issues related to measurement of OPEB obligations by certain employers participating in agent multiple-employer OPEB plans. The provisions of Statement 57 related to the use and reporting of the alternative measurement method are effective immediately. The provisions related to the frequency and timing of measurements are effective for actuarial valuations first used to report funded status information in OPEB plan financial statements for periods beginning after June 15, 2011. Management does not believe that the implementation of this statement will have a material effect on the financial statements of MPLT.

In December 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements, which* addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. The provisions of this statement are effective for periods beginning after December 15, 2011. Management does not believe that the implementation of this statement will have a material effect on the financial statements of MPLT.

In December 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus, which* is designed to improve financial reporting for governmental entities by amending the requirements of Statements No. 14, *The Financial Reporting Entity, and No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,* to better meet user needs and address reporting entity issues that have come to light since those Statements were issued in 1991 and 1999, respectively. The provisions of this statement are effective for periods beginning after June 15, 2012. Management does not believe that the implementation of this statement will have a material effect on the financial statements of MPLT.

(2) Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements. The provisions of this statement are effective for periods beginning after December 15, 2011. Management does not believe that the implementation of this statement will have a material effect on the financial statements of MPLT.

In July 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which establishes guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. The provisions of this statement are effective for periods beginning after December 15, 2011. Management does not believe that the implementation of this statement will have a material effect on the financial statements of MPLT.

In July 2011, GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions* (an amendment of GASB Statement No. 53), which will improve financial reporting by state and local governments by clarifying the circumstances in which hedge accounting continues to be applied when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The provisions of this statement are effective for periods beginning after June 15, 2011. Management does not believe that the implementation of this statement will have a material effect on the financial statements of MPLT.

Reclassification

Certain 2010 balances in the accompanying financial statements have been reclassified to conform to the 2011 presentation.

(3) Notes Receivable

	2011	2010
Notes receivable (Home Loan Program) from various individuals obtained through a settlement agreement with the Northern Marianas Housing Corporation (NMHC) dated December 31, 2007, interest at 2% (5.5% to 8.5% prior to January 1, 2009) and terms from ten to thirty years.	$ 8,658,943	$ 8,634,619
Note receivable from Adelantun Publickun Luta Enteramente, Incorporated (APLE 501, Inc.), interest at 5% per annum, due on October 18, 2017, with monthly principal and interest payments in the amount of $1,225, collateralized by a loan portfolio. Proceeds were used to fund an independently administered individual or parent-student loan program. MPLT has ceased future loan commitments and disbursements to APLE 501, Inc.	129,316	143,156

(3) Notes Receivable, Continued

	2011	2010
Note receivable from the Commonwealth Utilities Corporation (CUC), interest at 7%, due in full on August 4, 2011. Public Law 16-7 (as amended by Public Law 17-7) earmarks future interest income distributions of fiscal years 2009, 2010, 2012 and additional future fiscal years until the note is fully reimbursed. Interest is due in equal monthly installments.	-	245,346
Note receivable from the Commonwealth Development Authority (CDA), interest at 6.5% per annum, due on June 1, 2018, collateralized by future distributable net income for the maintenance and development of the American Memorial Park and is to be repaid from earnings of the investments pursuant to CNMI Public Law 11-72.	1,120,943	1,252,843
Note receivable from the CNMI Government, interest at 7%. Public Law 17-7 earmarks and appropriates from future interest income distributions of fiscal years 2009, 2010, 2012 and additional future fiscal years until the note is fully reimbursed. Interest is due annually.	4,000,000	4,000,000
	13,909,202	14,275,964
Less allowance for loan losses	(4,959,316)	(4,315,156)
	8,949,886	9,960,808
Less current portion	(412,938)	(604,538)
Long-term portion	$ 8,536,948	$ 9,356,270

At September 30, 2011, principal and interest repayments based on the terms of the respective agreements for the following years ending September 30, are as follows:

Year ending September 30,	Principal	Interest
2012	$ 412,938	$ 185,764
2013	418,512	171,298
2014	424,198	156,720
2015	429,999	142,027
2016	435,917	127,217
2017 - 2021	2,025,564	421,369
2022 - 2026	1,755,551	211,881
2027 - 2031	1,211,795	43,474
	$ 7,114,474	$ 1,459,750

(3) Notes Receivable, Continued

The schedule above does not include principal and interest repayments for APLE 501, Inc. and $2,665,412 of notes receivable (Home Loan Program) referred to an attorney for collection as repayments are uncertain. The repayment of the note receivable from the CNMI Government is based on the amount available for distribution at the end of the fiscal year which varies; therefore, it is not possible to determine the current portion. Accordingly, the principal and interest repayments are not included in the above schedule.

(4) Capital Assets

A summary of capital assets as of September 30, 2011 and 2010, is as follows:

	Estimated Useful Lives	Balance at October 1, 2010	Additions	Deletions	Impairment	Balance at September 30, 2011
Land	-	$ 273,000	$ -	$ -	$ (141,000)	$ 132,000
Leasehold improvements	10 years	33,790	1,483	-	-	35,273
Furniture, fixtures and equipment	3 - 10 years	85,051	17,876	(9,661)	-	93,266
Vehicle	3 - 10 years	46,225	-	-	-	46,225
		438,066	19,359	(9,661)	(141,000)	306,764
Less accumulated depreciation		(83,708)	(21,743)	8,431	-	(97,020)
		$ 354,358	$ (2,384)	$ (1,230)	$ (141,000)	$ 209,744

	Estimated Useful Lives	Balance at October 1, 2009	Additions	Deletions	Impairment	Balance at September 30, 2010
Land	-	$ 273,000	$ -	$ -	$ -	$ 273,000
Leasehold improvements	10 years	-	33,790	-	-	33,790
Furniture, fixtures and equipment	3 - 10 years	80,748	5,805	(1,502)	-	85,051
Vehicle	3 - 10 years	46,225	-	-	-	46,225
		399,973	39,595	(1,502)	-	438,066
Less accumulated depreciation		(66,042)	(19,168)	1,502	-	(83,708)
		$ 333,931	$ 20,427	$ -	$ -	$ 354,358

MPLT recognized an impairment loss of $141,000, to reduce the carrying amount of land to fair value in accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, during the year ended September 30, 2011, as potential construction on the land is currently not being considered.

(5) Net Assets

In accordance with MPLT's accounting policies, gains and losses on investments are allocated to principal. Additionally, a portion of transfers in from the CNMI government is specifically designated as an increase in principal. Movement in principal and interest accounts for the years ended September 30, 2011 and 2010, is summarized as follows:

(5) Net Assets, Continued

	Principal	Income	2011	2010
General Fund				
Balance at beginning of year	$ 64,289,024	$ -	$ 64,289,024	$ 61,675,602
Net (decrease) increase in the fair value of investments	(2,561,246)	-	(2,561,246)	2,633,849
Other operating net (loss) income	(641,837)	2,248,926	1,607,089	1,605,569
Transfers	-	(2,248,926)	(2,248,926)	(1,625,996)
Balance at end of year	$ 61,085,941	$ -	$ 61,085,941	$ 64,289,024
Park Fund				
Balance at beginning of year	$ 7,768,884	$ 253,261	$ 8,022,145	$ 7,714,721
Net (decrease) increase in the fair value of investments	(345,078)	-	(345,078)	272,698
Other operating net income	-	281,929	281,929	241,215
Transfers	-	(208,955)	(208,955)	(206,489)
Balance at end of year	$ 7,423,806	$ 326,235	$ 7,750,041	$ 8,022,145

(6) Contributions To/From Primary Government

In accordance with Article XI of the Constitution of the CNMI, MPLT makes operating transfers out to the CNMI general fund from investment income. During the years ended September 30, 2011 and 2010, MPLT recorded $2,248,926 and $1,625,996, respectively, of transfers out to the CNMI general fund, of which $-0- and $1,554,654, respectively, was offset against a note receivable from CUC and $280,767 and $71,342, respectively, was offset against interest income receivable from the CNMI general fund. At September 30, 2011 and 2010, $1,968,159 and $-0-, respectively, was due to the CNMI Government related to these transfers.

In accordance with Article VIII, Section 803(e) of the Covenant, MPLT makes operating transfers out for the development and maintenance of the American Memorial Park. During the years ended September 30, 2011 and 2010, MPLT recorded $208,955 and $206,489, respectively, for transfers out for this purpose.

(7) Risk Management

MPLT is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. MPLT has elected to purchase commercial insurance from independent third parties for the risks of losses to which it is exposed with respect to the use of motor vehicles. Settled claims have not exceeded this commercial insurance coverage during the past three years.

(8) Related Parties

One trustee of MPLT has a home loan outstanding of $64,800 as of September 30, 2011. Two trustees of MPLT had home loans outstanding of $114,998 and $66,281 as of September 30, 2010. The home loans were obtained from the Northern Marianas Housing Corporation during the ordinary course of business and are classified as notes receivable in the accompanying financial statements. All of these loans predate the assumption of the portfolio by MPLT from the Northern Marianas Housing Corporation.

(9) Commitment

In accordance with the addendum of memorandum of agreement between the CNMI and the U.S. Department of the Interior for development and management of the American Memorial Park, MPLT is obligated to contribute $150,000 annually, to the extent of available income, for development and maintenance of the American Memorial Park.

(10) Contingency

In accordance with the Settlement Agreement with NMHC, MPLT will assume liability for the repayment of $1,672,102 in Service Released Loans that were guaranteed to certain financial institutions. At September 30, 2011, total contingent liabilities amounted to $1,015,111.

