HOLLY MORTGAGE TRUST

2009 ANNUAL REPORT

TO OUR SHAREHOLDERS:

The financial statements of Holly Mortgage Trust (“Holly”) audited by Melton & Melton, L.L.P. for the years ended December 31, 2009 and December 31, 2008 are at the end of this report. In 2009, interest income was $226,847 and other income was $52,417 for a total of $279,264 compared to $325,896 for 2008. General and administrative expenses and interest expense totaled $291,229 for 2009 compared to $204,264 for the prior year. This resulted in a net loss of $11,965, or $0.001 per share, in 2009 compared to net income of $121,623, or $0.09 per share, for the prior year.

The decline in interest income in 2009 essentially reflects a reduction in the interest rate from 18% p.a. to 12% p.a. on Holly’s $920,000 participation in a $4 million loan, offset slightly by interest earned on new loans closed in 2009. The two major components of the increase in expenses are $57,350 in additional dividends on Holly’s preferential convertible stock which are treated as interest expenses under FASB Statement No. 150 and a $40,819 increase in cost of services.

Revenues for both 2009 and 2008 include the recovery of previous write offs related to Holly’s investments in the Wilco Building, a twenty-two story office building in Midland, Texas. Holly purchased all of the stock of A.R. Goldrick Company, Inc. (Goldrick), the general partner of Wilco Building Partners, Ltd. (Wilco), the owner of the Wilco Building in 1999. From 2003 through 2005, the amounts invested in Goldrick were deemed to be impaired for accounting purposes and were written off Holly’s books. During 2004, Goldrick sold a major portion of its partnership interest in Wilco for $100,000 plus a $500,000 installment note maturing over the next five years. Collections on this installment note have resulted in income from a recovery of the earlier impairment losses.

LOANS

The following tabulation summarizes all of Holly's loans outstanding at December 31, 2009.

Principal Amount Outstanding	Maturity	Interest Provision	Property Securing Loan
$32,000	Demand	8%	Office Park in Fishhawk, FL
$39,034	Demand	9%	Apartment Complexes in Hurst, TX
$105,980	Demand	0.7824 of Prime	Office Building in Midland, TX
$211,829	Demand	12%	Real Estate in El Paso, TX
$55,000	2010	8%	Single Family Home in Tampa, FL
$100,000	2010	6%	Unsecured
$920,000	2010	12%	Real Estate in Tampa, FL
$216,789	2012	10%	Office Building in Midland, TX

The $920,000 loan in the proceeding chart represents Holly's participation in a $4 million note secured by part of a redevelopment project in Tampa, Florida. The project called the Heights of Tampa ("HOT") is an assemblage of approximately 50 acres on the Hillsborough River north of downtown Tampa. The property is near the new office building of a major law firm and the new Stetson Law School building which also houses a state appellate court. The first vertical development in HOT is a 30,000 square foot office building, construction of which will be completed in 2010. The building is master leased to a construction company.

INVESTMENTS IN MULTI-FAMILY RESIDENCES

Last year Holly started to shift its investments to multi-family residential properties. The initial purchases are equity participations in apartment projects in Tampa, Florida and El Paso, Texas. Holly's goal is to expand its role in the multi-family residential market to include development of new units and in that way improve results of operations.

Holly maintains a website www.hollymortgage.com that contains additional information about the trust. Copies of earlier annual reports are posted on the website

Robert W. Scharar President	Robert A. Burns Vice President & Treasurer

April 22, 2010

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HOLLY MORTGAGE TRUST

FINANCIAL STATEMENTS

FOR THE

YEARS ENDED DECEMBER 31, 2009 AND 2008

AND REPORT OF

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

MELTON & MELTON, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

HOLLY MORTGAGE TRUST

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MELTON & MELTON, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

April 8, 2010

To the Board of Trust Managers of
Holly Mortgage Trust

We have audited the accompanying balance sheet of Holly Mortgage Trust (the "Trust") as of December 31, 2009 and 2008, and the related statements of operations, changes in shareholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As more fully discussed in Note 8 to the financial statements, the Trust reports its investment in A. R. Goldrick Company, Inc., its wholly owned subsidiary, under the cost method of accounting. In our opinion, accounting principles generally accepted in the United States of America require that this investment be accounted for as a consolidated subsidiary. The effects of this departure from accounting principles generally accepted in the United States of America cannot be reasonably estimated.

