THE OMAHA HOME FOR BOYS

FINANCIAL STATEMENTS

OCTOBER 31, 2016 AND 2015

(WITH INDEPENDENT AUDITOR'S REPORT)

THE OMAHA HOME FOR BOYS

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OCTOBER 31, 2016 AND 2015

FrankelZacharia LLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
The Omaha Home for Boys:

Report on the Financial Statements

We have audited the accompanying financial statements of The Omaha Home for Boys (“the Home”), which comprise the statements of financial position as of October 31, 2016 and 2015, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Omaha Home for Boys as of October 31, 2016 and 2015, and the changes in its net assets, its cash flows and its functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 5 and 15 to the financial statements, the Home invested approximately 24% of its total assets in a privately held limited partnership investment fund during 2016. Management has valued this investment at net asset value based upon information provided by the fund manager. Our opinion is not modified with respect to that matter.

Frankel Zacharia LLC

May 11, 2017

THE OMAHA HOME FOR BOYS
STATEMENTS OF FINANCIAL POSITION
OCTOBER 31, 2016 AND 2015

	2016	2015
Assets		
Cash and cash equivalents	$ 1,857,870	$ 1,117,874
Accounts and interest receivable	377,069	789,726
Other receivables	12,878	2,020
Prepaid expenses and other assets	27,018	36,068
Contributions receivable, net	618,678	183,655
Investments	55,568,179	57,095,880
Beneficial interest in trusts	2,729,417	2,840,535
Property held for sale	1,902,802	-
Land, buildings, and equipment, net	17,184,674	19,811,629
Total assets	$ 80,278,585	$ 81,877,387
Liabilities		
Accounts payable	$ 359,232	$ 334,244
Accrued expenses and other liabilities	436,105	206,177
Capital lease obligation	62,481	100,432
Annuity obligations	231,884	247,232
Accrued retirement plan contribution	1,281,736	921,677
Total liabilities	2,371,438	1,809,762
Net Assets		
Unrestricted	71,947,033	74,478,255
Temporarily restricted	3,813,620	3,442,876
Permanently restricted	2,146,494	2,146,494
Total net assets	77,907,147	80,067,625
Total liabilities and net assets	$ 80,278,585	$ 81,877,387

The accompanying notes are an integral part of these financial statements

THE OMAHA HOME FOR BOYS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED OCTOBER 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and gains				
Contributions	$ 3,635,581	$ 748,678	$ -	$ 4,384,259
Program service fees	2,397,764	-	-	2,397,764
Net investment income (loss)	971,022	34,176	-	1,005,198
Net change in beneficial interest in trusts	-	23,943	-	23,943
Rental income	218,101	-	-	218,101
Other	47,999	-	-	47,999
Gain on disposal of capital assets	23,684	-	-	23,684
Total revenues and gains	7,294,151	806,797	-	8,100,948
Expenses and losses				
Program services:				
Residential care	4,206,936	-	-	4,206,936
Transitional living	957,298	-	-	957,298
Independent living	631,772	-	-	631,772
Educational services	1,327,603	-	-	1,327,603
Total program services	7,123,609	-	-	7,123,609
Management and general	1,141,410	-	-	1,141,410
Fundraising	1,414,092	-	-	1,414,092
Total expenses	9,679,111	-	-	9,679,111
Actuarial loss on accrued retirement plan contribution	366,444	-	-	366,444
Actuarial loss on annuity obligations	24,871	-	-	24,871
Loss on contingency	191,000	-	-	191,000
Total expenses and losses	10,261,426	-	-	10,261,426
Reclassifications of net assets				
Expiration of time or purpose restrictions	436,053	(436,053)	-	-
Change in net assets	(2,531,222)	370,744	-	(2,160,478)
Net assets at beginning of year	74,478,255	3,442,876	2,146,494	80,067,625
Net assets at end of year	$ 71,947,033	$ 3,813,620	$ 2,146,494	$ 77,907,147

The accompanying notes are an integral part of these financial statements

THE OMAHA HOME FOR BOYS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED OCTOBER 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and gains				
Contributions	$ 2,555,550	$ 393,400	$ -	$ 2,948,950
Program service fees	2,192,395	-	-	2,192,395
Net investment income (loss)	(173,515)	(11,137)	-	(184,652)
Net change in beneficial interest in trusts	-	(60,868)	-	(60,868)
Rental income	211,109	-	-	211,109
Other	33,612	-	-	33,612
Actuarial gain on annuity obligations	6,795	-	-	6,795
Total revenues and gains	4,825,946	321,395	-	5,147,341
Expenses and losses				
Program services:				
Residential care	4,346,603	-	-	4,346,603
Transitional living	974,423	-	-	974,423
Independent living	635,146	-	-	635,146
Educational services	1,448,645	-	-	1,448,645
Total program services	7,404,817	-	-	7,404,817
Management and general	1,136,620	-	-	1,136,620
Fundraising	1,374,669	-	-	1,374,669
Total expenses	9,916,106	-	-	9,916,106
Actuarial loss on accrued retirement plan contribution	532,301	-	-	532,301
Loss on disposal of capital assets	12,831	-	-	12,831
Total expenses and losses	10,461,238	-	-	10,461,238
Reclassifications of net assets				
Expiration of time or purpose restrictions	522,759	(522,759)	-	-
Change in net assets	(5,112,533)	(201,364)	-	(5,313,897)
Net assets at beginning of year	79,590,788	3,644,240	2,146,494	85,381,522
Net assets at end of year	$ 74,478,255	$ 3,442,876	$ 2,146,494	$ 80,067,625