MARIANAS PUBLIC LAND TRUST

Combining Statement of Net Assets
September 30, 2011

ASSETS	General Fund	Park Fund	Eliminations	Total
Current assets:				
Cash and cash equivalents	$ 2,820,014	$ 359,743	$ -	$ 3,179,757
Receivables:				
Notes, current portion	276,138	136,800	-	412,938
Accrued income	383,970	43,010	-	426,980
Other	9,051	-	-	9,051
Due from other funds	5,567	-	(5,567)	-
Due from brokers	70,865	15,054	-	85,919
Prepaid expense	15,223	-	-	15,223
Total current assets	3,580,828	554,607	(5,567)	4,129,868
Other assets:				
Investments	52,003,958	6,226,927	-	58,230,885
Total other assets	52,003,958	6,226,927	-	58,230,885
Noncurrent assets:				
Notes receivable, net of current portion and allowance for loan losses	7,552,805	984,143	-	8,536,948
Capital assets (net of accumulated depreciation)	209,744	-	-	209,744
Total noncurrent assets	7,762,549	984,143	-	8,746,692
	$ 63,347,335	$ 7,765,677	$ (5,567)	$ 71,107,445
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	$ 36,605	$ 1,450	$ -	$ 38,055
Due to other funds	-	5,567	(5,567)	-
Due to CNMI Government	1,968,159	-	-	1,968,159
Due to brokers	43,718	8,619	-	52,337
Accrued expenses	3,168	-	-	3,168
Total liabilities	2,051,650	15,636	(5,567)	2,061,719
Net assets:				
Invested in capital assets	209,744	-	-	209,744
Restricted	61,085,941	7,750,041	-	68,835,982
Total net assets	61,295,685	7,750,041	-	69,045,726
	$ 63,347,335	$ 7,765,677	$ (5,567)	$ 71,107,445

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

Combining Statement of Revenues, Expenses and Changes in Net Assets
Year Ended September 30, 2011

	General Fund	Park Fund	Eliminations	Total
Operating revenues:				
Net decrease in the fair value of investments	$ (2,561,246)	$ (345,078)	$ -	$ (2,906,324)
Interest income:				
Investments, net	2,264,197	227,246	-	2,491,443
Notes receivable	394,796	77,056	-	471,852
Other	283	1,126	-	1,409
Dividend income	283,700	45,110	-	328,810
Total operating revenues	381,730	5,460	-	387,190
Provision for allowance for loan losses of the Home Loan Program	(658,000)	-	-	(658,000)
Recovery of note receivable	12,949	-	-	12,949
Operating revenues, net	(263,321)	5,460	-	(257,861)
Operating expenses:				
Money manager fees	152,830	22,059	-	174,889
Impairment loss	141,000	-	-	141,000
Consultancy fees	108,617	13,286	-	121,903
Professional fees	89,970	-	-	89,970
Money management administration	74,921	9,260	-	84,181
Contract services	57,850	7,150	-	65,000
Salaries and benefits	52,860	6,515	-	59,375
Loan administration fee	51,968	-	-	51,968
Office supplies	43,992	5,370	-	49,362
Depreciation	21,743	-	-	21,743
Trustees' expenses	16,315	2,030	-	18,345
Audit	12,460	1,540	-	14,000
Rent and utilities	10,924	1,399	-	12,323
Total operating expenses	835,450	68,609	-	904,059
Operating loss	(1,098,771)	(63,149)	-	(1,161,920)
Other nonoperating expenses:				
Net contribution to the CNMI General Fund/American Memorial Park	(2,248,926)	(208,955)	-	(2,457,881)
Total nonoperating expenses	(2,248,926)	(208,955)	-	(2,457,881)
Change in net assets	(3,347,697)	(272,104)	-	(3,619,801)
Net assets at beginning of year	64,643,382	8,022,145	-	72,665,527
Net assets at end of year	$ 61,295,685	$ 7,750,041	$ -	$ 69,045,726

See Accompanying Independent Auditors' Report.

Combining Statement of Cash Flows
Year Ended September 30, 2011

	General Fund	Park Fund	Eliminations	Total
Cash flows from operating activities:				
Cash received from operations	$ 2,637,998	$ 261,149	$ -	$ 2,899,147
Cash payments to suppliers for goods and services	(702,853)	(99,385)	-	(802,238)
Net cash provided by operating activities	1,935,145	161,764	-	2,096,909
Cash flows from capital and related financing activities:				
Acquisition of property and equipment	(19,359)	-	-	(19,359)
Net cash used for capital and related financing activities	(19,359)	-	-	(19,359)
Cash flows from investing activities:				
Net decrease in notes receivable	233,971	-	-	233,971
Net (increase) decrease in restricted assets	(356,076)	11,586	-	(344,490)
Net cash (used for) provided by investing activities	(122,105)	11,586	-	(110,519)
Net increase in cash and cash equivalents	1,793,681	173,350	-	1,967,031
Cash and cash equivalents at beginning of year	1,026,333	186,393	-	1,212,726
Cash and cash equivalents at end of year	$ 2,820,014	$ 359,743	$ -	$ 3,179,757
Reconciliation of operating loss to net cash provided by operating activities:				
Operating loss	$ (1,098,771)	$ (63,149)	$ -	$ (1,161,920)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Net decrease in fair value of investments	2,561,246	345,078	-	2,906,324
Noncash interest income	(280,768)	(77,055)	-	(357,823)
Depreciation	21,743	-	-	21,743
Loss on disposal of fixed assets	1,230	-	-	1,230
Impairment loss	141,000	-	-	141,000
Bad debts	645,051	-	-	645,051
(Increase) decrease in assets:				
Receivable - accrued income	(21,426)	(5,370)	-	(26,796)
Other receivable	(289)	-	-	(289)
Due from other funds	29,863	-	(29,863)	-
Due from brokers	(32,359)	(6,963)	-	(39,322)
Prepaid expense	(10,590)	-	-	(10,590)
Increase (decrease) in liabilities:				
Accounts payable	5,138	54	-	5,192
Due to other funds	-	(29,863)	29,863	-
Due to CNMI Government	(17,740)	-	-	(17,740)
Due to brokers	(5,745)	(968)	-	(6,713)
Accrued expenses	(2,438)	-	-	(2,438)
Net cash provided by operating activities	$ 1,935,145	$ 161,764	$ -	$ 2,096,909

Supplemental schedule of noncash operating, financing and investing activities:

MPLT applied $280,767 of the required income distribution to the CNMI General Fund for the year ended September 30, 2011 as an interest payment against the CNMI's note receivable.

	General Fund	Park Fund	Eliminations	Total
Increase in interest income	$ (280,767)	$ -	$ -	$ (280,767)
Increase in net contribution	280,767	-	-	280,767
	$ -	$ -	$ -	$ -

MPLT applied $208,956 of the required income distribution of the American Memorial Park Fund for the year ended September 30, 2011 as a repayment of CDA's note receivable and related interest.

	General Fund	Park Fund	Eliminations	Total
Decrease in notes receivable	$ -	$ (131,900)	$ -	$ (131,900)
Increase in interest income	-	(77,055)	-	(77,055)
Increase in net contribution	-	208,955	-	208,955
	$ -	$ -	$ -	$ -

See Accompanying Independent Auditors' Report.

Schedule of Investments - General Fund
September 30, 2011

	Cost	Fair Value
Mutual Funds		
Templeton Global Bond Fund Advisor Class - Smith Barney	$ 7,739,100	$ 7,265,272
Total Mutual Funds	7,739,100	7,265,272
Equities		
Domestic Preferred Stock		
Affiliated Managers Group	171,881	142,846
Bank of America Corp	213,079	167,535
Citigroup	69,090	39,019
Crown Castle Int	124,873	117,468
General Motors Company	69,326	44,060
Goodyear Tire & Rubber Co	102,759	66,262
Hartford Finl Svcs Group Inc	59,213	43,046
PPL Corp	119,454	118,665
Stanley Black & Decker	125,044	111,223
Wells Fargo & Co	55,495	56,760
Total Domestic Preferred Stock - MacKay Shields	1,110,214	906,884
International Preferred Stock		
Vale Capital II	72,237	45,654
Total International Preferred Stock - MacKay Shields	72,237	45,654
Domestic Common Stock		
Allergan Inc	113,346	115,332
Amazon Com Inc	225,045	281,099
American Express Co	129,532	116,740
American Tower Corp	75,818	86,080
Apache Corp	51,467	32,096
Apple Inc	75,917	291,710
Boeing Co	67,612	54,459
Capital One Finl Corp	98,894	83,223
Citigroup Inc	80,234	42,777
Coach Inc	26,103	25,915
CVS Caremark Corp	150,514	137,719
DirecTV	155,080	181,761
E I Du Pont De Nemours & Co	55,418	51,961
EMC Corp-Mass	72,627	54,574
Express Scripts Inc	128,647	111,210
Exxon Mobil Corp	205,744	174,312
Google Inc	269,164	263,700
Halliburton Co Holdings Co	147,009	94,612
Intel Corp	57,103	53,338
Intl Business Machines Corp	203,831	308,296
Johnson & Johnson	165,948	159,225
JPMorgan Chase & Co	175,062	120,480
Kraft Foods Inc	57,883	57,086
Mastercard Inc	116,433	105,931
McDonalds Corp	95,669	105,384
Metlife Inc	191,220	126,045
Microsoft Corp	196,362	181,697
News Corp	157,546	148,608
Oracle Corp	125,425	155,196
Pfizer Inc	97,449	86,632
Philip Morris Intl Inc	55,783	49,904
Precision Castparts Corp	78,339	108,822
Proctor & Gamble Co	66,934	63,180
Qualcomm Inc	95,773	87,534
Union Pacific Corp	80,982	114,338
United Parcel Service	61,713	56,835
United Technologies Corp	157,458	182,936

See Accompanying Independent Auditors' Report.

Schedule of Investments - General Fund
September 30, 2011

Equities, Continued	Cost	Fair Value
Domestic Common Stock, Continued		
UnitedHealth Group Inc	129,394	119,912
Viacom Inc	96,540	73,606
Walt Disney Co	91,165	75,400
Wellpoint Inc	131,096	124,032
Subtotal - Atalanta/Sosnoff	4,813,279	4,863,697
Las Vegas Sands Corp	42,864	52,104
Mcdermott International Inc.	17,012	13,622
Subtotal - Newgate	59,876	65,726
Total Domestic Common Stock	4,873,155	4,929,423
International Common Stock		
Baidu Inc Spon Adr Rptng	70,909	53,455
Ensco Plc Adr	27,398	24,258
Schlumberger Ltd	170,250	149,325
Subtotal - Atalanta/Sosnoff	268,557	227,038
AKBank Turk Anonim Sirketi	31,759	27,058
America Movil S.A.B De CV	51,402	52,065
Banco DO Brasil SA	68,255	52,113
Banco Macro S.A Spons Adr	41,843	29,175
Bank Mandiri TBK	16,876	16,138
Bidvest Group Ltd	52,612	42,327
China Constr Bk Corp-Cny	35,392	25,668
Cielo SA	58,051	60,650
Clicks Group Limited	44,835	32,207
Commercial Intl Bk	47,376	33,918
Companhia De Bebidas Das Amers	42,870	44,259
Companhia Energetica De Minas	56,281	56,095
Companhia Siderurgica Nacional	58,721	32,101
Desarrolladora Homex S.A. De C.V.	35,111	13,905
Gazprom Oao	39,329	32,795
Grupo Televisa SA De CV	31,748	32,311
Infosys Ltd	31,632	32,736
KB Financial Group Inc	39,349	33,677
Kimberly Clarke De Mex SA	30,775	38,754
KOC Holding AS	31,816	36,459
Kumba Iron Ore	7,216	11,410
Lukoil Oil	38,654	34,581
Massmart Holdings Ltd	10,706	15,292
Mobile Telesystems OJSC	62,241	38,167
Nedbank Group Ltd	35,916	38,374
Netease.com Inc	27,558	25,300
Orascom Constr Inds S A E	52,932	38,738
Oriflame Cosmetics	65,404	44,050
Philippine Long Distance Tel Co	63,503	57,702
Pretoria Portland	31,387	19,888
PT Perusahaan Gas Negara Perse-IDR	41,555	25,978
PT Telekomunakasi Indonesia	63,598	59,096
PTT Exploration and Production-THB	26,773	20,392
Sanlam Ltd	21,872	26,365
Sberbank	47,847	30,607
Semen Gresik	38,043	34,755
Shinhan Financial Grp Co Ltd	52,009	45,376
Shoprite Holdings	29,072	43,090
Standard Bank Group	32,764	29,500
Taiwan Semiconductor Mfg Co Ltd	37,894	41,605
Tiger Brands Ltd	34,782	41,403

See Accompanying Independent Auditors' Report.

