The Home for Little Wanderers

Financial Statements

Years Ended June 30, 2011 and 2010

The Home for Little Wanderers

FINANCIAL STATEMENTS
Years Ended June 30, 2011 and 2010

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McGladrey

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
The Home for Little Wanderers
Boston, Massachusetts

We have audited the accompanying statements of financial position of The Home for Little Wanderers as of June 30, 2011 and 2010, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of The Home for Little Wanderers' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit 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 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 The Home for Little Wanderers' internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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, the financial statements referred to above present fairly, in all material respects, the financial position of The Home for Little Wanderers as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

November 3, 2011
Boston, Massachusetts

The Home for Little Wanderers

Statements of Financial Position

June 30, 2011 and 2010

ASSETS	**2011**	2010
Current assets:		
Cash and cash equivalents	**$ 96,635**	$ 14,504
Cash - restricted funds	**250,078**	324,236
Bond escrow deposits	**65,637**	68,058
Accounts receivable, net (Note 2)	**3,767,200**	3,119,197
Contributions and grants receivable, net (Note 3)	**1,284,370**	534,995
Investment income receivable	**58,272**	56,735
Investments (Notes 4, 17 and 18)	**3,420,000**	3,625,000
Prepaid expenses and other current assets	**440,850**	423,025
Total current assets	**9,383,042**	8,165,750
Contributions and grants receivable, net (Note 3)	**1,141,038**	986,574
Cash restricted for long term assets	**6,824,716**	4,988,612
Investments (Notes 4, 11, 17 and 18)	**65,900,216**	59,842,034
Assets held for sale (Note 16)	**1,512,759**	396,466
Bond issuance costs, net (Note 7)	**226,993**	238,659
Beneficial interest in perpetual trusts (Note 14, 15, and 18)	**12,544,799**	10,702,948
Property, plant and equipment, net (Note 5)	**12,766,736**	14,534,664
Total assets	**$ 110,300,299**	$ 99,855,707
LIABILITIES AND NET ASSETS		
Current liabilities:		
Line of credit (Note 6)	**$ 5,336,966**	$ 3,819,898
Current portion of bonds payable (Note 7)	**345,000**	325,000
Accounts payable and accrued expenses (Notes 8 and 18)	**3,684,948**	4,262,418
Client funds	**25,644**	65,647
Deferred revenue	**-**	80,108
Total current liabilities	**9,392,558**	8,553,071
Bonds payable, net of current portion (Note 7)	**7,542,000**	7,992,000
Other liabilities (Note 11)	**125,984**	99,685
Total liabilities	**17,060,542**	16,644,756
Commitments and contingencies (Notes 9 and 19)		
Net assets:		
Unrestricted (Note 17)	**38,592,428**	34,479,871
Temporarily restricted (Notes 13 and 17)	**32,872,088**	28,765,778
Permanently restricted (Notes 14 and 17)	**21,775,241**	19,965,302
Total net assets	**93,239,757**	83,210,951
Total liabilities and net assets	**$ 110,300,299**	$ 99,855,707

See notes to financial statements.

The Home for Little Wanderers

Statements of Activities

Years Ended June 30, 2011 and 2010

	2011				2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Revenues and other support:								
Program revenue	$ 29,601,541	$ -	$ -	$ 29,601,541	$ 28,067,087	$ -	$ -	$ 28,067,087
Contributions	4,660,920	486,480	-	5,147,400	4,653,324	489,529	-	5,142,853
In-kind revenue	664,667	-	-	664,667	679,111	100,000	-	779,111
Other operating revenue	22,250	-	-	22,250	8,393	-	-	8,393
Utilization of board approved spending policy (Note 4)	3,625,000	-	-	3,625,000	3,700,000	-	-	3,700,000
Net assets released from restrictions (Note 12)	882,219	(882,219)	-	-	807,034	(807,034)	-	-
Total revenues and other support	39,456,597	(395,739)	-	39,060,858	37,914,949	(217,505)	-	37,697,444
Expenses:								
Programs	31,200,087	-	-	31,200,087	29,538,742	-	-	29,538,742
Administrative and general	6,267,181	-	-	6,267,181	6,670,411	-	-	6,670,411
Fundraising	2,077,266	-	-	2,077,266	1,960,617	-	-	1,960,617
Total expenses	39,544,534	-	-	39,544,534	38,169,770	-	-	38,169,770
Change in net assets from operations	(87,937)	(395,739)	-	(483,676)	(254,821)	(217,505)	-	(472,326)
Non-operating income (expense):								
Net gains on investment transactions (Notes 4, 15, 17, and 18)	3,544,060	3,599,770	1,841,851	$ 8,985,681	3,004,393	2,894,413	663,083	6,561,889
Contributions	-	2,250,504	-	2,250,504	-	1,371,044	85,000	1,456,044
Investment revenue	1,711,992	750,287	77,233	2,539,512	2,033,195	1,055,769	107,460	3,196,424
Bequests	783,582	-	-	783,582	699,303	-	-	699,303
Board approved spending policy (Note 4)	(3,625,000)	-	-	(3,625,000)	(3,700,000)	-	-	(3,700,000)
Capital campaign expense	(524,269)	-	-	(524,269)	(370,542)	-	-	(370,542)
Other non-operating revenues (expenses) (Notes 5 and 16)	102,472	-	-	102,472	235,970	-	-	235,970
Change in restriction by donor	-	109,145	(109,145)	-	-	-	-	-
Net assets released from restrictions (Note 12)	2,207,657	(2,207,657)	-	-	2,983,354	(2,983,354)	-	-
Total non-operating income (expense)	4,200,494	4,502,049	1,809,939	10,512,482	4,885,673	2,337,872	855,543	8,079,088
Change in net assets	4,112,557	4,106,310	1,809,939	10,028,806	4,630,852	2,120,367	855,543	7,606,762
Net assets, beginning of year	34,479,871	28,765,778	19,965,302	83,210,951	29,849,019	26,645,411	19,109,759	75,604,189
Net assets, end of year	$ 38,592,428	$ 32,872,088	$ 21,775,241	$ 93,239,757	$ 34,479,871	$ 28,765,778	$ 19,965,302	$ 83,210,951

See notes to financial statements.