THE OMAHA HOME FOR BOYS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED OCTOBER 31, 2016 AND 2015

	2016	2015
Operating Activities		
Change in net assets	$ (2,160,478)	$ (5,313,897)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	1,136,804	1,164,315
Donated securities	(51,204)	-
Net realized and unrealized losses on investments	529,677	1,805,139
Net change in beneficial interest in trusts	111,118	202,434
Actuarial (gain) loss on annuity obligations	24,871	(6,795)
(Gain) Loss on disposal of capital assets	(23,684)	12,831
Changes in:		
Accounts and interest receivable	412,657	(432,724)
Other receivables	(10,858)	(200)
Prepaid expenses and other assets	9,050	23,462
Contributions receivable	(435,023)	(40,000)
Accounts payable	45,796	(132,644)
Accrued expenses and other liabilities	229,928	(3,573)
Accrued retirement plan contribution	360,059	481,654
Net cash provided (used) by operating activities	178,713	(2,239,998)
Investing Activities		
Purchases of capital assets	(436,850)	(420,413)
Proceeds from sale of capital assets	27,075	12,813
Purchases of investments	(72,991,257)	(16,737,384)
Proceeds from sale of investments	74,040,485	18,683,459
Net cash provided by investing activities	639,453	1,538,475
Financing Activities		
Payment of capital lease obligation	(37,951)	(45,656)
Proceeds from annuity obligations	2,281	-
Payment of annuity obligations	(42,500)	(46,406)
Net cash used by financing activities	(78,170)	(92,062)
Change in cash and cash equivalents	739,996	(793,585)
Cash and cash equivalents, beginning of year	1,117,874	1,911,459
Cash and cash equivalents, end of year	$ 1,857,870	$ 1,117,874
Additional Cash Flows Information:		
Interest paid	$ 2,511	$ 1,783
Non-cash Financing Activity:		
Equipment acquired by capital lease	$ -	$ 115,910

The accompanying notes are an integral part of these financial statements

THE OMAHA HOME FOR BOYS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED OCTOBER 31, 2016

	Residential Care	Transitional Living	Independent Living	Educational Services	Total Program Services	Management & General	Fundraising	Total Expenses
Salaries	$ 1,996,941	$ 515,435	$ 317,695	$ 522,065	$ 3,352,136	$ 430,699	$ 473,580	$ 4,256,415
Employee benefits	324,117	85,445	47,175	81,307	538,044	54,198	63,298	655,540
Payroll taxes	144,635	37,544	23,267	38,634	244,080	29,967	34,661	308,708
Total salaries and related expenses	2,465,693	638,424	388,137	642,006	4,134,260	514,864	571,539	5,220,663
Depreciation	446,381	107,564	50,652	301,316	905,913	217,774	13,117	1,136,804
Equipment and maintenance	323,727	30,959	18,175	82,771	455,632	55,584	19,464	530,680
Insurance	92,514	15,419	4,626	15,419	127,978	23,129	3,084	154,191
Interest expense	1,256	301	226	351	2,134	151	226	2,511
Miscellaneous	41,178	13,566	9,926	12,657	77,327	31,495	73,359	182,181
Occupancy	330,754	27,765	35,093	63,767	457,379	56,260	5,381	519,020
Postage	685	96	91	63	935	44,017	250,176	295,128
Professional development	12,975	4,727	5,404	3,484	26,590	3,163	6,994	36,747
Professional fees and contract services	190,639	36,401	31,869	87,533	346,442	73,948	54,882	475,272
Promotion and printing	24,039	3,654	1,096	3,654	32,443	104,926	404,546	541,915
Scholarships	-	-	-	48,165	48,165	-	-	48,165
Supplies	11,529	1,655	1,627	4,226	19,037	9,172	8,331	36,540
Travel and transportation	9,875	5,035	8,827	1,895	25,632	6,927	2,993	35,552
Youth direct care	255,691	71,732	76,023	60,296	463,742	-	-	463,742
Total expenses	$ 4,206,936	$ 957,298	$ 631,772	$ 1,327,603	$ 7,123,609	$ 1,141,410	$ 1,414,092	$ 9,679,111

THE OMAHA HOME FOR BOYS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED OCTOBER 31, 2015

	Residential Care	Transitional Living	Independent Living	Educational Services	Total Program Services	Management & General	Fundraising	Total Expenses
Salaries	$ 2,131,785	$ 504,624	$ 306,955	$ 662,617	$ 3,605,981	$ 405,706	$ 425,670	$ 4,437,357
Employee benefits	310,037	70,856	38,653	71,807	491,353	46,025	55,298	592,676
Payroll taxes	155,754	37,016	23,077	49,120	264,967	28,158	30,953	324,078
Total salaries and related expenses	2,597,576	612,496	368,685	783,544	4,362,301	479,889	511,921	5,354,111
Depreciation	458,610	109,545	52,266	310,269	930,690	218,896	14,729	1,164,315
Equipment and maintenance	280,895	45,802	11,464	62,889	401,050	51,983	14,771	467,804
Insurance	86,025	14,337	4,301	14,337	119,000	21,506	2,867	143,373
Interest expense	890	214	161	250	1,515	107	161	1,783
Miscellaneous	57,177	17,718	12,576	28,424	115,895	47,345	44,685	207,925
Occupancy	338,070	29,139	35,580	65,792	468,581	58,138	5,588	532,307
Postage	584	232	180	88	1,084	45,447	247,993	294,524
Professional development	12,542	5,935	5,016	4,136	27,629	6,228	7,028	40,885
Professional fees and contract services	165,984	43,964	39,748	90,297	339,993	75,683	77,730	493,406
Promotion and printing	20,545	3,424	1,027	3,424	28,420	121,027	429,317	578,764
Scholarships	-	-	-	35,861	35,861	-	-	35,861
Supplies	9,446	1,272	1,192	3,880	15,790	6,028	5,308	27,126
Travel and transportation	11,988	7,671	17,218	8,873	45,750	4,343	12,571	62,664
Youth direct care	306,271	82,674	85,732	36,581	511,258	-	-	511,258
Total expenses	$ 4,346,603	$ 974,423	$ 635,146	$ 1,448,645	$ 7,404,817	$ 1,136,620	$ 1,374,669	$ 9,916,106