Schedule of Investments - General Fund
September 30, 2011

Equities, Continued	Cost	Fair Value
International Common Stock, Continued		
Turkcell Iletism Hizmet Adr	65,174	45,752
United Tractors	17,161	24,832
Vale SA	67,583	58,464
Weichai Power Co	46,630	37,110
YPF SA	46,210	36,160
Subtotal - Lazard	1,910,517	1,648,398
Adr Sakari Resources Limited	23,641	15,504
America Movil S.A.B De CV	43,372	38,243
Anhui Conch Cement H	35,764	22,903
Antofagasta P L C- Adr	25,840	17,423
Baidu Inc Spon Adr Rptng	39,042	33,249
Banco Bradesco Spons Adr	40,594	30,527
China Constr BK Corp	90,546	59,679
China Shenhua Energy Co	24,819	21,868
CNOOC Ltd Spons Adr	47,317	46,006
Cosan Ltd	37,646	27,378
Credicorp Ltd	21,446	18,809
CTRIP.com International Ltd	61,540	46,593
Gafisa S A Spon Adr	70,668	28,867
Gazprom OAO Spons Adr	42,345	34,819
Gerdau SA Spons Adr	43,044	22,852
HDFC Bank Ltd	41,822	37,982
Icici Bank Ltd	12,141	8,194
Industrial & Coml BK	33,580	22,080
Infosys Ltd	58,070	50,713
Itau Unibanco Banco Hldg S	108,244	78,329
Jiangxi Copper Co Ltd	42,071	23,960
K B Financial Group Inc	65,842	46,355
Lukoil Oil Spons Adr	48,796	41,106
Mechel OAO Spons Adr	37,779	16,233
Mobile Telesystems OJSC	73,850	46,346
MTN Group Ltd	17,641	15,482
Naspers Ltd Spon Adr	33,172	32,890
Pacific Rubiales Energy Corp	30,515	26,884
Petroleo Brasileiro SA Adr	55,875	30,521
Petroleo Brasileiro SA Petrobras	54,070	29,140
Posco Spon Adr	57,601	38,233
Sberbank Sponsored Adr	26,565	18,980
Shinhan Financial Grp Co Ltd	62,931	54,478
Silver Standard Resources Inc.	34,536	23,048
Taiwan Semiconductor Mfg Co Ltd	37,386	40,256
Tencent Hldgs Ltd	38,265	31,882
Turkiye Garanti Bankasi A S Sponsored Adr	26,786	20,054
United Tractors Unspon Adr	28,600	27,486
Vale S A Spon Adr	105,027	89,649
Woori Fin Hldgs Co Ltd	22,033	14,038
Yanzhou Coal Mining Co Ltd	43,205	37,368
Subtotal - Newgate	1,844,027	1,366,407
Total International Common Stock	4,023,101	3,241,843
Closed End Funds		
Global X Brazil Consumer - Newgate	13,446	11,088
Total Closed End Funds	13,446	11,088
Total Equities	10,092,153	9,134,892

See Accompanying Independent Auditors' Report.

Schedule of Investments - General Fund
September 30, 2011

Fixed Income Securities	Cost	Fair Value	Ratings
Asset and Mortgage Backed Securities			
CS First Boston Mortg SEC Corp @ 6.133%, due 03/15/12	299,842	295,093	No rating
FHLMC PL#A39210 @ 5.500%, due 10/01/35	457,622	491,945	No rating
FHLMC PL#A47758 @ 5.000%, due 11/01/35	354,881	392,764	No rating
FHLMC PL#A87388 @ 5.000%, due 07/01/39	318,863	336,126	No rating
FHLMC PL#A93614 @ 4.500%, due 08/01/40	482,605	487,883	No rating
FHLMC PL#A93763 @ 4.500%, due 09/01/40	657,831	664,876	No rating
FHLMC PL#A96380 @ 4.000%, due 01/01/41	389,483	418,749	No rating
FHLMC PL#A97673 @ 4.500%, due 03/01/41	275,899	284,884	No rating
FHLMC PL#G06501 @ 4.000%, due 04/01/41	610,317	636,043	No rating
FHLMC PL#G11736 @ 5.000%, due 04/01/20	38,025	41,008	No rating
FHLMC PL#G12213 @ 5.500%, due 03/01/21	84,808	93,717	No rating
FHLMC PL#G12580 @ 5.000%, due 09/01/21	92,309	98,864	No rating
FHLMC PL#G13174 @ 5.000%, due 06/01/23	212,108	221,973	No rating
FNMA PL#603265 @ 5.500%, due 09/01/16	7,744	8,363	No rating
FNMA PL#739168 @ 5.500%, due 09/01/18	11,961	12,603	No rating
FNMA PL#743002 @ 5.500%, due 10/01/18	9,406	9,918	No rating
FNMA PL#745506 @ 5.662%, due 02/01/16	424,840	482,191	No rating
FNMA PL#889970 @ 5.000%, due 12/01/36	186,858	193,984	No rating
FNMA PL#904529 @ 6.500%, due 01/01/37	278,839	301,615	No rating
FNMA PL#922270 @ 5.500%, due 12/01/36	458,261	501,128	No rating
FNMA PL#942285 @ 6.000%, due 08/01/37	140,878	153,550	No rating
FNMA PL#966123 @ 6.000%, due 10/01/37	501,186	540,477	No rating
FNMA PL#AA9592 @ 6.000%, due 01/01/39	328,541	345,361	No rating
FNMA PL#AC5849 @ 5.000%, due 05/01/40	240,498	249,228	No rating
FNMA PL#AC9290 @ 5.000%, due 04/01/41	450,254	460,992	No rating
FNMA PL#AI2463 @ 4.500%, due 05/01/41	358,795	365,206	No rating
FNMA PL#AL0249 @ 5.500%, due 08/01/37	456,187	457,624	No rating
FNMA PL#MA0640 @ 4.500%, due 02/01/41	554,488	580,921	No rating
Freddie Mac Reference Remic @ 5.125%, due 12/15/13	112,016	109,408	No rating
Greenwich Cap Coml Fdg Corp @ 4.305%, due 08/10/42	136,802	139,465	No rating
Greenwich Cap Commercial Fund @ 4.533%, due 01/05/36	260,091	256,158	No rating
JP Morgan Chase Coml Mtg Secs @ 4.625%, due 03/15/46	73,674	75,338	No rating
LB-UBS Coml Mtg Tr @ 5.156%, due 02/15/31	232,973	232,443	No rating
LB-UBS Commercial Mortgage Tr @ 5.124%, due 11/15/32	153,801	163,557	No rating
LBUBS Commercial Mtg Trust @ 4.830%, due 11/15/27	134,442	135,114	No rating
L-UBS Commercial Mtg Trust @ 5.594%, due 06/15/31	178,719	177,597	No rating
Morgan Stanley Capital I @ 4.970%, due 12/15/41	323,824	315,564	No rating
Wachovia Bank Comm Mort Trust @ 4.748%, due 02/15/41	354,270	390,323	No rating
Wachovia Bk Coml Mtg Tr @ 4.980%, due 10/15/12	137,700	148,286	No rating
Total Asset and Mortgage Backed Securities - Richmond	10,781,641	11,270,339	
Government Bonds			
U.S. Treasury Bonds @ 4.750%, due 02/15/37	1,173,145	1,443,865	NR
Total Government Bonds - Richmond	1,173,145	1,443,865	
Municipal Bonds			
New Jersey St Tpk Auth @ 7.102%, due 01/01/41	122,939	163,642	A+
Total Municipal Bonds - Richmond	122,939	163,642	
International Bonds			
Arcelormittal @ 5.00%, due 05/15/14	77,976	56,632	BBB-
Ingersoll-Rand Co Ltd @ 4.50%, due 04/15/12	144,518	86,400	BBB+
Total International Bonds - MacKay Shields	222,494	143,032	
BP Capital Markets @ 4.500%, due 10/01/20	109,290	112,618	A
Total International Bonds - Richmond	109,290	112,618	

See Accompanying Independent Auditors' Report.