The Home for Little Wanderers

Statements of Functional Expenses

Years Ended June 30, 2011 and 2010

	2011				2010			
	Programs	Administrative and General	Fundraising	Totals	Programs	Administrative and General	Fundraising	Totals
Operating expenses:								
Salaries and wages	$ 18,733,866	$ 2,417,240	$ 704,210	$ 21,855,316	$ 17,171,817	$ 2,618,690	$ 739,034	$ 20,529,541
Payroll taxes and employee benefits (Notes 10 and 11)	4,229,243	561,878	156,730	4,947,851	4,278,600	651,107	191,240	5,120,947
Total salaries and related benefits	22,963,109	2,979,118	860,940	26,803,167	21,450,417	3,269,797	930,274	25,650,488
Client expenses	1,387,982	-	-	1,387,982	1,602,115	-	-	1,602,115
Depreciation and amortization (Note 5)	978,864	310,343	45,529	1,334,736	917,290	278,691	41,037	1,237,018
Rent (Note 9)	730,937	357,326	178,663	1,266,926	638,606	447,013	153,628	1,239,247
Food and other program supplies	1,065,351	40,096	4,038	1,109,485	823,932	36,860	5,308	866,100
Professional fees	152,033	859,158	31,044	1,042,235	262,988	993,044	18,277	1,274,309
Equipment repairs and replacements	795,385	177,963	32,912	1,006,260	832,293	195,854	62,816	1,090,963
Utilities	720,443	162,721	24,665	907,829	634,897	157,891	21,460	814,248
Other expenses	430,179	107,889	91,282	629,350	211,407	70,712	60,046	342,165
Advertising	84,742	539,790	-	624,532	85,078	541,057	34,643	660,778
Contracted services	278,969	223,750	14,428	517,147	185,668	198,691	17,333	401,692
Insurance	383,871	110,558	11,073	505,502	436,469	96,819	13,099	546,387
Interest	242,579	243,850	-	486,429	325,301	245,801	-	571,102
Office expense	17,966	138,982	305,316	462,264	38,008	121,433	277,700	437,141
Transportation (Note 9)	427,466	15,637	4,930	448,033	382,068	16,748	6,849	405,665
Special events	-	-	446,738	446,738	-	-	318,147	318,147
Bad debts	293,794	-	25,708	319,502	164,005	-	-	164,005
Subcontracted direct services	246,417	-	-	246,417	548,200	-	-	548,200
Total operating expenses	31,200,087	6,267,181	2,077,266	39,544,534	29,538,742	6,670,411	1,960,617	38,169,770
Non-operating expenses:								
Capital campaign expense	-	-	524,269	524,269	-	-	370,542	370,542
Other non-operating expenses (Note 4)	-	500,280	20,000	520,280	-	181,761	105,195	286,956
Total non-operating expenses	-	500,280	544,269	1,044,549	-	181,761	475,737	657,498
Total expenses	$ 31,200,087	$ 6,767,461	$ 2,621,535	$ 40,589,083	$ 29,538,742	$ 6,852,172	$ 2,436,354	$ 38,827,268

See notes to financial statements.

The Home for Little Wanderers

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

	2011	2010
Cash flows from operating activities and gains and losses:		
Change in net assets	**$ 10,028,806**	$ 7,606,762
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	**1,334,736**	1,237,018
Write off of construction costs	**262,921**	-
Amortization of bond acquisition costs	**10,916**	10,954
Unrealized gain on interest rate swap agreements	**(104,791)**	(141,305)
Gain on disposal of property and equipment	**(507,091)**	(362,038)
Net gains on investment transactions	**(8,985,681)**	(6,561,889)
Changes in assets and liabilities:		
(Increase) decrease in:		
Restricted funds	**(1,761,946)**	(1,211,324)
Bond escrow deposits	**2,421**	1,781
Accounts receivable	**(648,003)**	32,835
Contributions and grants receivable	**(903,839)**	(75,501)
Investment income receivable	**(1,537)**	13,009
Prepaid expenses and deposits	**(17,075)**	22,385
Increase (decrease) in:		
Accounts payable and accrued expenses	**(577,470)**	(495,460)
Client funds	**(40,003)**	20,477
Deferred revenue	**(80,108)**	(100,464)
Other liabilities	**26,299**	(7,271)
Total adjustments	**(11,990,251)**	(7,616,793)
Net cash used in operating activities	**(1,961,445)**	(10,031)
Cash flows from investing activities:		
Proceeds from sale of investments	**33,401,784**	12,647,832
Purchase of investments	**(32,107,247)**	(11,739,946)
Purchases of property and equipment	**(1,340,129)**	(1,962,002)
Proceeds from sale of property and equipment	**1,002,100**	500,829
Net cash provided by (used in) investing activities	**956,508**	(553,287)
Cash flows from financing activities:		
Net borrowings under line of credit	**1,517,068**	815,248
Payments of debt issuance costs	**-**	(86,851)
Net repayments of bonds payable	**(430,000)**	(310,000)
Net cash provided by financing activities	**1,087,068**	418,397
Net change in cash and cash equivalents	**82,131**	(144,921)
Cash and cash equivalents:		
Beginning of year	**14,504**	159,425
End of year	**$ 96,635**	$ 14,504
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	**$ 485,565**	$ 585,845

See notes to financial statements.