Note 1 - Description of Organization

The Omaha Home for Boys (the Home) is a nonprofit organization serving youth and their families. The Home is a resource in the community, offering services and stability while working in collaboration with schools, service providers and other nonprofit organizations to help youth and families be successful. The Home offers a continuum of four relevant and needed programs:

> *Residential Care Program* is community based and utilizes a family environment and behaviorally-based curriculum to equip youth with positive skills and the ability to make good decisions when confronted with difficult choices. The program provides at-risk high school age youth with a family structure, positive reinforcement, effective discipline and motivation to modify inappropriate behaviors and educational support to build proficiency, skills and success. Youth live on the main campus in cottages with house parents. There are up to eight youth per cottage, all with different backgrounds, experiences and needs. Many of these at-risk youth have been abused, neglected or abandoned.
>
> *Transitional Living Program* is located on a separate campus called Jacobs' Place. The program, featuring two apartment buildings and a learning center, is a resource for up to 18 young women and men ages 17 to 21 who struggle with homelessness and lack of support and education because of a number of at-risk factors including multiple out-of-home placements. These youth have not had the guidance and support necessary in their lives to set goals and work to achieve those goals. The program provides a transitional living specialist for each youth, a skill-based structure, safe environment and educational support to help youth complete education, find employment and transition to independency in the community.
>
> *Independent Living Program*, called Branching Out, offers unique service options to young men and women ages 14 to 24. It is designed to fill in service gaps, create much-needed structure and skill development and increase success rates for foster care and former foster care youth. The participants are at high risk for unemployment, homelessness, and incarceration. Through the program and its independent living specialists, youth are able to set goals and take steps to become independent and self-reliant. This includes an individualized development plan, goal-setting, educational support, job skills support, and safe, affordable housing in the community.
>
> *Educational Services Program* allows youth to attend public schools in the community to maintain academic support and credits as well as positive relationships with teachers and administrators. These services are provided to youth across all programs. This includes a day school, assessments and remedial support, credit recovery, high school diploma and GED support, enrichment and experiential learning, wellness and recreation, and advocacy within the schools they attend.

Founded in 1920, the Home is a leader and pioneer in the community-based services to youth and their families. The goal of the Home is reunification of the family.

Each year, the Home cares for nearly 400 young men and women ages 14 to 24.

Note 2 - Significant Accounting Policies

The Home prepares its financial statements in accordance with generally accepted accounting principals promulgated in the United States of America (U.S. GAAP) for not-for-profit organizations. The significant accounting and reporting policies used by the Home are described subsequently to enhance the usefulness and understandability of the financial statements.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the Home's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Home's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Net Assets

The financial statements report net assets and changes in net assets in three classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Unrestricted Net Assets

Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the Home, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Temporarily Restricted Net Assets

Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The Home's unspent contributions are classified in this class if the donor limited their use, as are the unspent appreciation of its donor-restricted endowment funds.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as temporarily restricted until the specified asset is placed in service by the Home, unless the donor provides more specific directions about the period of its use.

Permanently Restricted Net Assets

Permanently restricted net assets are resources whose use by the Home is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. The portion of the Home's donor-restricted endowment funds that must be maintained in perpetuity are classified in this net asset class.

All revenues and net gains are reported as increases in unrestricted net assets in the statement of activities unless the use of the related resources is subject to temporary or permanent donor restrictions. All expenses and net losses other than losses on endowment investments are reported as decreases in unrestricted net assets. Net losses on endowment reduce temporarily restricted net assets to the extent that net gains of the fund from prior years are unspent and classified there; remaining losses are classified as decreases in unrestricted net assets. If an endowment fund has no net gains from prior years, such as when a fund is newly established, net losses are classified as decreases in unrestricted net assets.

The Home did not have any unfunded losses in its donor-restricted endowment funds as of October 31, 2016. As of October 31, 2015 the Home had $4,344 in unfunded losses in its donor-restricted endowment funds.

Cash Equivalents

Cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital or endowment nature.

Accounts and Interest Receivable

Accounts and interest receivable is primarily made up of unsecured non-interest-bearing amounts due from placement agencies and accrued interest due from various fixed income products that are part of the Home's endowment investments.

Management believes that all outstanding accounts receivable are collectible in full, therefore no allowance for uncollectible receivables has been provided.

Accrued interest receivables are due from an array of fixed income products including corporate obligations, government obligations, mortgage backed securities and municipal bonds.

Contributions Receivable

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of the promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectability of individual promises. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

Endowment Investments

Endowment investments consist of investments purchased with the following resources:

> Donor-restricted permanent endowments, which are contributions restricted by donors to investment in perpetuity with only investment income and appreciation being used to support the Home's activities.
>
> Donor-restricted term endowments, which are contributions restricted by donors to investment for the term specified by the donor. During that term, the donor may either require investment income and appreciation to be reinvested in the fund, or may permit the Home to spend those amounts in accordance with the donor's restrictions on use.
>
> Board-designated endowments, which are resources set aside by the Board of Directors for an indeterminate period to operate in a manner similar to a donor-restricted permanent endowment. Because a board-designated endowment results from an internal designation, it can be spent upon action of the Board of Directors.