Schedule of Investments - General Fund
September 30, 2011

Fixed Income Securities, Continued	Cost	Fair Value	Ratings
International Bonds, Continued			
Royal Carribean Cruises @ 6.875%, due 12/01/13	33,950	35,700	BB
Videotron Ltee @ 6.875%, due 01/15/14	20,227	20,000	BB
Quebecor Media Inc. @ 7.750%, due 03/15/16	34,909	35,000	B+
Total International Bonds - Seix	89,086	90,700	
Total International Bonds	420,870	346,350	
Corporate Bonds			
Abbott Laboratories @ 5.875%, due 05/15/16	155,552	182,464	AA
Ace Ina Holdings @ 8.875%, due 08/15/29	151,149	161,082	A
Aflac Inc @ 8.500%, due 05/15/19	114,299	133,898	A-
Allstate Corp @ 7.450%, due 05/16/19	130,575	128,353	A-
Altri Group Inc @ 9.250%, due 08/06/19	188,510	196,620	BBB
American Express @ 4.875%, due 07/15/13	141,134	152,283	BBB+
American Express @ 7.300%, due 08/20/13	140,035	153,247	BBB+
Ameritech Cap Fdg Co @ 6.550%, due 01/15/28	119,469	131,078	A-
Anheuser Busch Cos I @ 6.750%, due 12/15/27	103,291	128,130	A-
Archer Daniels Midland Co @ 7.500%, due 03/15/27	82,304	84,881	A
Archer Daniels Midland Co @ 8.375%, due 04/15/17	249,944	268,191	A
Bank New York Co Inc @ 4.950%, due 03/15/15	149,116	166,406	A+
Bank of America Corp @ 4.875%, due 09/15/12	391,204	400,188	A
BB&T Corp @ 4.750%, due 10/01/12	100,388	108,210	A-
BB&T Corp @ 5.200%, due 12/23/15	142,415	161,138	A-
Bear Stearns Co Inc @ 5.700%, due 11/15/14	207,912	215,684	A+
Becton Dickinson & Co @ 7.000%, due 08/01/27	138,633	174,105	AA-
Berkshire Hathaway Inc @ 5.400%, due 05/15/18	173,369	188,390	AA+
Bestfoods Inc @ 6.625%, due 04/15/28	101,987	132,242	A+
Blackrock Inc. @ 5.000%, due 12/10/19	36,786	38,371	A+
Boeing Co @ 7.250%, due 06/15/25	55,175	67,843	A
Burlington Northern SA @ 5.900%, due 07/01/12	231,107	232,682	BBB+
Burlington Northern Santa Fe @ 6.150%, due 05/01/37	47,854	61,235	BBB+
Campbell Soup Co @ 8.875%, due 05/01/21	84,801	101,604	A
Caterpillar Inc @ 7.900%, due 12/15/18	256,813	281,480	A
Charles Schwab Corp @ 4.950%, due 06/01/14	456,075	469,908	A
Chubb Corp. @ 5.750%, due 05/15/18	193,717	223,507	A+
CitiGroup Inc @ 5.500%, due 04/11/13	57,340	61,874	A
CitiGroup Inc @ 6.125%, due 11/21/17	103,092	122,886	A
Conoco Inc. @ 6.950%, due 04/15/29	103,250	126,474	A
Conocophillips Bds @ 5.750%, due 02/01/19	124,539	131,520	A
Consolidated Nat Gas @ 6.250%, due 11/01/11	110,010	110,432	A-
Cooper US Fin Inc @ 6.100%, due 07/01/17	180,967	213,926	A
CSX Corporation @ 6.300%, due 03/15/12	135,376	138,150	BBB
Du Pont E I De Nemou @ 6.000%, due 07/15/18	263,333	293,335	A
Duke Energy Corp @ 7.000%, due 11/15/18	252,124	281,186	A
Eaton Corp @ 5.600%, due 05/15/18	158,736	190,083	A-
Eog Resouces Inc @ 5.625%, due 06/01/19	230,473	248,581	A-
Equitable Cos Inc. @ 7.000%, due 04/01/28	144,587	153,754	A
Federal Express Corp Debs @ 9.650%, due 06/15/12	61,739	63,497	BBB
Florida Power Corp @ 5.800%, due 09/15/17	100,072	119,047	A
FPL Group Capital Inc. @ 7.875%, due 12/15/15	110,000	131,229	BBB+
General Dynamics Corp @ 4.250%, due 05/15/13	141,458	158,430	A
General Elec Cap Corp @ 5.500%, due 01/08/12	121,255	119,980	AA+
General Electric Capital Corp @ 5.250%, due 10/19/12	359,967	365,869	AA+
Goldman Sachs Group @ 6.000%, due 06/15/20	151,575	149,157	A
Goldman Sachs Group Inc @ 5.150%, due 01/15/14	194,473	212,251	A
Goldman Sachs Group Inc. @ 6.600%, due 01/15/12	65,374	65,934	A
Halliburton Co @ 5.900%, due 09/15/18	60,576	71,342	A
Hersheys Food Corp @ 4.850%, due 08/15/15	230,628	269,107	A
Home Depot Inc Global @ 5.400%, due 03/01/16	98,335	113,148	BBB+

See Accompanying Independent Auditors' Report.

Schedule of Investments - General Fund
September 30, 2011

Fixed Income Securities, Continued	Cost	Fair Value	Ratings
Corporate Bonds, Continued			
Honeywell Intl Inc @ 5.400%, due 03/15/16	193,760	232,300	A
Intl Business Machs Corp @ 8.375%, due 11/01/19	33,486	35,277	A+
JP Morgan Chase & Co @ 4.250%, due 10/15/20	106,322	105,249	A+
JP Morgan Chase & Co @ 5.375%, due 01/15/14	196,180	215,798	A+
Key Bank NA @ 4.950%, due 09/15/15	93,610	106,442	BBB+
Keycorp @ 5.100%, due 03/24/21	71,890	70,638	BBB+
Keycorp @ 6.500%, due 05/14/13	26,629	26,667	BBB+
Kraft Foods Inc @ 6.125%, due 08/23/18	122,585	147,355	BBB-
Lincoln National Corp @ 8.750%, due 07/01/19	142,553	142,232	A-
Markel Corp @ 5.350%, due 06/01/21	125,590	127,561	BBB
McDonald's Corp @ 5.300%, due 03/15/17	163,114	190,760	A
Mellon Funding @ 5.000%, due 12/01/14	124,657	139,562	A+
Merrill Lynch & Co Inc @ 5.000%, due 02/03/14	70,230	68,601	A
Metlife Inc. @ 5.000%, due 06/15/15	77,086	87,642	A-
Metlife Inc. @ 7.717%, due 02/15/19	149,177	159,349	A-
Michigan Bell Tel Co @ 7.850%, due 01/15/22	46,360	50,442	A-
Morgan Stanley Group @ 6.625%, due 04/01/18	285,584	267,856	A
News America Holding Inc @ 8.500%, due 02/23/25	114,495	131,321	BBB+
Occidental Petroleum Cor @ 4.125%, due 06/01/16	146,964	166,583	A
Ohio Power Co @ 5.750%, due 09/01/13	209,832	225,450	BBB
Pepsi Bottling Group Inc. @ 7.000%, due 03/01/29	53,435	70,793	A
Pfizer Inc @ 6.200%, due 03/15/19	109,889	137,845	AA
PNC Funding Corp @ 5.625%, due 02/01/17	129,005	141,145	A-
Progressive Corp @ 6.625%, due 03/01/29	165,070	173,697	A+
Prudential Fin @ 6.100%, due 06/15/17	100,545	103,508	A
Prudential Financial Inc @ 3.625%, due 09/17/12	101,245	101,676	A
Suntrust Banks Inc. @ 6.000%, due 02/15/26	51,451	49,390	BBB-
Sysco Corporation @ 6.500%, due 08/01/28	101,733	129,670	A+
Thermo Fisher Scientific Inc @ 3.600%, due 08/15/21	137,412	140,135	A
Time Warner Inc. @ 6.625%, due 05/15/29	90,233	91,834	BBB
Travelers Cos Inc @ 5.750%, due 12/15/17	157,454	184,717	A
Union Pacific Corp @ 7.875%, due 01/15/19	137,124	156,175	BBB+
United Parcel Svc Amer Inc @ 8.375%, due 04/01/20	87,397	105,509	AA-
United Parcel Svc Amer Inc @ 8.375%, due 04/01/30	144,680	149,844	AA-
United Technologies Corp @ 6.125%, due 02/01/19	244,534	269,782	A
US Bank NA @ 4.800%, due 04/15/15	172,699	180,376	A+
Verizon Communications @ 5.500%, due 02/15/18	74,817	86,968	A-
Verizon Communications @ 8.750%, due 11/01/18	146,789	160,695	A-
Virginia Electric PO @ 8.875%, due 11/15/38	117,730	155,430	A-
Wachovia Corp @ 6.605%, due 10/01/25	66,691	69,152	A+
Wachovia Corp. @ 4.875%, due 02/15/14	123,473	135,215	A+
Wal-Mart Stores Inc @ 3.250%, due 10/25/20	65,054	67,335	AA
Walt Disney Company @ 5.875%, due 12/15/17	90,343	108,197	A
Walt Disney Company @ 6.375%, due 03/01/12	90,235	92,055	A
Wisc Elec Power @ 6.250%, due 12/01/15	160,533	187,344	A-
Wisconsin Pwr & Lt Co @ 6.375%, due 08/15/37	99,431	132,190	A-
XTO Energy @ 6.500%, due 12/15/18	47,365	52,229	AAA
Total Corporate Bonds - Richmond	13,469,364	14,784,403	
AES Corp @ 8.000%, due 10/15/17	70,704	70,350	BB-
Alliant Techsystems Inc @ 6.875%, due 09/15/20	78,599	75,000	BB-
Ally Financial Inc @ 8.000%, due 03/15/20	42,853	35,174	B+
American Gen Fin Corp @ 5.400%, due 12/01/15	33,795	33,580	B
Autonation, Inc. @ 6.750%, due 04/15/18	76,729	76,500	BB+
Ball Corp @ 5.750%, due 05/15/21	39,400	38,900	BB+
Ball Corp @ 6.625%, due 03/15/18	35,525	35,175	BB+
Biomet Inc @ 10.000%, due 10/15/17	37,061	36,050	B-
Case Corp @ 7.250%, due 01/15/16	33,600	36,225	BB+
Cco Holdings LLC @ 7.250%, due 10/30/17	77,145	75,000	BB-

See Accompanying Independent Auditors' Report.