The Home for Little Wanderers

Notes to Financial Statements
Years Ended June 30, 2011 and 2010

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Home for Little Wanderers (the "Home") is a not-for-profit organization whose mission is to ensure the healthy behavioral, emotional, social, and educational development and physical well-being of children and families living in at-risk circumstances.

A summary of significant accounting policies follows:

Classification and Reporting of Net Assets

The Home follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") "Financial Statements of Not-For-Profit Organizations". This standard provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Institutional Funds Act ("UPMIFA"). Among UPMIFA's most significant changes is the elimination of the concept of historical dollar value threshold, the amount below which the Home could not spend from the fund in favor of a more robust set of guidelines about what constitutes prudent spending.

Effective June 30, 2009, Massachusetts adopted the UPMIFA of 2006. UPMIFA is a model act approved by the Uniform Law Commission (formerly known as the National Conference of Commissioners on Uniform State Laws) that serves as a guideline for states to use in enacting legislation. This standard also improves disclosures about an Home's endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not the Home is subject to UPMIFA. A description of the three net asset classes follows:

- Unrestricted net assets represent the portion of net assets of the Home that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Unrestricted net assets include amounts designated by the Board of Directors (the "Board") for future use.

- Temporarily restricted net assets represent contributions and other inflows of assets whose use by the Home is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Home pursuant to those stipulations. Temporarily restricted net assets include charitable gift annuities, in which the Home receives an immediate as well as a remainder interest in the underlying investments from which income is currently being paid to annuitants. Actuarial methods are used to calculate that portion of the investment representing the annuity and that portion representing the gift. Annuities payable are periodically adjusted based upon revised estimates of life expectancies of the annuitants.

  Temporarily restricted net assets also include, under Massachusetts law, funds not yet appropriated by the Board, generally representing cumulative interest, dividends, appreciation and reinvested gains on permanently restricted endowment funds, which are subject to prudent appropriation by the Board in accordance with donor use restrictions and provisions of Massachusetts law.

1. **NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**…continued

Classification and Reporting of Net Assets…continued

- Permanently restricted net assets represent contributions and other inflows of assets whose use by the Home is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Home pursuant to those stipulations. Permanently restricted net assets may also include investment earnings on certain contributions as stipulated by donor restrictions, as well as gains and losses from beneficial interests in perpetual trusts.

Use of 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Home considers all highly liquid investments purchased with a maturity date of three months or less to be cash equivalents.

Concentration of Credit Risk

The Home maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The Home has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable

Accounts receivable, where a third party payor is responsible for paying the amount, are carried at a net amount determined by the original charge for the service provided, less an estimate made for contractual adjustments or discounts provided to third party payors, if any.

Accounts receivables due from Massachusetts and federal funding agencies and directly from clients are carried at the original charge for the services provided less amounts covered by third party payors and less an estimated allowance for doubtful accounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by a review of an aging of accounts. Receivables are written off as bad debt expense when deemed uncollectible. Recoveries of receivables previously written off are recorded as a reduction of bad debt expense when received.

Receivables or payables related to estimated settlements on various contracts in which the Home participates are reported as third party payor receivables or payables.

The Home for Little Wanderers
Notes to Financial Statements
Years Ended June 30, 2011 and 2010

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES…continued

Property, Plant and Equipment

Property, plant and equipment acquisitions are recorded at cost. Also included in property, plant and equipment are costs associated with construction in progress. The Home capitalizes costs incurred in connection with various ongoing projects until such projects are completed at which time those costs are then reclassified to the appropriate fixed asset account.

Depreciation and amortization of property, plant and equipment are provided over the estimated useful lives of the respective assets on a straight-line basis as follows:

	Years
Buildings and improvements	10-40
Furniture and equipment	3-10
Motor vehicles	3-5

Investments, Investment Income and Appreciation of Endowment Investments

Investments, excluding non-marketable alternatives, are carried at fair value, as established by the major securities markets. Purchases and sales of securities are recorded on trade dates, and realized gains and losses are determined on the basis of the average cost of securities sold.

The Home invests in alternative investments, consisting of hedge funds, non-marketable asset partnerships, and various inflation hedging vehicles. These types of investment vehicles may be included within each investment classification. Alternative investments utilize a variety of investment strategies incorporating marketable securities and, in some cases, derivative instruments, all of which are reported at fair value by the fund managers. The underlying investments of the hedge funds are principally publicly-priced securities and derivatives. These investments provide broader diversification, offering sources of return that are not generally correlated with traditional equity and fixed income markets. Hedging strategies may include securities denominated in foreign currencies, options, futures, forward contracts, short sales or other financial instruments whose value and performance are derived, at least in part, from the performance of an underlying asset or index and the creditworthiness of the counterparty to the transactions.

Management believes that the carrying amount of its alternative investments is a reasonable estimate of fair value as of June 30, 2011 and 2010. Because alternative investments are not readily marketable, the estimated fair value is subject to uncertainty and, therefore, may differ from the value that would have been used had a readily available market for the investments existed. Such differences could be material.

A percentage share of investment income and gains and losses are allocated between unrestricted, temporarily restricted and permanently restricted net assets on the basis of annual market value. Unrestricted net assets are credited with the portion of investment income and gains that represent the amount available for operating purposes.

Except for explicit donor stipulations specifying reinvestment of some or all of net appreciation or income on permanent endowment investments to permanent funds, the net appreciation and income on permanent funds are reported as increases in temporarily restricted net assets in accordance with Massachusetts law, which is determined based upon prudent use, and released to support operations under a Board approved spending policy.

The Home for Little Wanderers

Notes to Financial Statements
Years Ended June 30, 2011 and 2010

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES…continued

Impairment of Long-Lived Assets

The Home reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Management assesses the recoverability of long-lived assets by comparing the estimated undiscounted cash flows associated with the related asset or group of assets against their respective carrying amounts. The amount of impairment, if any, is calculated based on the excess of the carrying amount over the fair value of those assets.

