The Home for Little Wanderers

Financial Report
June 30, 2016 and 2015

Contents

RSM

RSM US LLP

Independent Auditor's Report

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

Report on the Financial Statements
We have audited the accompanying financial statements of The Home for Little Wanderers (the "Home"), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, (collectively, 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.

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, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

Boston, Massachusetts
November 15, 2016

The Home for Little Wanderers

Statements of Financial Position
June 30, 2016 and 2015

	2016	2015
Assets		
Current assets:		
Cash and cash equivalents	**$ 119,646**	$ 360,629
Cash - restricted funds	**128,248**	128,433
Accounts receivable, net	**4,004,520**	4,468,743
Contributions and grants receivable, net	**523,961**	593,793
Investment income receivable	**38,171**	41,857
Investments	**4,065,000**	3,912,000
Prepaid expenses and other current assets	**1,193,590**	974,716
Assets held for sale	**-**	130,929
Total current assets	**10,073,136**	10,611,100
Contributions and grants receivable, net	**227,212**	85,117
Investments	**74,087,160**	78,362,108
Beneficial interest in perpetual trusts	**12,741,610**	13,571,324
Property, plant and equipment, net	**27,983,568**	29,164,646
Total assets	**$ 125,112,686**	$ 131,794,295
Liabilities and Net Assets		
Current liabilities:		
Line of credit	**$ 754,952**	$ 2,943,752
Current portion of bonds payable	**468,598**	98,598
Accounts payable, accrued expenses, and other current liabilities	**4,505,416**	3,793,279
Client funds	**77,398**	69,199
Total current liabilities	**5,806,364**	6,904,828
Bonds payable, net of current portion	**10,777,430**	11,246,028
Other liabilities	**952,279**	1,009,420
Total liabilities	**17,536,073**	19,160,276
Commitments and contingencies		
Net assets:		
Unrestricted	**60,018,949**	61,615,461
Temporarily restricted	**25,048,604**	27,826,434
Permanently restricted	**22,509,060**	23,192,124
Total net assets	**107,576,613**	112,634,019
Total liabilities and net assets	**$ 125,112,686**	$ 131,794,295

See notes to financial statements.

The Home for Little Wanderers

Statements of Activities
Years Ended June 30, 2016 and 2015

	2016				2015			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Totals**	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Revenues and other support:								
Program revenue	**$ 39,244,944**	**$ -**	**$ -**	**$ 39,244,944**	$ 35,754,838	$ -	$ -	$ 35,754,838
Contributions	**4,645,549**	**605,029**	**-**	**5,250,578**	4,983,379	607,225	-	5,590,604
Utilization of board approved spending policy	**3,912,000**	**-**	**-**	**3,912,000**	3,588,000	-	-	3,588,000
In-kind revenue	**104,069**	**-**	**-**	**104,069**	78,846	-	-	78,846
Other operating revenue	**14,030**	**-**	**-**	**14,030**	69,398	-	-	69,398
Net assets released from restrictions	**774,039**	**(774,039)**	**-**	**-**	512,998	(512,998)	-	-
Total revenues and other support	**48,694,631**	**(169,010)**	**-**	**48,525,621**	44,987,459	94,227	-	45,081,686
Expenses:								
Programs	**41,066,914**	**-**	**-**	**41,066,914**	38,947,073	-	-	38,947,073
Administrative and general	**7,108,872**	**-**	**-**	**7,108,872**	6,777,284	-	-	6,777,284
Fundraising	**2,067,359**	**-**	**-**	**2,067,359**	2,291,146	-	-	2,291,146
Total operating expenses	**50,243,145**	**-**	**-**	**50,243,145**	48,015,503	-	-	48,015,503
Change in net assets from operations	**(1,548,514)**	**(169,010)**	**-**	**(1,717,524)**	(3,028,044)	94,227	-	(2,933,817)
Non-operating income (expense):								
Net losses on investment transactions	**(2,367,047)**	**(2,008,225)**	**(829,714)**	**(5,204,986)**	(378,197)	(343,736)	(748,797)	(1,470,730)
Investment revenue	**3,360,182**	**1,346,267**	**146,650**	**4,853,099**	3,382,887	1,474,811	151,062	5,008,760
Bequests	**618,432**	**-**	**-**	**618,432**	147,182	-	-	147,182
Board approved spending policy	**(3,912,000)**	**-**	**-**	**(3,912,000)**	(3,588,000)	-	-	(3,588,000)
Contributions	**-**	**393,446**	**-**	**393,446**	-	199,444	-	199,444
Other non-operating expenses	**(87,873)**	**-**	**-**	**(87,873)**	(561,685)	-	-	(561,685)
Net assets released from restrictions	**2,340,308**	**(2,340,308)**	**-**	**-**	2,102,740	(2,102,740)	-	-
Total non-operating income (expense)	**(47,998)**	**(2,608,820)**	**(683,064)**	**(3,339,882)**	1,104,927	(772,221)	(597,735)	(265,029)
Change in net assets	**(1,596,512)**	**(2,777,830)**	**(683,064)**	**(5,057,406)**	(1,923,117)	(677,994)	(597,735)	(3,198,846)
Net assets, beginning of year	**61,615,461**	**27,826,434**	**23,192,124**	**112,634,019**	63,538,578	28,504,428	23,789,859	115,832,865
Net assets, end of year	**$ 60,018,949**	**$ 25,048,604**	**$ 22,509,060**	**$ 107,576,613**	$ 61,615,461	$ 27,826,434	$ 23,192,124	$ 112,634,019

See notes to financial statements.