Schedule of Investments - General Fund
September 30, 2011

Fixed Income Securities, Continued	Cost	Fair Value	Ratings
Corporate Bonds, Continued			
Chesapeake Energy Co @ 7.250%, due 12/15/18	71,810	74,550	BB+
Cimarex Energy Co @ 7.125%, due 05/01/17	33,950	35,350	BB+
Cinemark USA Inc @ 8.625%, due 06/15/19	37,914	36,050	B
CIT Group Funding Company @ 7.000%, due 05/01/15	27,300	29,775	B+
CIT Group Funding Company @ 7.000%, due 05/01/17	70,813	77,600	B+
Community Health Sys @ 8.875%, due 07/15/15	118,843	112,988	B
Constellation Brands Inc. @ 8.375%, due 12/15/14	73,665	76,825	BB+
Corrections Corp of America @ 7.750%, due 06/01/17	73,674	73,937	BB
Crown Castle Intl Corp @ 9.000%, due 01/15/15	31,733	31,800	B-
CSC Holdings Inc @ 7.625%, due 07/15/18	30,496	31,350	BB
Echostar DBS Corp @ 7.125%, due 02/01/16	105,255	106,313	BB-
Edison Mission Energ @ 7.500%, due 06/15/13	24,594	23,250	B-
El Paso Corp @ 7.000%, due 06/15/17	69,650	78,412	BB-
Energy Future / Efih Finan @ 10.000%, due 12/01/20	79,568	73,125	B-
Energy Transfer Equity LP @ 7.500%, due 10/15/20	111,108	108,915	BB-
First Data Corporation @ 9.875%, due 09/24/15	37,146	33,500	B-
Ford Motor Credit Co @ 7.000%, due 10/01/13	66,425	73,508	BB-
Freescale Semiconduc @ 10.125%, due 12/15/16	33,716	40,700	CCC+
Frontier Communications @ 8.250%, due 05/01/14	35,583	36,094	BB
Genon Energy Inc @ 9.875%, due 10/15/20	40,463	36,465	B
Genworth Financial Inc @ 7.625%, due 09/24/21	40,299	34,473	BBB
Georgia Pac Corp @ 8.000%, due 01/15/24	34,869	41,089	BBB-
GMAC LLC @ 8.000%, due 11/01/31	65,187	61,425	B+
Harrah's Operating Co Inc @ 11.250%, due 06/01/17	37,146	35,306	B
HCA - The Healthcare C @ 7.875%, due 02/15/20	116,075	113,850	BB
Health Management @ 6.125%, due 04/15/16	27,975	29,475	BB-
Hertz Corp @ 8.875%, due 01/01/14	3,015	3,000	B-
Host Marriott LP @ 6.375%, due 03/15/15	71,625	74,625	BB+
Icahn Enterprises @ 8.000%, due 01/15/18	72,734	72,726	BBB-
International Lease Fin Corp @ 5.625%, due 09/20/13	33,730	36,480	BBB-
Iron Mountain Inc @ 8.375%, due 08/15/21	37,778	36,720	B+
Kinder Morgan Inc @ 5.700%, due 01/05/16	62,725	65,162	BB
Leucadia National Corp @ 7.125%, due 03/15/17	66,843	71,400	BB+
Leucadia National Corp @ 8.125%, due 09/15/15	34,611	36,125	BB+
Level 3 Fing Inc @ 8.750%, due 02/15/17	113,195	117,920	CCC
Markwest Energy Partners LP @ 6.750%, due 11/01/20	41,150	40,600	BB
Mediacom Broadband L @ 8.500%, due 10/15/15	35,300	34,825	B-
Midwest Generation LLC @ 8.560%, due 01/02/16	23,069	22,257	No rating
Newfield Exploration Co @ 7.125%, due 05/15/18	35,350	36,225	BB+
NRG Energy Inc @ 8.500%, due 06/15/19	77,883	72,375	BB-
Paetec Holding Corp @ 8.875%, due 06/30/17	35,350	36,750	B
Penn National Gaming Inc @ 8.750%, due 08/15/19	73,373	74,200	BB-
Pioneer Natural Reso @ 5.875%, due 07/15/16	32,550	36,971	BB+
Plains Exploration & @ 7.750%, due 06/15/15	41,500	41,200	BB-
Qwest Communications @ 7.500%, due 02/15/14	34,738	35,000	BB
Range Resources Corp @ 6.750%, due 08/01/20	79,461	79,875	BB
Regions Finl @ 5.750%, due 06/15/15	39,900	38,400	BB+
Sears Holdings Corp @ 6.625%, due 10/15/18	37,335	37,125	BB
Smithfield Foods Inc @ 7.750%, due 07/01/17	32,400	41,100	B+
Sprint Cap Corp Company Gty @ 6.900%, due 05/01/19	106,056	98,900	BB-
Tenet Healthcare Cor @ 9.250%, due 02/01/15	30,967	30,000	CCC+
Terex Corp @ 10.875%, due 06/01/16	32,440	31,800	BB-
United Rentals North America @ 9.250%, due 12/15/19	73,555	72,625	B
Windstream Corp @ 8.625%, due 08/01/16	26,000	25,750	B+
Wynn Las Vegas LLC/Wynn Las Vegas Capital Corp @ 7.875%, due 05/01/20	74,618	73,325	BBB-
Total Corporate Bonds - Seix	3,479,919	3,491,540	

See Accompanying Independent Auditors' Report.

Schedule of Investments - General Fund
September 30, 2011

Fixed Income Securities, Continued	Cost	Fair Value	Ratings
Corporate Bonds, Continued			
Allegheny Technologies Inc @ 4.25%, due 06/01/14	169,768	131,618	BBB-
Amgen Inc @ 0.375%, due 02/01/13	109,886	107,093	A+
AMR Corp @ 6.25%, due 10/15/14	81,592	41,388	CCC+
Anixter Intl Inc @ 1.00%, due 02/15/13	61,763	55,013	B+
Avis Budget Group Inc @ 3.50%, due 10/01/14	64,968	51,211	NR
Biomarin Pharmaceutical @ 1.875%, due 04/23/17	157,641	181,485	B
Chesapeake Energy @ 2.75%, due 11/15/35	132,219	119,025	BB+
Coinstar Inc @ 4.00%, due 09/01/14	98,170	81,169	BB-
Core Labs LP @ 0.25%, due 10/31/11	214,458	220,725	No rating
Covanta Holdings Corp @ 3.25%, due 06/01/14	66,000	59,881	B
Danaher Corp @ 0.00%, due 01/22/21	150,284	132,571	A+
EMC Corp @ 1.75%, due 12/01/13	271,695	249,791	A-
Equinix Inc @ 4.75%, due 06/15/16	68,310	69,255	B
Gilead Sciences Inc @ 1.00%, due 05/01/14	121,031	121,100	A-
Intl Game Technology @ 3.25%, due 05/01/14	131,607	128,800	BBB
L-3 Communications Corp @ 3.00%, due 08/01/35	108,858	102,600	BB+
Lucent Technologies Inc @ 2.875%, due 06/15/25	65,340	60,968	B
Massey Energy Co @ 3.25%, due 08/01/15	64,889	53,175	BB-
Medtronic Inc @ 1.625%, due 04/15/13	64,492	64,080	AA-
MF Global Holdings Ltd @ 1.875%, due 02/01/16	66,591	50,880	BBB-
MGM Resorts International @ 4.25%, due 04/15/15	66,413	54,483	CAA1
Microchip Technology Inc @ 2.125%, due 12/15/37	136,543	125,759	No rating
Micron Technology @ 4.25%, due 10/15/13	65,118	49,700	BB-
Molson Coors Brewing Company @ 2.50%, due 07/30/13	124,470	113,535	BBB-
Mylan Laboratories Inc @ 1.25%, due 03/15/12	132,318	115,710	BB
Newmont Mining Corp @ 1.25%, due 07/15/14	75,431	78,637	BBB+
Newpark Resources Inc @ 4.00%, due 10/01/17	48,667	49,680	CCC+
Nuance Communications Inc @ 2.75%, due 08/15/27	65,413	67,905	BB-
On Semiconductor Corp @ 2.625%, due 12/15/26	131,657	116,085	BB
Peabody Energy Corp @ 4.75%, due 12/15/41	211,217	168,705	B+
Sandisk Corp @ 1.50%, due 08/15/17	63,652	56,362	BB-
Savient Pharmaceuticals Inc @ 4.75%, due 02/01/18	66,052	41,850	No rating
SBA Communications Corp @ 1.875%, due 05/01/13	123,579	113,087	No rating
St Mary & Exp @ 3.50%, due 04/01/27	130,853	131,220	No rating
Stanley Works @ __%, due 05/17/12	64,144	56,441	A-
Steel Dynamics Inc @ 5.125%, due 06/15/14	140,746	112,134	BB+
Teleflex Inc @ 3.875%, due 08/01/17	114,305	117,315	BB-
Textron Inc @ 4.50%, due 05/01/13	105,300	81,202	BBB-
Transocean Inc @ 1.50%, due 12/15/37	106,684	105,594	BBB
TTM Technologies Inc @ 3.25%, due 05/15/15	63,450	53,730	BB-
Verisign Inc @ 3.25%, due 08/15/37	61,942	55,147	No rating
Virgin Media Inc @ 6.50%, due 11/15/16	88,722	81,000	B+
Wesco Intl Inc @ 6.00%, due 09/15/29	109,325	76,546	B
Total Corporate Bonds - MacKay Shields	4,565,563	4,103,655	
Total Corporate Bonds	21,514,846	22,379,598	
Total Fixed Income Securities	34,013,441	35,603,794	
Total Mutual Funds, Equities and Fixed Income Securities	$ 51,844,694	$ 52,003,958	

See Accompanying Independent Auditors' Report.

Schedule of Investments - Park Fund
September 30, 2011

	Cost	Fair Value
Mutual Funds		
Templeton Global Bond Fund Advisor Class - Smith Barney	$ 732,144	$ 687,318
Total Mutual Funds	732,144	687,318
Equities		
Domestic Preferred Stock		
Affiliated Managers Group	22,911	19,041
Bank of America Corp	28,216	22,185
Citigroup	9,165	5,176
Crown Castle Int	16,666	15,678
General Motors Company	9,218	5,858
Goodyear Tire & Rubber Co	13,701	8,835
Hartford Finl Svcs Group Inc	7,895	5,739
PPL Corp	15,912	15,807
Stanley Black & Decker	16,641	14,802
Wells Fargo & Co	7,063	7,224
Total Domestic Preferred Stock - MacKay Shields	147,388	120,345
International Preferred Stock		
Vale Capital II	9,618	6,079
Total International Preferred Stock - MacKay Shields	9,618	6,079
Domestic Common Stock		
Allergan Inc	28,337	28,833
Amazon Com Inc	61,407	75,680
American Express Co	35,070	31,430
American Tower Corp	19,246	21,520
Apache Corp	13,122	8,024
Apple Inc	21,276	82,365
Boeing Co	18,271	15,127
Capital One Finl Corp	26,086	21,797
Citygroup Inc	23,061	12,295
Coach Inc	6,526	6,479
CVS Caremark Corp	39,683	36,109
DirecTV	40,421	47,554
E I Du Pont De Nemours & Co	14,957	13,990
Emc Corp	18,859	14,168
Express Scripts Inc	32,550	28,729
Exxon Mobil Corp	51,436	43,578
Google Inc	70,226	69,015
Halliburton Co Holdings Co	38,154	24,416
Intel Corp	15,418	14,401
Intl Business Machines Corp	49,314	80,440
Johnson & Johnson	44,808	42,991
JPMorgan Chase & Co	45,808	31,626
Kraft Foods Inc	15,322	15,111
Mastercard Inc	30,326	27,593
McDonalds Corp	26,215	28,542
Metlife Inc	49,919	32,912
Microsoft Corp	51,106	47,291
News Corp	41,025	38,700
Oracle Corp	32,367	40,236
Pfizer Inc	21,894	19,448
Philip Morris Intl Inc	13,946	12,476
Precision Castparts Corp	21,719	31,092
Proctor & Gamble Co	20,080	18,954
Qualcomm Inc	25,373	23,099
Union Pacific Corp	16,699	28,585
United Parcel Service	15,399	14,209
United Technologies Corp	35,568	47,493

See Accompanying Independent Auditors' Report.