Restricted funds

Included in cash-restricted funds and accounts payable as of June 30, 2011 and 2010 is $227,294 and $269,654, respectively, of amounts received under a former program from the Massachusetts Department of Children and Families ("DCF"). These funds have not been expended and the remaining restricted cash will be disbursed by the Home at the direction of DCF in the future.

In addition, included in cash restricted for long term assets as of June 30, 2011 and 2010 is $6,824,716 and $4,988,612, respectively, of amounts received from donors for construction and renovation of long term assets.

Spending Policy

The Home operates under a spending policy whereby bequests, permanently restricted contributions, investment interest and dividends, and trust income are deposited in the investment portfolio. Under a Board approved spending plan, an amount is budgeted and withdrawn from investments to support operations. This amount was $3,625,000 and $3,700,000 for the years ended June 30, 2011 and 2010, respectively.

Revenue Recognition

The Home utilizes the accrual method of accounting whereby revenue is recorded when services are provided and expenses are recorded when incurred. The majority of the Home's clients are supported by agencies of the Commonwealth of Massachusetts and by various cities and towns. Therefore, the Home is subject to the regulations and rate formulas of the Massachusetts Operational Services Division ("OSD"). Revenue is recorded at the Home's rates of reimbursement as certified by OSD.

Excess of revenue over expenses from Commonwealth of Massachusetts supported programs, up to certain defined limits, can be utilized by the Home for expenditures in accordance with its exempt purposes, provided such expenditures are reimbursable under OSD regulations. Amounts in excess of these limits are subject to negotiated use or potential recoupment, and are reported as liabilities. There were no amounts in excess of these limits as of June 30, 2011 and 2010.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received or pledged. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met.

The Home for Little Wanderers
Notes to Financial Statements
Years Ended June 30, 2011 and 2010

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES…continued

Contributions…continued

Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is calculated based upon management's judgment of potential defaults. The determination includes such factors as prior collection history, type of contribution, and nature of fund raising activity. The Home reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

During the fiscal year ended June 30, 2010, the Home changed its policy to imply a time restriction over the useful life of donated long-lived assets without donor stipulations concerning the use of such long-lived assets. These contributions are now reported as revenues of the temporarily restricted net asset class and released to unrestricted net assets over their estimated useful life. Contributions of cash or other assets to be used to acquire land, buildings and equipment with donor stipulations are reported as revenues of the temporarily restricted net asset class; the restrictions are considered to be released at the time of acquisition of such long-lived assets. Contributions of services are reported as revenues and expenses of the unrestricted net asset class at the fair value of the service received. Contributions of goods and services to be used in program operations are reported as revenues and expenses of the unrestricted net asset class at the time the goods or services are received.

Charitable Gift Annuities

The Home has charitable gift annuity contracts with certain donors, whereby the annuitant makes a contribution to the Home and then receives a stream of cash payments from the Home until the annuitant's death. The remaining balance from the Home's annuity contracts, if any, is unrestricted at the time of the annuitant’s death, and the asset and activity is classified as temporarily restricted during the annuity payment period. As of June 30, 2011 and 2010, the liabilities related to charitable gift annuities were $46,681 and $48,641, respectively.

Change in Net Assets

The statement of activities includes non-operating revenue and support. Changes in net assets which are excluded from operations include non-operating related contributions, bequests, investment revenue, gains and losses on investment transactions, net of Board approved spending utilization, capital campaign revenues and expenses, and other non-operating revenues and expenses.

Income Tax Status

The Home is qualified under Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal and state income taxes.

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES…continued

Income Tax Status…continued

The Home follows the Financial Accounting Standards Board ("FASB") guidance, *Accounting for Uncertainty in Income Taxes*, which clarifies the accounting for uncertainty in income taxes by prescribing the recognition threshold a tax position is required to meet before being recognized in the financial statements. It also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Management believes that the Home has no material uncertainties in income taxes.

Advertising Costs

The Home expenses advertising costs as incurred. Included in advertising expenses for the years ended June 30, 2011 and 2010 is $539,790 and $573,643, respectively of donated in-kind services.

Endowment assets

The Home follows FASB guidance, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds,* which provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"). UPMIFA is a model act approved by the Uniform Law Commission (formerly known as the National Conference of Commissioners on Uniform State Laws) that serves as a guideline for states to use in enacting legislation. This guidance also improves disclosures about an organization's endowment funds (both donor-restricted endowment funds and Board-designated endowment funds), whether or not the organization is subject to UPMIFA.

Fair Value of Financial Instruments

Under the FASB's authoritative guidance on fair value measurements, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Home uses various methods including market, income and cost approaches. In addition, the Home reports certain investments using the net asset value (NAV) per share as determined by the investment managers under the so called "practical expedient". The practical expedient allows NAV per share to represent fair value for reporting purposes when the criteria for using this method are met. Based on these approaches, the Home often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs.

In January 2010, FASB ASC issued Accounting Standards Update (ASU) 2010-06, *Improving Disclosures about Fair Value Measurements (ASC 820)-Fair Value Measurements and Disclosure* to add additional disclosures about the different classes of assets and liabilities measured at fair value, the valuation techniques and inputs used, the activity in Level III fair value measurements, and the transfers between Levels I, II and III. Levels I, II, and III of fair value measurements are defined below. The Home adopted this new accounting standard effective July 1, 2010.

The Home for Little Wanderers

Notes to Financial Statements
Years Ended June 30, 2011 and 2010

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES…continued

Fair Value of Financial Instruments…continued

The Home utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the inputs used in the valuation techniques or in accordance with NAV practical expedient rules, the Home is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level I - Quoted prices for identical assets and liabilities traded in active exchange markets.