Endowment investments also include investments purchased with unspent investment income and net gains on these resources.

Endowment investments are reported at fair value.

The investment and spending policies are discussed in note 7.

Land, Buildings, and Equipment

Land, buildings, and equipment are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. All land and buildings are capitalized. Equipment is capitalized if it has a cost of $1,000 or more and a useful life when acquired of more than one year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Buildings and improvements	5-40 years
Furniture and equipment	3-40 years
Vehicles	2-7 years

Land, buildings, and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. For the years ended October 31, 2016 and 2015, no impairment losses were recognized in the financial statements.

Beneficial Interest in Trusts

The Home is a partial or full irrevocable beneficiary of 4 charitable trusts held by bank trustees. The beneficial interest in the trusts are reported at fair value, which is estimated as the fair value of the underlying trust assets. The value of the beneficial interest in the trusts are adjusted for the change in its estimated fair value. For those beneficial interests that the Home is a partial beneficiary, the fair value and change in the fair value, are reported at the Home's prorated share of those assets.

Accounting for Contributions

Contributions are recognized when received. All contributions are reported as increases in unrestricted net assets unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in either temporarily restricted or permanently restricted net assets, consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as temporarily restricted until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with permanent restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

The Home is a beneficiary under several donor's wills. Contributions from bequests are recognized as contributions receivable when the probate court declares that the will is valid and the Home has an irrevocable right to the bequest.

Gifts-in-Kind Contributions

The Home periodically receives contributions in a form other than cash or investments. If the Home receives a contribution of land, buildings, or equipment, the contributed asset is recognized as an asset at its estimated fair value at the date of gift, provided that the value of the asset and its estimated useful life meets the Home's capitalization policy. Donated use of facilities is reported as contributions and as expenses at the estimated fair value of similar space for rent under similar conditions. If the use of the space is promised unconditionally for a period greater than one year, the contribution is reported as a contribution and an unconditional promise to give at the date of gift, and the expense is reported over the term of use. Donated supplies are recorded as contributions at the date of gift and as expenses when the donated items are placed into service or distributed.

Annuity Obligations

The Home receives gifts of future interest from donors. Certain annuity gifts require payments to donor or other life beneficiaries during their lifetime. The present value of the actuarially determined liability resulting from annuity gifts is recorded at the date of the gift. The excess of the amount of the gift over the liability is recorded as a contribution in the year of the gift.

Grant Revenue

Income from grants is recognized as revenue when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants.

Expense Recognition and Allocation

The cost of providing the Home's programs and other activities is summarized on a functional basis in the statements of activities and statements of functional expenses. Expenses that can be identified with a specific program are charged directly to that program. Costs common to multiple functions have been allocated among the various functions benefited.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Home. Additionally, advertising costs are expensed as incurred.

Fundraising costs are expensed as incurred, even thought they may result in contributions received in future years. The Home generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising.

Tax Status

The Home is incorporated exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). The Home is organized under Section 21 of the Nebraska Non-profit Corporation Act. Contributions to the Home are tax deductible to donors under Section 170 of the IRC. The Home is not classified as a private foundation.

Accounting standards require disclosure and recognition in financial statements of positions taken in a tax return about the treatment of transactions and events that more likely then not would not be sustained upon examination by tax authorities. Tax positions relative to a nonprofit organization include activities that may endanger its exempt purpose and status as an exempt organization. The Home believes it complies with all relevant tax laws and regulations and has no significant uncertain tax positions; accordingly, no liability for uncertain tax positions has been recognized in the financial statements.

Compensated Absences

The Home recognizes employees' vacation benefits in the period earned.

Adoption of New Accounting Standard

During 2016, the Home adopted Accounting Standards Update No. 2015-07, *Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)*. As a result of this adoption, the alternative investments and real asset funds which are measured at net asset value (or its equivalent) as a practical expedient to fair value are no longer categorized in the fair value hierarchy required by FASB ASC 820.

Note 3 - Contributions Receivable

Contributions receivable are summarized as follows as of October 31:

	2016	2015
Due within one year	$ 534,138	$ 183,655
Due in one to five years	87,500	-
Due in more than five years	-	-
	621,638	183,655
Less:		
Unamortized discount	2,960	-
	$ 618,678	$ 183,655

Contributions receivable expected to be received more than one year from the financial statement date are discounted at a rate of 3.5%. Management has deemed all contributions receivable to be collectible, therefore no allowance for uncollectible accounts has been recorded for the years ended October 31, 2016 and 2015.

Note 4 - Fair Value Measurements

The Home reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by U.S. GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

Level 1 - Quoted prices for identical assets or liabilities in active markets to which the Home has access at the measurement date.

Level 2 - Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets in markets that are not active;
- observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
- inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3 - Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

When available, the Home measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. However, level 1 inputs are not available for some of the assets and liabilities that the Home is required to measure at fair value (for example, unconditional promises to give and in-kind contributions).

The primary uses of fair value measures in the Home's financial statements are:

- initial measurement of noncash gifts, including gifts of investment assets and unconditional promises to give.
- recurring measurement of endowment investments (note 5).