Schedule of Investments - Park Fund
September 30, 2011

Equities, Continued	Cost	Fair Value
Domestic Common Stock, Continued		
Unitedhealth Group Inc	34,761	32,284
Viacom Inc	25,318	19,370
Walt Disney Co	23,623	19,604
Wellpoint I nc	34,290	32,640
Subtotal - Atalanta/Sosnoff	1,248,986	1,280,206
Las Vegas Sands Corp	4,919	6,019
Mcdermott International Inc	1,973	1,582
Subtotal - Newgate	6,892	7,601
Total Domestic Common Stock	1,255,878	1,287,807
International Common Stock		
Baidu Inc	20,025	14,647
Ensco PLC Adr	7,991	7,075
Schlumberger Ltd	45,709	38,824
Subtotal - Atalanta/Sosnoff	73,725	60,546
AKBank Turk Anonim Sirketi	3,767	3,045
America Movil S.A.B De CV	6,069	5,873
Banco DO Brasil SA	7,616	5,862
Banco Macro S.A. Spons Adr	4,768	3,282
Bank Mandiri TBK	1,897	1,814
Bidvest Group Ltd	5,975	4,772
China Constru Bk Corp	4,055	2,939
Cielo SA Spon Adr	6,714	6,815
Clicks Group Limited	5,049	3,625
Commercial Intl Bk	5,363	3,815
Companhia De Bebidas Das Amers	4,804	4,965
Companhia Energetica De Minas	6,359	6,307
Companhia Siderurgica Nacional	6,608	3,613
Desarrolladora Homex S.A. De C.V.	4,019	1,566
Gazprom OAO Spons Adr	4,421	3,686
Grupo Televisa SA De CV	3,564	3,641
Infosys Ltd	3,530	3,677
KB Financial Group Inc	4,399	3,800
Kimberly Clarke De Mex SA	3,527	4,352
KOC Holding AS Unspon Adr	3,600	4,098
Kumba Iron ORE-Spon Adr	821	1,303
Lukoil Oil	4,318	3,865
Massmart Holdings Ltd	1,203	1,711
Mobile Telesystems OJSC Spon Adr	6,952	4,244
Nedbank Group Ltd	4,126	4,318
Netease.com Inc	3,150	2,862
Orascom Constr Inds S A E	5,956	4,357
Oriflame Cosmetics	7,550	4,955
Philippine Long Distance Tel Co	7,415	6,488
Pretoria Portland	3,633	2,237
PT Perusahaan Gas Negara Perse	4,674	2,928
PT Telekomunakasi Indonesia	7,310	6,647
PTT Exploration and Production	3,016	2,298
Sanlam Ltd	2,542	2,961
Sberbank	5,379	3,440
Semen Gresik	4,308	3,917
Shinhan Financial Grp Co Ltd	5,889	5,133
Shoprite Holdings	3,254	4,837
Standard Bank Group	3,906	3,326
Taiwan Semiconductor Mfg Co Ltd	4,248	4,675
Tiger Brands Ltd	3,958	4,652

See Accompanying Independent Auditors' Report.

Schedule of Investments - Park Fund
September 30, 2011

Equities, Continued	Cost	Fair Value
International Common Stock, Continued		
Turkcell Iletism Hizmet	7,442	5,143
United Tractors	2,050	2,796
Vale S A Spon Adr	7,591	6,573
Weichai Power Co	5,522	4,155
YPF SA Spon Adr	5,263	4,071
Subtotal - Lazard	217,580	185,439
Adr Sakari Resources Limited	2,714	1,781
America Movil S.A.B. De CV	5,002	4,416
Anhui Conch Cement H	4,108	2,629
Antofagasta P L C	2,967	2,003
Baidu Inc	4,367	3,849
Banco Bradesco Spons Adr	4,682	3,520
China Constr BK Corp	10,470	6,902
China Shenhua Energy Co	2,880	2,538
CNOOC Ltd	5,381	5,290
Cosan Ltd	4,362	3,172
Creditcorp Ltd	2,513	2,213
CTRIP.com International Ltd	7,102	5,370
Gafisa S A Spon Adr	8,168	3,341
Gazprom OAO Spons Adr	4,876	4,011
Gerdau SA Spons Adr	4,955	2,631
HDFC Bank Ltd	4,850	4,402
Icici Bank Ltd	1,440	972
Industrial & Coml BK China-CNY	3,883	2,554
Infosys Ltd	6,697	5,873
Itau Unibanco Banco Hldg S A Adr	12,515	9,064
Jiangxi Copper Co Ltd	4,812	2,762
K B Financial Group Inc	7,647	5,340
Lukoil Oil Spons Adr	5,612	4,718
Mechel OAO Spons Adr	4,284	1,875
Mobile Telesystems OJSC	8,544	5,363
MTN Group Ltd	2,037	1,788
Naspers Ltd Spon Adr	3,804	3,788
Pacific Rubiales Energy Corp	3,529	3,110
Petroleo Brasileiro SA Adr	6,458	3,522
Petroleo Brasileiro SA Petrobras	6,197	3,345
Posco Spon Adr	6,762	4,485
Sberbank Sponsored Adr	3,057	2,184
Shinhan Financial Grp Co Ltd	7,277	6,296
Silver Standard Resources Inc	3,962	2,642
Taiwan Semiconductor Mfg Co Ltd	4,336	4,675
Tencent Hldgs Ltd	4,413	3,676
Turkiye Garanti Bankasi A S	3,091	2,318
United Tractors	3,306	3,175
Vale S A Spon Adr	12,167	10,397
Woori Fin Hldgs Co Ltd	2,505	1,596
Yanzhou Coal Mining Co Ltd	5,006	4,325
Subtotal - Newgate	212,738	157,911
Total International Common Stock	504,043	403,896
Closed End Funds		
Global X Brazil Consumer ETF - Newgate	1,548	1,277
Total Closed End Funds	1,548	1,277
Total Equities	1,918,475	1,819,404

See Accompanying Independent Auditors' Report.

Schedule of Investments - Park Fund
September 30, 2011

Fixed Income Securities	Cost	Fair Value	
Asset & Mortgage Backed Securities			
Bear Stears Commercial Mort SE @ 5.186%, due 09/11/13	26,578	26,267	No rating
CS First Boston Mortg SEC Corp @ 6.133%, due 03/15/12	35,981	35,411	No rating
FHLMC PL#A39210 @ 5.500%, due 10/01/35	47,669	51,244	No rating
FHLMC PL#A47758 @ 5.000%, due 11/01/35	21,293	23,566	No rating
FHLMC PL#A87388 @ 5.000%, due 07/01/39	68,328	72,027	No rating
FHLMC PL#A93614 @ 4.500%, due 08/01/40	26,811	27,105	No rating
FHLMC PL#A93763 @ 4.500%, due 09/01/40	55,203	55,794	No rating
FHLMC PL#A96380 @ 4.000%, due 01/01/41	37,541	40,361	No rating
FHLMC PL#A97673 @ 4.500%, due 03/01/41	40,131	41,438	No rating
FHLMC PL#AC9290 @ 5.500%, due 04/01/41	25,295	25,898	No rating
FHLMC PL#AI2463 @ 4.500%, due 05/01/41	51,256	52,172	No rating
FHLMC PL#G06501 @ 4.000%, due 04/01/41	54,601	56,882	No rating
FHLMC PL#G11736 @ 5.000%, due 04/01/20	19,012	20,504	No rating
FHLMC PL#G13174 @ 5.000%, due 06/01/23	23,977	25,093	No rating
FHLMC PL#MA0640 @ 4.500%, due 02/01/41	49,070	51,409	No rating
FNMA PL#256552 @ 5.500%, due 12/01/36	32,547	32,649	No rating
FNMA PL#603265 @ 5.500%, due 09/01/16	1,162	1,254	No rating
FNMA PL#739168 @ 5.500%, due 09/01/18	1,993	2,100	No rating
FNMA PL#743002 @ 5.500%, due 10/01/18	1,568	1,653	No rating
FNMA PL#745506 @ 5.662%, due 02/01/16	44,720	50,757	No rating
FNMA PL#831831 @ 6.000%, due 09/01/36	16,866	18,477	No rating
FNMA PL#922270 @ 5.500%, due 12/01/36	41,285	45,147	No rating
FNMA PL#966123 @ 6.000%, due 10/01/37	55,687	60,053	No rating
FNMA PL#AC5849 @ 5.000%, due 05/01/40	24,050	24,923	No rating
GNMA PL#782379X @ 6.000%, due 08/15/38	9,285	10,352	No rating
Greenwich Cap Commercial Fund @ 4.533%, due 01/05/36	31,261	31,087	No rating
JP Morgan Chase Commer Mtg Sec @ 4.767%, due 03/12/39	29,255	30,881	No rating
L-UBS Coml Mtg Tr @ 5.156%, due 02/15/31	43,515	43,245	No rating
L-UBS Commercial Mtg Trust @ 5.594%, due 06/15/31	50,948	50,742	No rating
Morgan Stanley Capital I @ 4.970%, due 12/15/41	33,681	36,816	No rating
Wachovia Bk Coml Mtg Tr @ 4.980%, due 10/15/12	13,688	14,829	No rating
Total Asset & Mortgage Backed Securities - Richmond	1,014,257	1,060,136	
Government Bonds			
U.S. Treasury Bonds @ 4.750%, due 02/15/37	93,800	114,166	NR
Total Government Bonds - Richmond	93,800	114,166	
International Bonds			
Arcelormittal Conv @ 5.000%, due 05/15/14	10,108	7,341	BBB-
Ingersoll-Rand Co Ltd @ 4.500%, due 04/15/12	18,734	11,200	BBB+
Total International Bonds - MacKay Shields	28,842	18,541	
Royal Carribean Cruises @ 6.875%, due 12/01/13	5,820	6,120	BB
Videotron Ltee @ 6.875%, due 01/15/14	5,057	5,000	BB
Quebecor Media Inc. @ 7.750%, due 03/15/16	6,987	7,000	B+
Total International Bonds - Seix	17,864	18,120	
Total International Bonds	46,706	36,661	
Corporate Bonds			
Allegheny Technologies Inc @ 4.250%, due 06/01/14	23,363	18,113	BBB-
Amgen Inc @ 0.375%, due 02/01/13	15,122	14,738	A+
AMR Corp @ 6.250%, due 10/15/14	10,490	5,321	CCC+
Anixter Intl Inc @ 1.000%, due 02/15/13	8,006	7,131	B+
Avis Budget Group Inc @ 3.500%, due 10/01/14	8,581	6,764	NR
Biomarin Phamaceutical CV @ 1.875%, due 04/23/17	21,694	24,975	B
Chesapeake Energy @ 2.750%, due 11/15/35	17,246	15,525	BB+

See Accompanying Independent Auditors' Report.