Level II - Observable inputs other than Level I including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data. Level II also includes derivative contracts whose value is determined using a pricing model with observable market inputs or can be derived principally from or corroborated by observable market data. Level II also includes investments carried at the per share NAV with redemption periods of 90 days or less.

Level III - Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. Level III also includes investments carried at the per share NAV with redemption periods of more than 90 days.

The following is a description of the valuation methodologies used for instruments measured at fair value:

Equity Securities and Mutual Funds: The fair value of equity securities and mutual funds is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

See Note 18, Fair Value Hierarchy, for a summary of the inputs used as of June 30, 2011 in determining the fair value of the Home's assets and liabilities.

Recent Issued Accounting Pronouncements

In January 2010, the FASB issued *Improving Disclosures about Fair Value Measurements.* This guidance requires organizations to disclose transfer of assets in and out of Levels I and II of the fair value hierarchy, and the reasons for those transfers. The Home adopted this guidance on July 1, 2010.

Reclassifications

Certain reclassifications have been made to the June 30, 2010 financial statements to conform to the June 30, 2011 presentation.

The Home for Little Wanderers

Notes to Financial Statements
Years Ended June 30, 2011 and 2010

2. ACCOUNTS RECEIVABLE, NET

Accounts receivable as of June 30, 2011 and 2010 of $3,767,200 and $3,119,197, respectively, is reflected net of allowance for doubtful accounts of $200,000 and $125,000, respectively.

3. CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable of $2,425,408 and $1,521,569 as of June 30, 2011 and 2010, respectively, are presented net of an allowance for doubtful collections and a discount for the net present values of collections over the pledge period totaling $239,733 and $140,390 as of June 30, 2011 and 2010, respectively.

Included in this balance as of June 30, 2011 and 2010 are unconditional promises to give of $1,090,947 and $807,651, respectively, made by certain members of the Board. These pledges are payable through 2018 and are restricted for purposes of funding construction and renovation of long term assets. Expected collections as of June 30, 2011 and 2010 of contributions and grants receivable are as follows:

	2011	2010
Less - than one year	$ 1,304,370	$ 544,995
One to four years	1,360,771	1,116,964
	2,665,141	1,661,959
Less - unamortized discount and allowance	239,733	140,390
	$ 2,425,408	$ 1,521,569

4. INVESTMENTS

Investments are presented in the financial statements at fair value. The following is a summary of the Home's investments as of June 30, 2011 and 2010:

	2011	2010
Marketable equity securities and equity mutual funds:		
International equities	$ 9,090,360	$ 10,357,169
Domestic equities	18,780,485	7,921,720
Mutual funds	40,280	32,030
	27,911,125	18,310,919
Cash equivalents	10,366,527	5,112,194
U.S. government and debt obligations and fixed income mutual funds	14,166,606	25,765,163
Alternative investments:		
Private Equity	1,253,148	627,274
Structured Credit Fund	4,296,521	2,987,270
Hedge Fund	11,326,289	10,664,214
	16,875,958	14,278,758
	$ 69,320,216	$ 63,467,034

The Home for Little Wanderers
Notes to Financial Statements
Years Ended June 30, 2011 and 2010

4. INVESTMENTS…continued

Investments equal to the Board approved spending policy of $3,420,000 and $3,625,000 for the years ending June 30, 2011 and 2010, respectively, are classified as current in the accompanying statements of financial position. These amounts are reflected as current assets because they represent the draw from investments to fund the Home's operations in the subsequent fiscal year. Since the remaining amount of investments is intended for long-term investment purposes, these investments are classified as long-term assets in the accompanying statements of financial position.

During the years ended June 30, 2011 and 2010, net gains from investment transactions totaled $8,985,681 and $6,561,889, respectively. Also included in net gains (losses) from investment transactions are amounts related to the appreciation (depreciation) in value of the Home's beneficial interest in perpetual trusts, as indicated in Note 15.

5. PROPERTY, PLANT AND EQUIPMENT

The following is a summary as of June 30, 2011 and 2010:

	2011	2010
Land and improvements	$ 2,056,584	$ 2,354,923
Buildings and improvements	16,174,589	21,729,053
Furniture and equipment	6,784,034	7,168,911
Motor vehicles	224,866	222,221
Construction in progress	2,145,654	1,698,170
	27,385,727	33,173,278
Less - accumulated depreciation and amortization	(14,618,991)	(18,638,614)
	$ 12,766,736	$ 14,534,664

Construction in progress represents costs incurred in connection with various construction projects to support program operations. The estimated remaining costs to complete these projects are approximately $17.5 million. In addition, due to a change in plans of the location of one of the Home's program facilities, $262,921 of costs capitalized as construction in progress were written off during the year ended June 30, 2011 and is included in other non-operating revenues (expenses).

6. LINE OF CREDIT

The Home has an unsecured line of credit with a financial institution with maximum borrowing limit of $10,000,000. As of June 30, 2011 and 2010, $5,336,966 and $3,819,898, respectively, was outstanding on this line. The line is payable on demand with interest payable monthly at the London Interbank Offered Rate ("LIBOR") Advantage Rate plus 2.5% (2.69% and 2.85% as of June 30, 2011 and 2010, respectively). The line of credit agreement requires the Home to maintain certain financial covenants.

The Home for Little Wanderers
Notes to Financial Statements
Years Ended June 30, 2011 and 2010

7. BONDS PAYABLE

Under an agreement with Massachusetts Health and Education Facilities Authority ("HEFA"), bonds payable were issued to refinance certain debt obligations and purchase, construct and renovate new program facilities. The bonds were issued at a face value of $7,500,000, with variable interest rates (0.08% and 0.43% as of June 30, 2011 and 2010, respectively) and, although written on demand, are payable over a 30 year maturity schedule through February 1, 2029. The balance outstanding on these bonds payable was $3,350,000 and $3,650,000 as of June 30, 2011 and 2010, respectively. Bond issuance costs, net of amortization, of $140,058 and $147,919 as of June 30, 2011 and 2010, respectively, consist of legal and other expenses incurred in connection with this issue. These bond issuance costs were capitalized and are presented net of accumulated amortization of $58,963 and $51,102, respectively, and are being amortized over the thirty-year life of the bonds.