In our opinion, except for the effects on the financial statements of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Holly Mortgage Trust as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Melton & Melton, L.L.P.

6002 Rogerdale, Ste. 200 Houston, Texas 77072 Tel 281-759-1120 Fax 281-759-5500

HOLLY MORTGAGE TRUST
BALANCE SHEET
December 31, 2009 and 2008

	2009	2008
ASSETS		
Mortgage Notes Receivable:		
Mortgage notes receivable	$ 4,543,843	$ 4,443,973
Mortgage participations	(3,080,000)	(3,080,000)
	1,463,843	1,363,973
Cash and cash equivalents	49,412	139,368
Accrued interest receivable, net of participated interest payable of $562,542 and $589,789 and allowances of $786,683 and $729,570 at December 31, 2009 and 2008, respectively	235,869	209,824
Advances to affiliate	216,789	249,701
Investments	878,934	313,073
Prepaid expenses and other	11,380	-
	$ 2,856,227	**$ 2,275,939**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Accounts payable and accrued expenses	$ 15,170	$ 25,708
Notes payable	150,000	62,209
Preferential cumulative mandatorily redeemable shares of beneficial interest	1,725,000	1,410,000
	1,890,170	1,497,917
Shareholders' Equity:		
Shares of beneficial interest, no par value, 20,000,000 shares authorized, 1,604,232 and 1,404,232 shares issued and outstanding at December 31, 2009 and 2008, respectively	1,536,119	1,336,119
Accumulated deficit	(570,062)	(558,097)
	966,057	778,022
	$ 2,856,227	**$ 2,275,939**

(See Notes to Financial Statements)

HOLLY MORTGAGE TRUST
STATEMENT OF OPERATIONS
For the Years Ended December 31, 2009 and 2008

	2009	2008
Revenue:		
Interest income	$ 226,847	$ 247,001
Other income	52,417	78,895
	279,264	325,896
Costs and Expenses:		
General and administrative	139,891	104,116
Interest expense	151,338	100,148
	291,229	204,264
Net income (loss)	**$ (11,965)**	**$ 121,632**
Weighted average shares outstanding	**1,432,565**	**1,404,232**
Net income per share, basic and diluted	**$ (0.01)**	**$ 0.09**

(See Notes to Financial Statements)

HOLLY MORTGAGE TRUST
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the Years Ended December 31, 2009 and 2008

	Shares of Beneficial Interest		Accumulated	Shareholders'
	Number	**Amount**	**Deficit**	**Equity**
Balance, December 31, 2007	1,404,232	$ 1,336,119	$ (679,729)	$ 656,390
Net income	-	-	121,632	121,632
Balance, December 31, 2008	1,404,232	1,336,119	(558,097)	778,022
Sale of shares of beneficial interest	200,000	200,000	-	200,000
Net loss	-	-	(11,965)	(11,965)
Balance, December 31, 2009	**1,604,232**	**$ 1,536,119**	**$ (570,062)**	**$ 966,057**

(See Notes to Financial Statements)

HOLLY MORTGAGE TRUST
STATEMENT OF CASH FLOWS
For the Years Ended December 31, 2009 and 2008