Schedule of Investments - Park Fund
September 30, 2011

Fixed Income Securities, Continued	Cost	Fair Value	Ratings
Corporate Bonds, Continued			
Coinstar Inc @ 4.000%, due 09/01/14	13,593	11,239	BB-
Core Labs LP CV @ .250%, due 10/31/11	29,513	30,375	No rating
Covanta Holdings Corp @ 3.250%, due 06/01/14	8,400	7,621	B
Danaher Corp @ 00.000%, due 01/22/21	20,681	18,244	A+
EMC Corp @ 1.750%, due 12/01/13	36,840	33,870	A-
Equinix Inc @ 4.750%, due 06/15/16	8,855	8,978	B
Gilead Sciences Inc @ 1.000%, due 05/01/14	16,210	16,219	A-
Intl Game Technology @ 3.250%, due 05/01/14	17,626	17,250	BBB
L-3 Communications Corp @ 3.000%, due 08/01/35	14,111	13,300	BB+
Lucent Technologies Inc @ 2.875%, due 06/15/25	8,910	8,314	B
Massey Energy Co @ 3.250%, due 08/01/15	8,652	7,090	BB-
Medtronic Inc @ 1.625%, due 04/15/13	9,069	9,011	AA-
MF Global Holdings Ltd @ 1.875%, due 02/01/16	9,364	7,155	BBB-
MGM Resorts International @ 4.250%, due 04/15/15	8,569	7,030	CAA1
Microchip Technology Inc @ 2.125%, due 12/15/37	18,790	17,306	No rating
Micron Technology @ 4.250%, due 10/15/13	8,140	6,213	BB-
Molson Coors Brewing Company @ 2.500%, due 07/30/13	16,135	14,718	BBB-
Mylan Laboratories Inc @ 1.250%, due 03/15/12	17,107	14,963	BB
Newmont Mining Corp @ 1.250%, due 07/15/14	9,778	10,194	BBB+
Newpark Resources Inc @ 4.000%, due 10/01/17	6,309	6,440	CCC+
Nuance Communications Inc @ 2.750%, due 08/15/27	8,480	8,802	BB-
On Semiconductor Corp @ 2.625%, due 12/15/26	18,118	15,975	BB
Peabody Energy Corp @ 4.750%, due 12/15/41	28,508	22,770	B+
Sandisk Corp @ 1.500%, due 08/15/17	8,251	7,306	BB-
Savient Pharmaceuticals Inc @ 4.750%, due 02/01/18	8,807	5,580	No rating
SBA Communications Corp @ 1.875%, due 05/01/13	17,006	15,562	No rating
ST Mary&Exp Global CV @ 3.500%, due 04/01/27	16,962	17,010	No rating
Stanley Works CV @ 0.000%, due 05/17/12	8,164	7,183	A-
Steel Dynamics Inc @ 5.125%, due 06/15/14	19,369	15,431	BB+
Teleflex Inccnv @ 3.875%, due 08/01/17	14,817	15,207	BB-
Textron Inc @ 4.50%, due 05/01/13	13,650	10,526	BBB-
Transocean Inc @ 1.500%, due 12/15/37	14,681	14,531	BBB
TTM Technologies Inc @ 3.250%, due 05/15/15	8,225	6,965	BB-
Verisign Inc @ 3.250%, due 08/15/37	8,029	7,149	No rating
Virgin Media Inc @ 6.500%, due 11/15/16	11,501	10,500	B+
Wesco Intl Inc @ 6.000%, due 09/15/29	14,172	9,922	B
Total Corporate Bonds - MacKay Shields	609,894	548,516	
Abbott Laboratories @ 5.875%, due 05/15/16	9,940	11,772	AA
Ace Ina Holdings @ 5.600%, due 05/15/15	10,165	11,189	A
Ace Ina Holdings @ 8.875%, due 08/15/29	6,572	7,004	A
Aflac Inc @ 8.500%, due 05/15/19	10,391	12,173	A-
Allstate Corp @ 7.450%, due 05/16/19	18,654	18,336	A-
American Express Conotes @ 4.875%, due 07/15/13	9,733	10,502	BBB+
American Express Global @ 6.150%,due 08/28/17	9,974	11,430	BBB+
Ameritech Cap FDG Co @ 6.550%,due 01/15/28	5,198	5,699	A-
Archer Daniels Midland Co @ 7.500%, due 03/15/27	12,486	14,147	A
AT&T Broadband Corp @ 9.455%, due 11/15/22	11,807	14,429	BBB+
Atlantic Richfield @ 8.500%, due 04/01/12	5,094	5,176	A
Bank of America Corp @ 4.875%, due 09/15/12	20,524	20,009	A
Bank of New York Mellon @ 5.450%, due 05/15/19	10,044	11,554	AA-
BB&T Corp. @ 4.900%, due 06/30/17	9,314	10,653	A-
BB&T Corp. @ 5.200%, due 12/23/15	14,197	16,114	A-
Becton Dickinson & Co. @ 7.000%, due 08/01/27	5,287	6,696	AA-
Becton Dickinson @ 6.000%, due 05/15/39	6,231	6,414	AA-
BellSouth Telecommunications @ 6.375%, due 06/01/28	9,113	11,382	A-
Berkshire Hathaway Inc @ 5.400%, due 05/15/18	21,014	22,835	AA+
Bestfoods Inc @ 6.625%, due 04/15/28	10,426	13,224	A+
Blackrock Inc @ 5.000%, due 12/15/19	10,598	10,963	A+

See Accompanying Independent Auditors' Report.

Schedule of Investments - Park Fund
September 30, 2011

Fixed Income Securities, Continued	Cost	Fair Value	Ratings
Corporate Bonds, Continued			
Boeing Co. @ 7.250%, due 06/15/25	11,035	13,569	A
Burlington Northern Santa Fe @ 6.150%, due 05/01/37	4,785	6,123	BBB+
Campbell Soup Co. @ 8.875%, due 05/01/21	6,057	7,257	A
Caterpillar Inc. @ 7.900%, due 12/15/18	12,829	13,404	A
Charles Schwab @ 4.450%, due 07/22/20	5,353	5,268	A
Chubb Corp @ 6.600%, due 08/15/18	5,040	5,962	A+
Chubb Corp @ 6.800%, due 11/15/31	5,803	6,318	A+
Citigroup Inc. @ 5.500%, due 04/11/13	9,557	10,312	A
Coca Cola Enterprises Inc. @ 6.950%, due 11/15/26	5,608	6,730	A+
Conoco Inc @ 6.950%, due 04/15/29	5,402	6,657	A
ConocoPhillips @ 5.750%, due 02/01/19	16,311	17,935	A
Consolidated Nat Gas @ 6.250%, due 11/01/11	10,001	10,039	A-
Cooper US Fin Inc @ 6.100%, due 07/01/17	21,072	23,770	A
Costco Wholesale Cor @ 5.500%, due 03/15/17	20,201	23,653	A+
CSX Corporation @ 6.300%, due 03/15/12	10,015	10,233	BBB
Deere & Company @ 8.100%, due 05/15/30	12,836	15,086	A
Devon Energy Corp @ 6.300%, due 01/15/19	20,121	24,245	BBB+
Du Pont E I De Nemou @ 6.000%, due 07/15/18	21,944	24,445	A
Duke Energy Corp. @ 7.000%, due 11/15/18	22,920	25,562	A
Eaton Corp. @ 5.600%, due 05/15/18	14,882	17,820	A-
Eli Lilly & Co @ 5.500%, due 03/15/27	10,588	12,037	AA-
Emerson Electric Co @ 4.875%, due 10/15/19	5,045	5,804	A
EOG Resources Inc @ 5.625%, due 06/01/19	10,975	11,837	A-
Equitable Cos Inc. @ 7.000%, due 04/01/28	9,632	10,982	A
Federal Express Corp @ 9.650%, due 06/15/12	10,290	10,583	BBB
Florida Power Corp 1st Mtg @ 5.800%, due 09/15/17	10,007	11,905	A
General Dynamics Corp @ 4.250%, due 05/15/13	9,431	10,562	A
General Elec Cap Corp Global @ 5.450%, due 01/15/13	26,022	31,508	AA+
General Elec Cap Corp Global @ 6.750%, due 03/15/32	5,493	5,708	AA+
General Elec Capital Corp @ 4.750%, due 09/15/14	4,884	5,354	AA+
Goldman Sachs Group @ 6.000%, due 06/15/20	5,050	5,143	A
Goldman Sachs Group Inc @ 5.625%, due 01/15/17	19,095	19,401	A-
Goldman Sachs Group Inc @ 6.600%, due 01/15/12	5,029	5,072	A
Halliburton Co @ 5.900%, due 09/15/18	10,096	11,890	A
Halliburton Co @ 6.700%, due 09/15/38	5,855	6,612	A
Hartford Finl Svcs Grp @ 6.300%, due 03/15/18	15,691	15,505	BBB
Heinz (H.J.) Co. @ 6.375%, due 07/15/28	5,127	6,096	BBB+
Hershey Company @ 5.450%, due 09/01/16	15,000	17,332	A
Household Finance Co @ 6.375%, due 10/15/11	20,033	20,029	A
IBM Corp @ 7.000%, due 10/30/25	11,810	13,663	A+
Intl Business Machs Corp @ 8.375%, due 11/01/19	6,697	7,055	A+
JP Morgan Chase & Co @ 4.250%, due 10/15/20	10,126	10,024	A+
JP Morgan Chase & Co @ 5.375%, due 01/15/14	14,714	16,185	A+
JP Morgan Chase & Co @ 6.300%, due 04/23/19	10,816	11,313	A+
Kellogg Co @ 4.000%, due 12/15/20	21,185	21,433	BBB+
Key Bank NA @ 4.950%, due 09/15/15	14,042	15,966	BBB+
Keycorp @ 6.500%, due 05/14/13	5,326	5,333	BBB+
Kraft Foods Inc. @ 6.125%, due 08/23/18	9,807	11,788	BBB-
Lincoln National Corp @ 8.750%, due 07/01/19	11,879	11,853	A-
Lincoln Natl Corp @ 6.200%, due 12/15/11	15,010	15,141	A-
Lockheed Martin Corp @ 4.850%, due 09/15/41	4,952	5,261	A-
M & T Bk Corp @ 5.375%, due 05/24/12	23,187	25,610	A-
Markel Corp @ 5.350%, due 06/01/21	10,047	10,205	BBB
Mellon Funding @ 5.000%, due 12/01/14	9,998	10,736	A+
Merrill Lynch & Co. Inc. @ 5.000%, due 02/03/14	10,035	9,800	A
Metlife Inc. @ 5.000%, due 06/15/15	9,636	10,955	A-
Metlife Inc. @ 6.125%, due 12/01/11	20,011	20,160	A-
Metlife Inc. @ 7.717%, due 02/15/19	11,475	12,258	A-
Morgan Stanley @ 5.375%, due 10/15/15	30,525	29,761	A
News America Holding Inc @ 8.500%, due 02/23/25	11,389	13,132	BBB+

See Accompanying Independent Auditors' Report.