Under a separate agreement with the Mass Development Financing Agency ("MDFA") bonds payable were issued to refinance certain debt obligations and purchase, construct and renovate new program facilities. The bonds were issued at a face value of $6,600,000, with variable interest rates (0.42% and 0.43% as of June 30, 2011 and 2010, respectively) and, although written on demand, are payable over a 30 year maturity schedule through March 1, 2034. The balance outstanding on these bonds payable was $4,537,000 and $4,667,000 as of June 30, 2011 and 2010, respectively. Bond issuance costs, net of amortization, of $86,935 and $90,740 as of June 30, 2011 and 2010, respectively, consist of legal and other expenses incurred in connection with this issue. These bond issuance costs were capitalized and are presented net of accumulated amortization of $22,503 and $18,697, respectively, and are being amortized over the thirty-year life of the bonds.

The Home also maintains a bank letter-of-credit related to its bonds with HEFA in the amount of $3,501,382 and $3,699,000 as of June 30, 2011 and 2010, respectively. This letter-of-credit is priced at 1.70% per annum, comprised of a 0.2% confirmation fee paid quarterly and a 1.5% fee paid semi-annually, and expires May 2013 unless extended. In addition, under a separate agreement related to its bonds with MDFA, the Home maintained a second bank letter-of-credit related to these bonds in the amount of $4,872,615 and $5,012,231 as of June 30, 2011 and 2010, respectively. This letter-of-credit is priced at 1.70% per annum, comprised of a 0.2% confirmation fee paid quarterly and a 1.5% fee paid semi-annually, and expires April 2013 unless extended. In accordance with the letter-of-credit agreement, the Home is required to maintain certain minimum financial ratios. Scheduled maturity dates of bond principal over the next five years, and in the aggregate, were to be as follows for the years ending June 30:

	HEFA	MDFA	Total
2012	$ 205,000	$ 140,000	$ 345,000
2013	215,000	145,000	360,000
2014	225,000	150,000	375,000
2015	240,000	160,000	400,000
2016	250,000	165,000	415,000
Thereafter	2,215,000	3,777,000	5,992,000
	$ 3,350,000	$ 4,537,000	$ 7,887,000

7. BONDS PAYABLE…continued

Subsequent to year end in September 2011, under a separate agreement with the MDFA, bonds payable were issued to refinance certain debt obligations and to construct and renovate long term assets. The bonds were issued at a face value of $18,000,000 and, although written on demand, are payable over a 30 year maturity schedule through October 1, 2041. The proceeds from this bond were used to repay the existing MDFA bond with a balance of $4,537,000 as of June 30, 2011. Scheduled maturity dates of bond principal over the next five years and in the aggregate for the bonds will now be as follows for the years ending June 30:

	HEFA	MDFA	Total
2012	$ 205,000	$ -	$ 205,000
2013	215,000	460,000	675,000
2014	225,000	470,000	695,000
2015	240,000	475,000	715,000
2016	250,000	485,000	735,000
Thereafter	2,215,000	16,110,000	18,325,000
	$ 3,350,000	$ 18,000,000	$ 21,350,000

8. INTEREST RATE SWAPS

During the year ended June 30, 2006, the Home entered into two interest rate swap agreements to lock in the interest cash outflows on bonds payable to HEFA and MDFA. These agreements effectively changed the variable-rate interest on a portion of the Home's bonds to fixed-rate interest. One interest rate swap (HEFA) had a notional amount of $1,975,955 as of June 30, 2010, while the other interest rate swap (MDFA) had a notional amount of $3,209,357 as of June 30, 2010.

Under the terms of the swaps, the Home paid monthly fixed interest rate of 3.87% (HEFA) and 3.88% (MDFA). The estimated fair value of these agreements were liabilities of $40,223 (HEFA) and $64,568 (MDFA) as of June 30, 2010, which were included in accounts payable and accrued expenses in the Home's statement of financial position. This amount was subsequently reclassified into interest expense as a yield adjustment in the same period in which the related interest on the floating rate debt obligation affects earnings. During the year ended June 30, 2011, both interest rate swap agreements expired.

9. OPERATING LEASE COMMITMENTS

The Home leases equipment, vehicles and office space from unrelated third parties under operating lease agreements through March 2017. Total rent expense under all lease agreements was $1,421,063 and $1,411,745 for the years ended June 30, 2011 and 2010, respectively.

9. OPERATING LEASE COMMITMENTS…continued

Future minimum lease payments over the next five years and in the aggregate are as follows for the years ending June 30:

2012	$ 807,682
2013	765,289
2014	733,197
2015	167,111
2016	44,012
Thereafter	31,497
	$ 2,548,788

10. PENSION AND RETIREMENT PLANS

The Home has a 403(b) tax deferred retirement plan for all of its employees. Under the plan, employees may contribute up to the Internal Revenue Service indexed maximum amount for each calendar year. The Home will make matching contributions of 100%, up to a maximum of 3% of annual salary. Contributions to this plan were $320,046 and $345,367 for the years ended June 30, 2011 and 2010, respectively.

11. DEFERRED COMPENSATION

The Home has a section 457(b) eligible deferred compensation plan for the Home's executive director. This plan calls for the Home to make calendar year contributions of $22,500. Contributions to this plan totaled $22,500 for both of the years ended June 30, 2011 and 2010. As of June 30, 2011 and 2010, the market value of the investments under this plan was $79,303 and $51,044, respectively.

12. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from temporary donor restrictions by incurring expenses which satisfied the restricted purposes or by the occurrence of events specified by the donors. During the years ended June 30, 2011 and 2010, the use of these assets were as follows:

	2011	2010
Donor restrictions satisfied as to:		
Program operations	$ 882,219	$ 807,034
Plant and equipment acquisitions	-	160,366
Utilization of endowment appreciation	2,207,657	2,822,988
	2,207,657	2,983,354
	$ 3,089,876	$ 3,790,388

The Board voted in 2002 to utilize, as part of its spending policy from its investment portfolio, a portion of cumulative realized gains on permanently restricted net assets in accordance with Massachusetts law, which allows for the use of such assets in a prudent manner, as defined. The amount utilized for the years ended June 30, 2011 and 2010 was $2,207,657 and $2,369,714, respectively.

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13. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2011 and 2010 are composed of the following:

	2011	2010
Gifts and other unexpended revenue and gains restricted to:		
Program operations	$ 342,290	$ 292,345
Plant and equipment acquisitions	6,938,199	5,024,235
Charitable gift annuities	6,461	10,444
Investment revenue and realized and unrealized gains on investment funds	25,585,138	23,438,754
	$ 32,872,088	$ 28,765,778

14. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets as of June 30, 2011 and 2010 are composed of investment gifts held in perpetuity in the following categories:

	2011	2010
Endowments requiring one-half of investment income to be added to original gift and balance to general support	$ 2,330,546	$ 2,362,458
Other special endowments, income restricted for various program purposes of the Home	1,369,577	1,369,577
General support endowments	5,530,319	5,530,319
Beneficial interest in perpetual trusts	12,544,799	10,702,948
	$ 21,775,241	$ 19,965,302

15. BENEFICIAL INTEREST IN PERPETUAL TRUSTS

The Home has a beneficial interest in several perpetual trusts held by third-party trustees for the benefit of various not-for-profit organizations. The principal as well as annual gains or losses on the investments are restricted in perpetuity. The interest and dividend income generated by the investments is distributed each year to the beneficiaries, and is reported by the Home as unrestricted investment revenue.

The Home has recorded on its financial statements the fair market value (measured as the present value of the estimated future cash receipts from trusts’ assets) of its beneficial interest in the trusts as permanently restricted net assets. Gains and losses on investments are considered changes in the present value of expected cash flows and are recognized as permanently restricted gains or losses on perpetual trusts. For the years ended June 30, 2011 and 2010, the Home recognized permanently restricted gains of $1,841,851 and $663,083, respectively.

16. ASSETS HELD FOR SALE

In March 2011, the Home sold property which was held for sale as of June 30, 2010 with proceeds of $1,000,000 which resulted in a net gain of $504,991, which is included in other non-operating revenues (expenses). In addition, $105,000 of the proceeds from the sale was used to make additional payments against the existing bond principal balance.

As of June 30, 2011, the Board authorized the solicitation of offers to sell a property of the Home. Approximately $900,000 of the proceeds from the sale of this facility will be applied to part of the existing bond principal balance.

17. ENDOWMENT NET ASSETS

Following is a summary of endowment net asset composition by type of fund as of June 30, 2011 and 2010:

June 30, 2011	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds and contribution receivables	$ (15,535)	$25,585,138	$21,775,241	$47,344,844
Board designated endowment funds	32,617,328	-	-	32,617,328
Other unrestricted endowment funds	1,801,133	-	-	1,801,133
	$34,402,926	$25,585,138	$21,775,241	$81,763,305

Following is a summary of the changes in endowment net assets for the year ended June 30, 2011:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets as of June 30, 2010	$30,686,531	$23,438,754	$19,965,302	$74,090,587
Investment return:				
Unrealized gains on investments	3,544,060	3,603,754	1,841,851	8,989,665
Investment revenue	1,710,454	750,287	77,233	2,537,974
	5,254,514	4,354,041	1,919,084	11,527,639
Other changes:				
Withdrawals	(3,854,921)	-	-	(3,854,921)
Appropriation	2,207,657	(2,207,657)	-	-
Change in restriction	109,145	-	(109,145)	-
Endowment net assets as of June 30, 2011	$34,402,926	$25,585,138	$21,775,241	$81,763,305

The Home for Little Wanderers

Notes to Financial Statements
Years Ended June 30, 2011 and 2010

17. ENDOWMENT NET ASSETS…continued

June 30, 2010	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds and contribution receivables	$ (209,966)	$23,438,754	$19,965,302	$43,194,090
Board designated endowment funds	27,841,199	-	-	27,841,199
Other unrestricted endowment funds	3,055,298	-	-	3,055,298
	$30,686,531	$23,438,754	$19,965,302	$74,090,587

Following is a summary of the changes in endowment net assets for the year ended June 30, 2010:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets as of June 30, 2009	$26,984,523	$22,312,364	$19,109,759	$68,406,646
Investment return:				
Unrealized gains on investments	3,004,392	2,893,609	663,083	6,561,084
Investment revenue	2,033,195	1,055,769	107,460	3,196,424
	5,037,587	3,949,378	770,543	9,757,508
Other changes:				
Withdrawals	(4,171,519)	-	-	(4,171,519)
Appropriation	2,822,988	(2,822,988)	-	-
Contributions	12,952	-	85,000	97,952
Endowment net assets as of June 30, 2010	$30,686,531	$23,438,754	$19,965,302	$74,090,587

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor requires the Home to retain as a fund of perpetual duration. Deficiencies of this nature are reported in unrestricted net assets. The aggregate deficiency between the fair value of the investments of the endowment fund as of the years ended June 30, 2011 and 2010 and the level required by donor stipulation was $15,535 and $209,966, respectively. These deficiencies resulted from unfavorable market fluctuations that have occurred since the year ended June 30, 2009.