Note 5 - Investments

Investments consist of the following at October 31, 2016 and 2015:

	2016 Fair Value	2015 Fair Value
Money market funds	$ 1,931,150	$ 1,459,489
Mutual funds:		
Domestic fixed income	1,216,337	3,215,131
International fixed income	1,578,796	1,902,507
Domestic equity	5,616,332	6,464,806
International equity	3,158,043	5,869,928
Municipal bonds	-	3,231,777
Corporate obligations	5,191,986	7,303,892
Fixed income	2,329,819	2,382,420
Equities	10,123,441	13,155,588
Alternative investments	20,846,066	7,192,464
Real asset funds	2,622,554	4,033,903
Real estate investment trusts	953,655	883,975
	$ 55,568,179	$ 57,095,880

As discussed in note 4 to these financial statements, the Home is required to report its fair value measurements in one of three levels, which are based on the ability to observe in the marketplace the inputs to the Home's valuation techniques. Level 1, the most observable of inputs, is for investments measure at quoted prices in active markets for identical investments as of October 31, 2016 and 2015. Level 2 is for investments measured using inputs such as quoted prices for similar assets, quoted prices for the identical asset in inactive markets, and for investments measured at net asset value that can be redeemed in the near term. Level 3 is for investments measured using inputs that are unobservable, and is used in situations for which there is little, if any, market activity for the investment.

The following table summarizes the levels in the fair value hierarchy of the organization's investments at October 31:

	2016			
	Level 1	Level 2	Level 3	Total
Money market funds	$ 1,931,150	$ -	$ -	$ 1,931,150
Mutual funds:				
Domestic fixed income	1,216,337	-	-	1,216,337
International fixed income	1,578,796	-	-	1,578,796
Domestic equity	5,616,332	-	-	5,616,332
International equity	3,158,043	-	-	3,158,043
Municipal bonds	-	-	-	-
Corporate obligations	5,191,986	-	-	5,191,986
Fixed income	2,329,819	-	-	2,329,819
Equities	10,123,441	-	-	10,123,441
Alternative investments	144,259	-	-	144,259
Real asset funds	2,363,682	-	-	2,363,682
Real estate investment trusts	953,655	-	-	953,655
	$ 34,607,500	$ -	$ -	34,607,500
Investments measured at net asset value (NAV) (1)				20,960,679
				$ 55,568,179

	2015			
	Level 1	Level 2	Level 3	Total
Money market funds	$ 1,459,489	$ -	$ -	$ 1,459,489
Mutual funds:				
Domestic fixed income	3,215,131	-	-	3,215,131
International fixed income	1,902,507	-	-	1,902,507
Domestic equity	6,464,806	-	-	6,464,806
International equity	5,869,928	-	-	5,869,928
Municipal bonds	3,231,777	-	-	3,231,777
Corporate obligations	7,303,892	-	-	7,303,892
Fixed income	2,382,420	-	-	2,382,420
Equities	13,155,588	-	-	13,155,588
Alternative investments	2,827,537	-	-	2,827,537
Real asset funds	2,988,133	-	-	2,988,133
Real estate investment trusts	883,975	-	-	883,975
	$ 51,685,183	$ -	$ -	51,685,183
Investments measured at net asset value (NAV) (1)				5,410,697
				$ 57,095,880

1. In accordance with FASB ASC 820-10, certain investments that were measured at NAV (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to investments at fair value presented on the balance sheet.

The following summarizes the nature and risk of those investments that are reported at estimated fair value utilizing net asset value as of October 31, 2016 and 2015:

	2016			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Alternative investments				
Multistrategy Hedge Fund of Funds (b)	432,982	-	Quarterly	30 days
Private Capital (c)	317,550	192,400	Various	Various
Limited Partnership (f)	19,951,275	-	Monthly	30 days
Real asset funds				
Private Real Estate (e)	258,872	256,750	Various	Various
	$ 20,960,679	$ 449,150		

	2015			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Alternative investments				
Managed Futures Funds (a)	$ 1,151,827	$ -	Monthly	3 - 65 days
Multistrategy Hedge Fund of Funds (b)	2,162,444	-	Quarterly	30 - 100 days
Private Capital (c)	1,050,656	252,700	Various	Various
Real asset funds				
Managed Commodity Futures (d)	315,460	-	Monthly	35 days
Private Real Estate (e)	730,310	375,850	Various	Various
	$ 5,410,697	$ 628,550		

a. Assets in this category are Multi-manager portfolios that trade exchange traded futures employing several different trading styles with different research and trading methodologies in a wide range of global financial and commodity markets operating over multiple time horizons. Strategies employed include Trend Following (core), Short-Term Systematic, Value, Global Macro, and Counter-Trend strategies. They are diversified across as many as 150 different global markets with exposure to Energy, Agricultural Commodities, Metals, Stock Indexes, Bonds, Currency Pairs, and Interest Rates, and seek to produce positive long-term returns that have historically demonstrated a low correlation with equity and fixed income investments.

b. Assets in this category are global multi-strategy hedge funds whose objectives are to achieve capital appreciation with moderate volatility while reflecting modest correlation to global equity and fixed income returns. Strategies employed include exposure to long/short equity, long/short credit, macro, multi-strategy opportunistic and activist managers.

c. Assets in this category are private investment vehicles that pool investor monies to acquire a significant stake in a non-public company. They generally look for ways to improve the company then sell them for a profit; changes to acquired companies can range from focused improvements to specific divisions to complete restructurings. Strategies employed include Mezzanine financing, which is a layer of financing with intermediate priority in the capital structure of a company, behind senior debt but above equity. They are generally illiquid positions with minimum capital lock-up periods.