	2009	2008
Cash Flows from Operating Activities:		
Net income (loss)	$ (11,965)	$ 121,632
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Bad debt recovery	(62,000)	(60,000)
Changes in operating assets and liabilities:		
Accrued interest receivable, net	31,729	(169,998)
Prepaid expenses and other	(11,380)	-
Accounts payable and accrued expenses	(10,538)	2,299
Total adjustments	(52,189)	(227,699)
Net cash used in operating activities	(64,154)	(106,067)
Cash Flows from Investing Activities:		
Mortgage notes originated	(549,000)	-
Principal collected (disbursed) on mortgage notes receivable, net of participation	514,744	(139,976)
Collection on (advance to) affiliate, net	55,207	(136,061)
Purchase of equity investments	(579,244)	-
Return of investment in affiliate	29,700	79,700
Net cash used in investing activities	(528,593)	(196,337)
Cash Flows from Financing Activities:		
Issuance of preferential shares	460,000	460,000
Purchase of preferential shares	(145,000)	-
Issuance of beneficial shares	200,000	-
Payments on notes payable	(12,209)	(36,260)
Net cash provided by financing activities	502,791	423,740
Net increase (decrease) in cash and and cash equivalents	(89,956)	121,336
Cash and Cash Equivalents, beginning of year	139,368	18,032
Cash and Cash Equivalents, end of year	**$ 49,412**	**$ 139,368**

(See Notes to Financial Statements)

HOLLY MORTGAGE TRUST
STATEMENT OF CASH FLOWS (CONTINUED)
For the Years Ended December 31, 2009 and 2008

	2009	2008
Supplemental Information:		
Cash paid for interest	$ 151,338	$ 100,148
Non-Cash Investing and Financing Activities:		
Mortgage note received as payment for accrued interest	$ 22,295	
Mortgage note and interest received as a return of capital on an investment	$ 83,683	
Investment acquired through the assumption of debt	$ 100,000	

(See Notes to Financial Statements)

HOLLY MORTGAGE TRUST
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Holly Mortgage Trust (the "Trust") was organized as a Massachusetts business trust on January 2, 1998. The Trust reorganized as a Texas real estate investment trust in 2008. The Trust has a termination date of December 31, 2030. The Trust is engaged primarily in the business of investing in second mortgages, equity participation mortgages, and multi-family residential properties. First Commonwealth Holdings Corporation ("FCHC"), whose principal shareholder is a trust manager and shareholder of the Trust, is the Trust's compensated manager.

Accounting Pronouncements

The Financial Accounting Standards Board (FASB) issued FASB Accounting Standards Codification (ASC) effective for financial statements issued for interim and annual periods ending after September 15, 2009. The ASC is an aggregation of previously issued authoritative U.S. generally accepted accounting principles (GAAP) in one comprehensive set of guidance organized by subject area. In accordance with the ASC, references to previously issued accounting standards have been replaced by ASC references. Subsequent revisions to GAAP will be incorporated into the ASC through Accounting Standards Updates (ASU). The adoption of the ASC did not have an impact on the Trust's results of operations, cash flows, or financial position.

Cash and Cash Equivalents

The Trust considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

The Trust maintains cash balances in a bank that at times, exceeds federal insured limits. The Trust monitors the financial condition of the bank and has experienced no losses associated with this account.

Mortgage Notes Receivable

Mortgage notes receivable are carried at unpaid principal balances because generally it is management's intention to hold mortgage notes to maturity. Commitment and origination fees collected from prospective borrowers are deferred and recognized as income using a method approximating the interest method over the life of those loans.

A loan is considered impaired when it is probable that the scheduled principal or interest will not be collected when due. Impaired loans are measured based on the present value of expected future cash flows discounted at the loan's effective interest rate, or collateral fair value, if the loan is collateral dependent. If the measure of the impaired loan is less than the recorded investment in the loan, an impairment loss is recognized through a valuation allowance and a corresponding charge to income.

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Losses

The allowance for losses is based on management's estimate of the amount required to maintain an allowance adequate to reflect the risks inherent in the loan portfolio after giving consideration to existing economic conditions, loss experience in relation to outstanding loans, changes in the loan portfolio, borrowers' performance in reducing loan principal, adequacy of loan collateral, and other relevant factors.

Interest Income

Interest income on loans is accrued based upon the principal amount outstanding.

If a loan is placed on nonaccrual status, interest previously recognized but uncollected is reversed and charged against current income. Subsequent interest collected on such a loan is credited to principal if, in the opinion of management, collectibility of principal is doubtful; otherwise, the interest collected is recognized as revenue.

Net Income per Share

Net income per share is calculated by dividing net income by the weighted average number of shares of beneficial interest outstanding during the year. Earnings per share, both basic and diluted, are the same.