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18. FAIR VALUE HIERARCHY

The following tables summarize the Home's assets and liabilities measured at fair value on a recurring basis as of June 30, 2011 and 2010:

	Assets Measured at Fair Value on a Recurring Basis			
June 30, 2011	Quoted Prices Level I	Observable Inputs Level II	Unobservable Inputs Level III	Total June 30, 2011
Assets:				
Marketable equity securities and equity mutual funds:				
International equities	$ 9,090,360	$ -	$ -	$ 9,090,360
Domestic equities	18,780,485			18,780,485
Mutual funds	40,280			40,280
Cash equivalents	10,366,527	-	-	10,366,527
U.S. government and debt obligations and fixed income mutual funds	14,166,606	-	-	14,166,606
Alternative investments:				
Private equity	-	-	1,253,148	1,253,148
Structured credit fund	-	-	4,296,521	4,296,521
Hedge fund	-	-	11,326,289	11,326,289
Beneficial interest in perpetual trusts	-	-	12,544,799	12,544,799
Total assets	$52,444,258	$ -	$ 29,420,757	$81,865,015

The changes in assets measured at fair value for which the Home has used Level III inputs to determine fair value are as follows:

	Private Equity Funds	Hedge Funds	Structured Credit	Other	Total
Balance as of June 30, 2010	$ 627,274	$ 10,664,214	$ 2,987,270	$ 10,702,948	$ 24,981,706
Changes:					
Purchases	491,760	-	-	-	491,760
Net realized/unrealized gains on investments	134,114	662,075	1,309,251	1,841,851	3,947,291
Balance as of June 30, 2011	$ 1,253,148	$ 11,326,289	$ 4,296,521	$ 12,544,799	$ 29,420,757

Disclosed in the individual funds most recent audited financial statements, the Level III investments had underlying investments which included 4% of Level I, 19% of Level II, and 77% of Level III securities as defined by the fair value hierarchy.

The Home for Little Wanderers

Notes to Financial Statements
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18. FAIR VALUE HIERARCHY…continued

The Home has investment commitments totaling approximately $3,028,529 with its private equity funds.

June 30, 2010	Assets Measured at Fair Value on a Recurring Basis Quoted Prices Level I	Observable Inputs Level II	Unobservable Inputs Level III	Total June 30, 2010
Assets:				
Marketable equity securities and equity mutual funds:				
International equities	$10,357,169	$ -	$ -	$10,357,169
Domestic equities	7,921,720	-	-	7,921,720
Mutual funds	32,030	-	-	32,030
Cash equivalents	5,112,194	-	-	5,112,194
U.S. government and debt obligations and fixed income mutual funds	25,765,163	-	-	25,765,163
Alternative investments				
Private equity	-	-	627,274	627,274
Structured credit fund	-	-	2,987,270	2,987,270
Hedge funds	-	-	10,664,214	10,664,214
Beneficial interest in perpetual trusts	-	-	10,702,948	10,702,948
Total assets	$49,188,276	$ -	$ 24,981,706	$74,169,982
Liabilities:				
Interest rate swap liability	$ -	$ 104,791	$ -	$ 104,791

The changes in assets measured at fair value for which the Home has used Level III inputs to determine fair value are as follows:

	Private Equity Funds	Hedge Funds	Structured Credit	Other	Total
Balance as of June 30, 2009	$ 203,397	$10,540,722	$ 1,362,869	$10,039,865	$22,146,853
Changes:					
Purchases	415,650	-	-	-	415,650
Net realized/unrealized gains on investments	8,227	123,492	1,624,401	663,083	2,419,203
Balance as of June 30, 2010	$ 627,274	$10,664,214	$ 2,987,270	$10,702,948	$24,981,706

The Home for Little Wanderers

Notes to Financial Statements
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18. FAIR VALUE HIERARCHY…continued

The Home uses the net asset value ("NAV") to determine the fair value of all the underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company. The following table lists investments in investment companies by major category.

	Strategy	NAV in Funds	# of Funds	Remaining Life	Dollar Amount of Unfunded Commitments
Structured Credit	The Fund's objective is to seek to generate high total returns	$ 4,296,521	1	N/A	$ -
Hedge Funds	To achieve an attractive risk-adjusted return with moderate volatility and moderate directional market exposure over a full market cycle.	11,326,289	1	N/A	-
Private Equity	Venture and buyout, in the U.S. and international	1,253,148	1	N/A	3,028,529*
		$16,875,958	3		$ 3,028,529

	Timing to Draw Down Commitments	Redemption Terms	Redemption Restrictions	Redemption Restrictions in Place at Year End
Structured Credit	N/A	Fund has quarterly liquidity option	None	None
Hedge Funds	N/A	Fund has quarterly liquidity option	None	None
Private Equity	2%-4%* per quarter			

*Commitment as of March 31, 2011

19. COMMITMENTS AND CONTINGENCIES

There are various legal proceedings pending that involve claims against the Home. These proceedings are, in the opinion of management, routine matters incidental to the normal business conducted by the Home. In the opinion of management, the ultimate disposition of such proceedings is not expected to have a material adverse effect, if any, on the Home's financial position, results of operations, or cash flows.

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20. SUBSEQUENT EVENTS

The Home evaluated subsequent events through November 3, 2011, the date on which the financial statements were available to be issued.

In September 2011, tax-exempt bonds payable with a face value of $18,000,000 were issued and part of the proceeds were used to retire the existing MDFA bonds payable of $4,537,000 (see Note 7). The remaining proceeds will fund the construction and renovation of long term assets.

Subsequent to year end, the Home was notified of donors' intent to contribute approximately $3.2 million temporarily restricted for construction and renovation of long term assets.