d. This asset provides exposure to core long-only, fully collateralized diversified commodities and consistent exposure to the commodity asset class. The Fund is long only and does not employ shorting strategies. The Fund provides exposure to 31 tangible commodities while maximizing risk-adjusted returns. Historically, an investment in this Fund has resulted in low correlation to stocks and bonds and when associated with a traditional stock/bond portfolio, has not only increased absolute return but also lowered the volatility and increased the risk-adjusted return. In addition to the potential to achieve return on increases in the physical prices of commodities, the Fund generates return through the implementation of “rolls” (the process of placing new futures contracts as existing contracts expire).

e. Assets in this category are private investment vehicles which pool investor capital for the purchase, development, management and sale of property and improvements. Real estate funds offer investors potential to profit from direct participation in opportunities run by experienced participating investors and developers. Private real estate investments typically fall into one of three categories: 1) Core - fully leased, multi-tenant property; 2) Value-Added - Properties that are being repositioned, included moderate redevelopment, or re-leasing; and 3) Opportunistic - Distressed sellers, full development, significant redevelopment, or complex structures.

f. This asset is an investment in a limited partnership whose core activities are a combination of global multi-strategy hedge funds (as detailed in b. above) and multi-manager portfolios dealing in futures (as detailed in a. above).

The composition of net investment income (loss) reported in the statement of activities for the years ended October 31, 2016 and 2015 is as follows:

	2016	2015
Interest and dividend income	$ 1,702,732	$ 1,807,191
Net realized gains on investments	2,468,480	26,521
Net unrealized gains (losses) on investments	(2,998,157)	(1,831,660)
Investment fees	(167,857)	(186,704)
	$ 1,005,198	$ (184,652)

Note 6 - Land, Buildings, and Equipment

Land, buildings, and equipment at October 31, 2016 and 2015 are as follows:

	2016	2015
Land and land improvements	$ 268,562	$ 352,340
Buildings and improvements	34,975,121	39,631,562
Furniture and equipment	1,440,741	1,391,725
Vehicles	450,300	450,300
Construction in progress	236,135	-
	37,370,859	41,825,927
Accumulated depreciation	(20,186,185)	(22,014,298)
	$ 17,184,674	$ 19,811,629

During the fiscal year ended October 31, 2016, the Home designated a portion of it's capital assets as property held for sale. A breakdown of these assets is detailed in Note 16.

Note 7 - Accounting for Endowments

The Home's endowment consists of approximately 20 individual funds established either by donors (referred to as donor-restricted endowment funds) and or by resources set aside by the Board of Directors to function as endowments (referred to as board-designated endowment funds). As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Home has interpreted the Nebraska Uniform Prudent Management of Institutional Funds Act (NUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Home classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Home in a manner consistent with the standard of prudence prescribed by NUPMIFA. In accordance with NUPMIFA, the Home considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the endowment fund,
- The purposes of the institution and donor-restricted endowment fund,
- General economic conditions,
- The possible effect of inflation and deflation,
- The expected total return from income and the appreciation of investments,
- Other resources of the institution, and
- The investment policy of the institution

The net asset composition of the endowment as of October 31, 2016 and 2015, is as follows:

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Donor-restricted endowment funds	$ -	$ 858,892	$ 1,743,127	$ 2,602,019
Board-designated endowment funds	52,966,160	-	-	52,966,160
	$ 52,966,160	$ 858,892	$ 1,743,127	$ 55,568,179

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Donor-restricted endowment funds	$ (4,344)	$ 816,403	$ 1,743,127	$ 2,555,186
Board-designated endowment funds	54,540,694	-	-	54,540,694
	$ 54,536,350	$ 816,403	$ 1,743,127	$ 57,095,880

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NUPMIFA requires the Home to retain as a fund of perpetual duration. There were no such deficiencies as of October 31, 2016. There were 11 funds with deficiencies totaling $4,344 as of October 31, 2015.

Spending Policy

The majority of endowment funds released from restriction are transferred into the unrestricted general investment pool of the Home. These funds are then subject to the spending policy outlined below.

The payout rate is the amount of money to be spent out the unrestricted general investment portfolio on an annual basis. The Home's spending formula is to spend no more than 4.5% of the trailing 12 calendar quarter average of the market value of the unrestricted general investment funds. The payout rate and spending formula are reviewed annually and recommendations are made by the Investment Committee and then formally set by the Board of Directors. For the year ended October 31, 2016 and 2015, the Board approved a payout rate of 6.5%, which exceeds the policy rate of 4.5% as a result of current operating needs.

Investment Policy

The Home has an investment policy specific to its endowment fund, which is monitored by the Investment Committee of its Board of Directors. The investment policy describes the objective for the fund and sets ranges for asset allocation. The objective of the endowment fund is to earn the highest possible total return consistent with a level of risk suitable for these assets. At a minimum, long term rates of return should be equal to an amount sufficient to maintain the purchasing power of the endowment fund assets, to provide necessary capital to fund the spending policy, and to cover the costs of managing the endowment fund investments. The desired minimum rate of return is equal to the Consumer Price Index plus 500 basis points on an annualized basis.