Concentrations of Credit Risk

The Trust's primary business activity is investing in loans collateralized by mortgages on real estate. These loans are principally collateralized by real estate in Texas, Florida, and California.

Management 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 1iabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates include the value of collateral and, therefore, the resulting allowance for losses. Actual results could differ from those estimates. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

Reclassifications

Certain reclassifications have been made to the 2008 financial statements to conform to the 2009 presentation. A mortgage note receivable was reclassified to an investment. The reclassification had no effect on previously recorded net income.

NOTE 2 - MORTGAGE NOTES RECEIVABLE AND COMMITMENTS

Notes receivable from funding mortgage loans are principally collateralized by second mortgage loans on commercial or residential property and are due at various dates, with the latest maturity due in December 2012. Notes receivable bear interest at rates generally ranging from 2.5% to 12%.

There were no commitments to lend additional funds at December 31, 2009.

NOTE 3 - NOTES PAYABLE

Notes payable at December 31, 2009 and 2008 consist of the following:

	2009	2008
Unsecured note payable to an individual, bearing interest at 8%, principal and interest due monthly; due on demand		$12,209
Unsecured note payable to an individual, bearing interest at 8%, interest due monthly; due on demand, or January 2012	$ 50,000	50,000
Unsecured note payable to an individual, bearing interest at 12%, interest due monthly; due January 2011	100,000	
	$150,000	$62,209

Maturities requirements on long-term debt are as follows:

For the Year Ending December 31:	
2010	$ 50,000
2011	100,000
	$150,000

NOTE 4 - FEDERAL INCOME TAXES

The Trust operates in such a manner to qualify as a “real estate investment trust” under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder. Under those sections, the Trust will not be taxed on that portion of its qualifying income distributed to shareholders so long as at least 90% of the Trust’s otherwise taxable income is distributed to shareholders each year and other requirements of a qualified real estate investment trust are met. The Trust satisfied the income distribution requirements for the years ending December 31, 2009 and 2008. Management believes that all other requirements of a qualified real estate investment trust have been met. For tax purposes, interest on the mandatorily redeemable shares of beneficial interest is treated as dividends.

NOTE 4 - FEDERAL INCOME TAXES (CONTINUED)

The tax status of per-share dividend distributions declared attributable to the years presented is as follows:

	2009	2008
Ordinary income	61%	-
Return of capital	39	100%
	100%	100%

As of December 31, 2009, the Trust had federal net operating loss carryforwards of $785,809 that can be deducted against future taxable income. These carryforward amounts expire as follows:

For the Year Ending December 31:	
2023	$543,923
2025	209,158
2027	3
2028	32,725
	$785,809

The Trust does not expect to pay federal income taxes, thus the tax effect of the net operating loss carryforwards has been adjusted to zero by a valuation allowance of $267,175.

The amount of income taxes the Trust pays is subject to audits by federal and state tax authorities. The Trust's estimate of the potential outcome of any uncertain tax issue is subject to management's assessment of relevant risks, facts, and circumstances existing at that time, pursuant to the Income Taxes Topic ("ASC Topic 740") of the FASB Accounting Standards Codification. ASC Topic 740 requires a more-likely-than-not threshold for financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. The Trust records a liability for the difference, if any, between the benefit recognized and measured pursuant to ASC Topic 740 and the tax position taken or expected to be taken on the tax return. To the extent that the Trust's assessment of such tax positions changes, the change in estimate is recorded in the period in which the determination is made.

The Trust reports tax-related interest and penalties in income tax expense.

At December 31, 2009 and 2008, the Trust had no material uncertain tax positions. There were no accruals for tax-related interest and penalties at December 31, 2009 and 2008. The Trust did not have any tax-related interest and penalties for the years ended December 31, 2009 and 2008. The tax years 2006 through 2008 remain open and subject to examination by federal and various state tax jurisdictions.