Schedule of Investments - Park Fund
September 30, 2011

Fixed Income Securities, Continued	Cost	Fair Value	Ratings
Corporate Bonds, Continued			
Norfolk Southern Corp @ 7.800%, due 05/15/27	6,270	7,103	BBB+
Occidental Petroleum Cor @ 4.125%, due 06/01/16	9,797	11,106	A
Ohio Power Co @ 5.750%, due 09/01/13	14,988	16,104	BBB
Pfizer Inc @ 6.200%, due 03/15/19	22,227	25,063	AA
PNC Funding Corp @ 5.625%, due 02/01/17	9,923	10,857	A-
Prudential Fin @ 6.100%, due 06/15/17	15,875	16,343	A
Stryker Corp @ 4.375%, due 01/15/20	10,484	10,995	A+
Sysco Corporation @ 6.500%, due 08/01/28	10,173	12,967	A+
Thermo Fisher Scientific Inc @ 3.600%, due 08/15/21	5,089	5,190	A
Time Warner Inc @ 6.625%, due 05/15/29	11,279	11,479	BBB
Travelers Cos Inc @ 5.750%, due 12/15/17	9,772	11,545	A
Union Pacific Corp @ 7.875%, due 01/15/19	11,031	13,015	BBB+
United Technologies Corp @ 6.125%, due 02/01/19	11,115	12,263	A
United Technologies Corp @ 8.875%, due 11/15/19	12,420	14,071	A
US Bank NA @ 4.800%, due 04/15/15	4,789	5,466	A+
Verizon Communications @ 5.500%, due 02/15/18	9,975	11,596	A-
Verizon Communications @ 8.750%, due 11/01/18	12,232	13,391	A-
Virginia Electric PO @ 8.875%, due 11/15/38	6,196	8,180	A-
Wachovia Corp. @ 4.875%, due 02/15/14	9,424	10,401	A+
Wal-Mart Stores Inc @ 6.500%, due 08/15/37	12,590	13,261	AA
Walt Disney Company @ 5.875%, due 12/15/17	10,038	12,022	A
Wisconsin Pwr & Lt Co @ 6.375%, due 08/15/37	4,971	6,610	A-
Total Corporate Bonds - Richmond	1,175,202	1,296,109	
AES Corp @ 8.000%, due 10/15/17	14,480	14,070	BB-
Alliant Techsystems Inc @ 6.875%, due 09/15/20	15,721	15,000	BB-
Ally Financial Inc @ 8.000%, due 03/15/20	7,894	6,479	B+
American Gen Fin Corp @ 5.400%, due 12/01/15	6,010	5,840	B
Autonation, Inc. @ 6.750%, due 04/15/18	14,342	14,280	BB+
Ball Corp @ 5.750%, due 05/15/21	7,880	7,780	BB+
Ball Corp @ 6.625%, due 03/15/18	6,090	6,030	BB+
Biomet Inc @ 10.000%, due 10/15/17	5,387	5,150	B-
Case Corp @ 7.250%, due 01/15/16	4,850	5,175	BB+
CCO Holdings LLC / CCO Holding @ 7.250%, due 10/30/17	14,403	14,000	BB-
Chesapeake Energy Co @ 7.250%, due 12/15/18	14,352	14,910	BB+
Cimarex Energy Co @ 7.125%, due 05/01/17	7,873	8,080	BB+
Cinemark USA Inc @ 8.625%, due 06/15/19	6,500	6,180	B
CIT Group Funding Company @ 7.000%, due 05/01/15	7,598	7,940	B+
CIT Group Funding Company @ 7.000%, due 05/01/17	12,193	13,580	B+
Community Health Sys @ 8.875%, due 07/15/15	20,842	19,650	B
Constellation Brands Inc @ 8.375%, due 12/15/14	14,864	15,365	BB+
Corrections Corp of America @ 7.750%, due 06/01/17	13,647	13,731	BB
Crown Castle Intl Corp @ 9.000%, due 01/15/15	5,289	5,300	B-
CSC Holdings Inc @ 7.625%, due 07/15/18	5,135	5,225	BB
Echostar Dbs Corp @ 7.125%, due 02/01/16	22,165	22,275	BB-
Edison Mission Energ @ 7.500%, due 06/15/13	6,640	6,510	B-
El Paso Corp @ 7.000%, due 06/15/17	13,930	15,682	BB-
Energy Future / EFIH Finan @ 10.000%, due 12/01/20	13,773	12,675	B-
Energy Transfer Equity LP @ 7.500%, due 10/15/20	21,035	20,550	BB-
First Data Corporation @ 9.875%, due 9/24/15	6,535	5,863	B-
Ford Motor Credit Co @ 7.000%, due 10/01/13	12,345	13,652	BB-
Freescale Semiconduc @ 10.125%, due 12/15/16	5,900	7,123	CCC+
Frontier Communications @ 8.250%, due 05/01/14	7,181	7,219	BB
Genon Energy Inc @ 9.875%, due 10/15/20	7,263	6,545	B
Genworth Financial Inc @ 7.625%, due 09/24/21	7,048	6,033	BBB
Georgia Pac Corp @ 8.000%, due 01/15/24	7,219	8,218	BBB-
GMAC LLC @ 8.000%, due 11/01/31	13,038	12,285	B+
Harrah's Operating Co Inc @ 11.250%, due 06/01/17	6,368	6,053	B
HCA - The Healthcare Co @ 7.875%, due 02/15/20	22,174	21,735	BB
Health Management @ 6.125%, due 04/15/16	4,640	4,912	BB-

See Accompanying Independent Auditors' Report.

Schedule of Investments - Park Fund
September 30, 2011

Fixed Income Securities, Continued	Cost	Fair Value	Ratings
Corporate Bonds, Continued			
Host Marriott LP @ 6.375%, due 03/15/15	14,512	14,925	BB+
Icahn Enterprises @ 8.000%, due 01/15/18	13,947	13,947	BBB-
International Lease Fin Corp @ 5.625%, due 09/20/13	6,210	6,720	BBB-
Iron Mountain Inc @ 8.375%, due 08/15/21	7,346	7,140	B+
Kinder Morgan Inc @ 5.700%, due 01/05/16	14,400	15,038	BB
Leucadia National Corp @ 7.125%, due 03/15/17	13,230	14,280	BB+
Leucadia National Corp @ 8.125%, due 09/15/15	6,087	6,375	BB+
Level 3 Fing Inc @ 8.750%, due 02/15/17	21,335	22,110	CCC
Markwest Energy Partners LP @ 6.750, due 11/01/20	7,201	7,105	BB
Mediacom Broadband @ 8.500%, due 10/15/15	8,120	7,960	B-
Midwest Generation LLC @ 8.560%, due 01/02/16	5,804	5,564	No rating
Newfield Exploration Co @ 7.125%, due 05/15/18	5,100	5,175	BB+
NRG Energy Inc @ 8.500%, due 06/15/19	15,561	14,475	BB-
Paetec Holding Corp @ 8.875%, due 06/30/17	5,050	5,250	B
Penn National Gaming Inc @ 8.750%, due 08/15/19	14,480	14,840	BB-
Pioneer Natural Reso @ 5.875%, due 07/15/16	6,530	7,394	BB+
Plains Exploration @ 7.750%, due 06/15/15	7,262	7,210	BB-
Qwest Communications @ 7.500%, due 02/15/14	7,044	7,000	BB
Range Resources Corp @ 6.750%, due 08/01/20	15,862	15,975	BB
Regions Finl @ 5.750%, due 06/15/15	7,980	7,680	BB+
Sears Holdings Corp @ 6.625%, due 10/15/18	6,630	6,600	BB
Smithfield Foods Inc @ 7.750%, due 07/01/17	8,274	10,275	B+
Sprint Cap Corp Company Gty @ 6.900%, due 05/01/19	20,020	18,920	BB-
Tenet Healthcare Cor @ 9.250%, due 02/01/15	5,162	5,000	CCC+
Terex Corp @ 10.875%, due 06/01/16	6,488	6,360	BB-
United Rentals North America @ 9.250%, due 12/15/19	14,763	14,525	B
Windstream Corp @ 8.625%, due 08/01/16	2,080	2,060	B+
Wynn Las Vegas LLC/Wynn Las Vegas Capital Corp @ 7.875%, due 05/01/20	14,000	13,619	BBB-
Total Corporate Bonds - Seix	663,082	664,617	
Total Corporate Bonds	2,448,178	2,509,242	
Total Fixed Income Securities	3,602,941	3,720,205	
Total Mutual Funds, Equities and Fixed Income Securities	$ 6,253,560	$ 6,226,927	

See Accompanying Independent Auditors' Report.

Schedule of Administrative Expenses
Compared to Budget
Year Ended September 30, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
Money manager fees	$ 171,300	$ 174,889	$ (3,589)
Impairment loss	-	141,000	(141,000)
Consultancy fees	118,300	121,903	(3,603)
Professional fees	85,000	89,970	(4,970)
Money management administration	88,500	84,181	4,319
Contract services	65,000	65,000	-
Salaries and benefits	65,375	59,375	6,000
Loan administration fee	54,000	51,968	2,032
Office supplies	55,600	49,362	6,238
Depreciation	22,000	21,743	257
Trustees' expenses	18,000	18,345	(345)
Audit	14,000	14,000	-
Rent and utilities	14,500	12,323	2,177
Total	$ 771,575	$ 904,059	$ (132,484)

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