The following is a summary of the asset allocation allowable ranges for each asset type:

Asset Category	Range
Money market funds	0-10%
Fixed income	10-30%
Equities	30-50%
Alternative investments	30-50%
Real assets	0-20%

The change in endowment net assets for the years ended October 31, 2016 and 2015, are as follows:

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, November 1, 2015	$ 54,536,350	$ 816,403	$ 1,743,127	$ 57,095,880
Contributions	73,262	77,075	-	150,337
Net investment income	1,498,080	84,623	-	1,582,703
Net depreciation in value	(479,230)	(50,447)	-	(529,677)
Amounts appropriated - board-designated funds	(2,662,302)	-	-	(2,662,302)
Amounts appropriated - donor restrictions	-	(68,762)	-	(68,762)
Endowment net assets, October 31, 2016	$ 52,966,160	$ 858,892	$ 1,743,127	$ 55,568,179

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, November 1, 2014	$ 58,320,312	$ 783,655	$ 1,743,127	$ 60,847,094
Contributions	35,862	79,747	-	115,609
Net investment income	1,599,493	11,091	-	1,610,584
Net depreciation in value	(1,782,911)	(22,228)	-	(1,805,139)
Amounts appropriated - board-designated funds	(3,636,406)	-	-	(3,636,406)
Amounts appropriated - donor restrictions	-	(35,862)	-	(35,862)
Endowment net assets, October 31, 2015	$ 54,536,350	$ 816,403	$ 1,743,127	$ 57,095,880

Note 8 - Capital Lease Obligation

Capital lease obligations at October 31, 2016 and 2015, are as follows:

	2016	2015
Capital lease with Bank of the West Equipment Finance for various computer equipment that may be purchased for a nominal amount at the expiration of the lease. The interest rate implicit in this lease is 3.02%. The monthly payment is $3,372 and the lease expires on May 31, 2018. Secured by equipment with an original purchase price of $115,911 and accumulated amortization as of October 31, 2016 and 2015 of $57,955, and $19,318, respectively.	$ 62,481	$ 100,432

The following is a schedule by year of future expected capital lease payments as of October 31, 2016:

2017	$ 40,462
2018	23,603
	64,065
Less portion representing interest	(1,584)
	$ 62,481

Note 9 - Annuity Obligations

Under the Home's charitable gift annuities program, liabilities are recorded for the present value of the estimated future payments expected to be made to the donors or other life beneficiaries, or both. Upon termination of a life interest, the share of the corpus attributable to the life interest holder becomes available to the Home, if any. Changes in the life expectancy of the donor or beneficiary, amortization of the discount, and other changes in the estimates of future payments are recognized annually by the Home based on actuarially determined valuations. The discount rate used to value split-interest agreements at October 31, 2016 and 2015, range from 4.9% to 11.3%. Contribution revenue is recognized at the date these split-interest agreements are established.

Note 10 - Defined Benefit Pension Plan

The Home established a defined benefit pension plan (the Plan) covering substantially all of its employees effective January 1, 2000. The benefits are based on the years of credited service and the employee’s high 60 month average compensation. The pension plan is tax qualified subjected to the minimum funding requirements of ERISA. The Home’s funding policy is to contribute annually an amount that satisfies the funding standard account requirements of ERISA after all accumulated excess contributions are exhausted. Contributions were intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future. The expected return on assets assumption of 6% is based on the historical and projected rates of return for asset classes in the plan’s investment portfolio. Assumed projected rates of return for each asset class were selected after analyzing historical experience, future expectations of the returns, and the volatility of the various asset classes. The Home froze the plan during the year ended October 31, 2009. The Plan freeze is recognized as a curtailment. The resulting reduction in the projected benefit obligation offset the Plan's unrecognized net loss.

During 2007, the Home adopted the recognition and disclosure provisions of FASB ASC 715-20-50-5. At October 31, 2016 and 2015 the items not yet recognized as a component of net periodic pension postretirement benefit are as follows:

	2016	2015
Net actuarial loss	$ (366,444)	$ (532,301)

The components of the Plan’s funded status, net periodic benefit costs and actuarial assumptions used in accounting for defined benefit plans for the years ended October 31, 2016 and 2015 are as follows:

	2016	2015
Change in projected benefit obligation:		
Projected benefit obligation, beginning of year	$ 4,969,802	$ 4,597,628
Interest cost	208,103	193,019
Actuarial loss	320,410	375,085
Benefits and expenses paid	(193,114)	(195,930)
Projected benefit obligation, end of year	$ 5,305,201	$ 4,969,802

	2016	2015
Change in plan assets:		
Plan assets at fair value, beginning of year	$ 4,048,125	$ 4,157,605
Actual return	168,454	86,450
Employer contributions	-	-
Benefits and expenses paid	(193,114)	(195,930)
Plan assets at fair value, end of year	$ 4,023,465	$ 4,048,125
Funded status at end of year	$ (1,281,736)	$ (921,677)
Amounts recognized in the statement of financial position:		
Accrued retirement plan contribution	$ (1,281,736)	$ (921,677)
Components of net periodic pension cost:		
Interest cost	$ 208,103	$ 193,019
Expected return on plan assets	(237,079)	(243,666)
Amortization of unrecognized net obligation at transition	22,591	-
Net periodic pension cost	$ (6,385)	$ (50,647)

Average assumptions used at October 31, 2016 and 2015 are as follows:

	2016	
	Benefit Obligation	Net Periodic Expense
Discount rate	3.75%	4.25%
Salary scale	N/A	N/A
Return on assets	6.00%	6.00%

	2015	
	Benefit Obligation	Net Periodic Expense
Discount rate	4.25%	4.25%
Salary scale	N/A	N/A
Return on assets	6.00%	6.00%

Plan assets consist of guaranteed investments contracts, common stock funds, bonds and cash. There are no securities of the Home or related parties. Plan assets consisted of the following at October 31, 2016 and 2015:

	2016	
	Fair Value	Percentage of Total
Cash	$ 91,316	2.27%
Mutual funds	3,932,100	97.73%
Accrued items	49	0.00%
	$ 4,023,465	100.00%