NOTE 5 - PREFERENTIAL SHARES OF BENEFICIAL INTEREST

Except for the rights and preferences in payment of dividends and in liquidations, the Preferential Shares of Beneficial Interest ("Preferential Shares") have the same voting and other rights as the Shares of Beneficial Interest ("Common Shares"). The Preferential Shares issued in 2004 are entitled to receive cumulative preferential dividends at the annual rate of nine cents ($0.09) per share before any dividends are paid on the Common Shares. The Preferential Shares issued in 2009 and 2008 are entitled to receive cumulative preferential dividends at the annual rate of eight cents ($0.08) per share before any dividends are paid on the Common Shares.

NOTE 5 - PREFERENTIAL SHARES OF BENEFICIAL INTEREST (CONTINUED)

In the event of liquidation of the Trust, the assets available for distribution will be distributed first to the holders of the Preferential Shares up to one dollar ($1) per share plus any deferred dividends, then second to the holders of Common Shares up to one dollar ($1) per share and then equally on all of the shares of Preferential and Common Shares.

The Preferential Shares issued in 2004 are subject to redemption at any time after January 1, 2009 upon not less than thirty days' prior written notice, in whole or in part, at the election of the Trust at the redemption price of one dollar ($1) per share plus all unpaid dividends accrued to the redemption date. Any Preferential Shares issued in 2004 that are outstanding on September 30, 2014 will be redeemed on that date.

The Preferential Shares issued in 2009 and 2008 are subject to redemption at any time after January 1, 2012 upon not less than thirty days' prior written notice, in whole or in part, at the election of the Trust at the redemption price of one dollar ($1) per share plus all unpaid dividends accrued to the redemption date. Any Preferential Shares issued in 2009 and 2008 that are outstanding on September 30, 2019 will be redeemed on that date.

During 2003, the FASB issued ASC No. 480, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*. This statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. This statement requires an issuer to classify a financial instrument issued in the form of shares that is mandatorily redeemable and embodies an unconditional obligation to redeem it by transferring its assets at a specified or determinable date or upon an event that is certain to occur as liabilities. The Trust has adopted these provisions in its financial statements and has included mandatorily redeemable preferred shares in liabilities in the accompanying balance sheet and dividends on the mandatorily redeemable preferred shares as interest expense in the accompanying statement of operations.

NOTE 6 - MANAGEMENT AGREEMENT AND RELATED PARTY TRANSACTIONS

Management fees paid to FCHC were approximately $60,000 and $31,000 for the years ended December 31, 2009 and 2008, respectively. The management fee is based on the greater of $50,000 or 1.4% of the book value of the assets of the Trust at the end of each fiscal year less accounting and certain board member fees. In 2008, FCHC received fees for management services to Heights of Tampa, LLC, which was a borrower from the Trust. Some of those fees were voluntarily credited by FCHC against the management fee otherwise payable by the Trust to avoid FCHC being compensated twice. The voluntary credit to the Trust in 2008 totaled $9,660.

At December 31, 2009 and 2008, the Trust had advanced $216,789 and $249,701, respectively, to Wilco Building Partners, Ltd. (See Note 8.)

At December 31, 2009 and 2008, the Trust also had a mortgage note receivable due from Wilco Building Partners, Ltd. of $105,980, which is included in mortgage notes receivable in the balance sheet.

NOTE 6 - MANAGEMENT AGREEMENT AND RELATED PARTY TRANSACTIONS (CONTINUED)

At December 31, 2009, the Trust had a mortgage note receivable due from Global REIT, L.P. (see Note 8) of $100,000, which is included in mortgage notes receivable in the balance sheet. Interest income on the note amounted to approximately $6,000 for the year ended December 31, 2009.

At December 31, 2009, the Trust had a mortgage note receivable due from NPI - Columbus Court, LLC (see Note 8) of $55,000, which is included in mortgage notes receivable in the balance sheet.

At December 31, 2009 and 2008, the Trust had one outstanding mortgage note receivable with an affiliated business trust for $920,000, net of $3,080,000 participations payable, and is included in mortgage notes receivable, net in the balance sheet. The note receivable incurs interest at 12% (18% through December 31, 2008) and is due on demand. Interest income on the mortgage note receivable amounted to approximately $133,500 and $196,400, net of $346,500 and $523,600 interest expense for the years ended December 31, 2009 and 2008, respectively. At December 31, 2009 and 2008, accrued interest on the note amounted to $217,458 and $191,363, respectively, net of participated interest payable of $562,542 and $589,788, respectively.