	2015	
	Fair Value	Percentage of Total
Cash	$ 37,269	0.92%
Mutual funds	4,010,852	99.08%
Accrued items	4	0.00%
	$ 4,048,125	100.00%

During the years ending October 31, 2016 and 2015, the Home made no contributions to the plan and expects to make no contributions to the plan in fiscal year 2017. The Home paid benefits and expenses of $193,114 and $195,930 for the years ended October 31, 2016 and 2015, respectively. The following future benefit payments, which reflect expected future service, as appropriate, are expected to be paid are:

Fiscal Year Ended	Amount
2017	$ 197,868
2018	196,075
2019	196,165
2020	216,510
2021	216,333
2022-2026	1,199,757

Note 11 - Retirement Plan

On June 14, 1988, the Home adopted a defined contribution non-contributory retirement plan. On November 1, 2001 the Home converted the plan to a 401(K) employer-sponsored savings plan. The plan is for all employees at least 21 years old with three months of service and scheduled to work 20 hours a week. The Home matches 50% of the employee's contribution up to 6% of the employee's wages. Participants' interests become 20% vested after two years, 50% vested after three years, 75% vested after four years, and fully vested after five years of service. The Home's contribution for the years ended October 31, 2016 and 2015 was $78,639 and $76,133, respectively.

Note 12 - Temporarily Restricted Net Assets

Temporarily restricted net assets at October 31, 2016 and 2015, are available for the following purposes:

	2016	2015
General operations	$ 813,013	$ 859,496
Donor specific operations	656,026	226,654
Capital projects	10,000	-
Scholarships	2,334,581	2,356,726
	$ 3,813,620	$ 3,442,876

Note 13 - Permanently Restricted Net Assets

Permanently restricted net assets at October 31, 2016 and 2015, are resources invested in perpetuity, the income of which is available for the following purposes:

	2016	2015
General operations	$ 1,762,256	$ 1,762,256
Donor specific operations	-	-
Capital projects	-	-
Scholarships	384,238	384,238
	$ 2,146,494	$ 2,146,494

Note 14 - Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. The amounts released during the years ended October 31, 2016 and 2015 are as follows:

	2016	2015
General operations	$ 79,083	$ 61,820
Donor specific operations	289,805	425,078
Capital projects	19,000	-
Scholarships	48,165	35,861
	$ 436,053	$ 522,759

Note 15 - Concentrations of Risk

Amounts held in financial institutions occasionally are in excess of the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation limits. The Home deposits its cash with high quality financial institutions, and management believes the Home is not exposed to significant credit risk on those amounts. At October 31, 2016 and 2015, the Home's cash accounts exceeded federally insured limits.

The majority of the Home's contributions and grants are received from corporations, foundations, and individuals located throughout the United States and from agencies of the State of Nebraska. As such, the Home's ability to generate resources via contributions and grants is dependent upon the economic health of the United States and the state of Nebraska. An economic downturn could cause a decrease in contributions and grants that may possibly coincide with an increase in demand for the Home's services.

The Home's investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, because of the significance of the investments to the Home's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes (see notes 4 and 7) should mitigate the impact of changes in any one class.

Approximately 24% of the Home's total assets are held in a single limited partnership detailed in Note 5. The underlying funds of this partnership are subject to the risks detailed above. The investments in this partnership, however, are structured to have an inverse correlation to the greater financial markets resulting in a less volatile investment.

Note 16 - Property Held for Sale

Property held for sale at October 31, 2016 and 2015 consists of the following:

	2016	2015
Land and land improvements	$ 83,778	$ -
Buildings and improvements	4,665,700	-
Furniture and equipment	2,196	-
	4,751,674	-
Accumulated depreciation	(2,848,872)	-
	$ 1,902,802	$ -

During the fiscal year ended October 31, 2016, the Home's long term tenant of its Cooper Village property approached the Home about purchasing the property. The Home's management determined that the likelihood of using the property for its own purposes was remote and therefore agreed to sell the property. The sale is expected to be finalized during the third quarter of the fiscal year ended October 31, 2017.

The negotiated sales price for property held for sale is in excess of its net carrying value.

Note 17 - Contingencies

The Home is currently party to pending civil litigation. The company intends to vigorously defend against the claim, however believes a settlement is probable. The expected settlement date is unknown, but is likely within the next fiscal year. Based on consultation with the Home's legal counsel, it considers a reasonable estimate for settlement to be $191,000. Therefore, the Home has established an accrual for the estimated settlement of $191,000.

Note 18 - Subsequent Events

In preparing the financial statements, the Home has evaluated events and transactions for potential recognition or disclosure through May 11, 2017, the date the financial statements were available to be issued.

On December 19, 2016, the Home settled its pending civil litigation for the amount accrued as of October 31, 2016.

Note 19 - Recently Issued Pronouncement

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14 *Not-For-Profit Entities (Topic 958)*. This standard is part of a project to improve net asset classification and information presented in financial statements and notes about a not-for-profit entity’s liquidity, financial performance and cash flows. The standard will require net assets and changes in net assets on the face of the financial statements be presented in two classifications – *net assets with donor restrictions* and *net assets without donor restrictions*. The standard also requires additional disclosures in several areas including composition of net assets with donor restrictions, qualitative information about liquidity and methods used to allocate costs among program and support functions. This standard is effective for the Home’s fiscal year ending October 31, 2019 with earlier adoption permitted. Management has not completed or evaluated the impact of the adoption of this standard on our financial statements.