In 2009, the Trust received $15,834 of interest income from First Commonwealth Mortgage Trust, a related trust, on a $362,000 promissory note that matured on December 31, 2009. The note was collected in December 2009.

NOTE 7 - SIGNIFICANT MORTGAGE NOTES RECEIVABLE

At December 31, 2009, one mortgage note receivable represented approximately 84% of total mortgage notes receivable and related participations payable represented 100% of total participations payable. Interest related to this note and one other note was approximately 75% of total interest income for the year ended December 31, 2009.

At December 31, 2008, one mortgage note receivable represented approximately 90% of total mortgage notes receivable and related participations payable represented 100% of total participations payable. Interest related to this note and one other note was approximately 75% of total interest income for the year ended December 31, 2008.

NOTE 8 - INVESTMENTS

Investments consist of the following at December 31, 2009 and 2008:

	2009	2008
A. R. Goldrick Company, Inc.	$ 29,799	$ 59,499
Global REIT, L.P.	53,478	53,478
DMJ Note Syndication 2004	116,413	200,096
NPI – Columbus Court, LLC	179,244	-
Northeast Equity Partners, LP	500,000	-
	$878,934	$313,073

NOTE 8 - INVESTMENTS (CONTINUED)

The Trust owns 100% of the common stock of A. R. Goldrick Company, Inc. (a C corporation) (A. R. Goldrick). A. R. Goldrick is the general partner of Wilco Building Partners, Ltd., a limited partnership that owns and operates an office building in Midland, Texas. The financial statements of A. R. Goldrick have not been consolidated with those of the Trust. The investment in A. R. Goldrick is accounted for using the cost method of accounting. In 2009 and 2008, the Trust received a return of capital of $29,700 and $79,700, respectively, from A. R. Goldrick. At December 31, 2009 and 2008, the cost of the investment was $29,799 and $59,499, respectively.

The Trust owns 50 partnership units of Global REIT, L.P. The Trust accounts for this investment using the cost method of accounting. The cost of this investment was $53,478 at December 31, 2009 and 2008.

The Trust owns a 15.63% partnership interest in DMJ Note Syndication 2004. The Trust accounts for this investment using the cost method of accounting. In 2009, the Trust received a return of capital of $83,683, composed of a note receivable and related interest receivable. At December 31, 2009 and 2008, the cost of the investment was $116,413 and $200,096, respectively.

In September 2009, the Trust purchased a 5% equity interest in NPI – Columbus Court, LLC for $79,244 cash and the assumption of a $100,000 note. The Trust accounts for this investment using the cost method of accounting. The cost of the investment was $179,244 at December 31, 2009.

In November 2009, the Trust purchased a 21.28% partnership interest in Northeast Equity Partners, LP for $500,000. The Trust accounts for this investment using the cost method of accounting. The cost of the investment was $500,000 at December 31, 2009.

Investments with an aggregate cost of $878,934 and $313,073 at December 31, 2009 and 2008, respectively, were not evaluated for impairment because (a) the Trust did not estimate the fair value of those investments in accordance with FASB ASC No. 825, *Disclosure about Fair Value of Financial Instruments*, and (b) the Trust did not identify any events or changes in circumstances that may have had a significant adverse effect on the fair value of those investments.

NOTE 9 - SUBSEQUENT EVENTS

Effective in 2009, the Trust adopted FASB ASC 855-10, *Subsequent Events – Overall* (“ASC 855-10”). ASC 855-10 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before the financial statements are issued or are available to be issued. It requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date – that is, whether that date represents the date the financial statements were issued or were available to be issued. This disclosure should alert all users of financial statements that an entity has not evaluated subsequent events after that date in the set of financial statements being presented. Adoption of ASC 855-10 did not have a material impact on the Trust’s results of operations, cash flows, or financial position. The Trust has evaluated subsequent events through April 8, 2010, the date the financial statements were available to be issued.

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