The Home for Little Wanderers

Statements of Functional Expenses
Years Ended June 30, 2016 and 2015

	2016				2015			
	Programs	**Administrative and General**	**Fundraising**	**Totals**	Programs	Administrative and General	Fundraising	Totals
Operating expenses:								
Salaries and wages	**$ 25,337,827**	**$ 3,086,500**	**$ 821,504**	**$ 29,245,831**	$ 23,498,748	$ 2,847,505	$ 973,738	$ 27,319,991
Payroll taxes and employee benefits	**6,204,450**	**811,497**	**198,831**	**7,214,778**	5,778,883	741,635	236,872	6,757,390
Total salaries and related benefits	**31,542,277**	**3,897,997**	**1,020,335**	**36,460,609**	29,277,631	3,589,140	1,210,610	34,077,381
Depreciation and amortization	**1,521,225**	**162,569**	**50,164**	**1,733,958**	1,628,247	151,760	44,539	1,824,546
Equipment repairs and replacements	**1,053,448**	**390,965**	**60,714**	**1,505,127**	914,624	317,120	47,108	1,278,852
Client expenses	**1,463,711**	**-**	**-**	**1,463,711**	1,540,170	-	-	1,540,170
Professional fees	**216,697**	**1,064,184**	**77,850**	**1,358,731**	347,137	1,138,880	83,518	1,569,535
Rent	**970,388**	**277,208**	**103,618**	**1,351,214**	986,998	306,287	121,885	1,415,170
Food and other program supplies	**1,278,400**	**36,626**	**3,116**	**1,318,142**	1,116,271	65,361	4,882	1,186,514
Utilities	**801,849**	**167,574**	**14,842**	**984,265**	799,506	167,717	19,136	986,359
Transportation	**614,014**	**26,736**	**7,884**	**648,634**	578,452	16,807	7,160	602,419
Insurance	**451,274**	**107,034**	**11,983**	**570,291**	466,775	106,810	12,631	586,216
Other expenses	**352,636**	**55,652**	**107,402**	**515,690**	389,680	113,511	109,752	612,943
Office expense	**17,008**	**190,678**	**299,353**	**507,039**	16,753	145,367	291,701	453,821
Contracted services	**195,859**	**286,767**	**(29,712)**	**452,914**	447,490	211,242	7,772	666,504
Interest	**-**	**444,882**	**-**	**444,882**	-	447,282	-	447,282
Bad debts	**419,829**	**-**	**2,028**	**421,857**	361,498	-	-	361,498
Special events	**-**	**-**	**320,440**	**320,440**	-	-	319,110	319,110
Advertising	**104,493**	**-**	**17,342**	**121,835**	74,183	-	11,342	85,525
Subcontracted direct services	**63,806**	**-**	**-**	**63,806**	1,658	-	-	1,658
Total operating expenses	**41,066,914**	**7,108,872**	**2,067,359**	**50,243,145**	38,947,073	6,777,284	2,291,146	48,015,503
Non-operating expenses:								
Other non-operating expenses	**-**	**87,873**	**-**	**87,873**	-	561,685	-	561,685
Total non-operating expenses	**-**	**87,873**	**-**	**87,873**	-	561,685	-	561,685
Total expenses	**$ 41,066,914**	**$ 7,196,745**	**$ 2,067,359**	**$ 50,331,018**	$ 38,947,073	$ 7,338,969	$ 2,291,146	$ 48,577,188

See notes to financial statements.

The Home for Little Wanderers

Statements of Cash Flows
Years Ended June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities and gains and losses:		
Change in net assets	**$ (5,057,406)**	$ (3,198,846)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**1,733,958**	1,824,546
Amortization of bond issuance costs	**1,402**	1,986
Net (gain) loss on disposal of property and equipment	**(343,964)**	17,755
Net loss on investment transactions	**5,204,986**	1,470,730
Donated securities	**(37,444)**	(70,392)
Proceeds from sales of donated securities	**37,444**	70,392
Allowance for trade accounts receivable	**80,955**	(92,000)
Allowance for contributions and grants receivable	**-**	(10,676)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	**383,268**	159,164
Contributions and grants receivable	**(72,263)**	1,042,255
Investment income receivable	**3,686**	(8,706)
Prepaid expenses and other current assets	**(218,874)**	208,098
Increase (decrease) in:		
Accounts payable, accrued expenses, and other current liabilities	**712,137**	(87,734)
Client funds	**8,199**	2,573
Other liabilities	**(57,141)**	40,723
Total adjustments	**7,436,349**	4,568,714
Net cash provided by operating activities	**2,378,943**	1,369,868
Cash flows from investing activities:		
Proceeds from sale of investments	**16,076,385**	32,812,753
Purchase of investments	**(16,329,709)**	(34,890,087)
Purchases of property and equipment	**(554,909)**	(804,357)
Proceeds from sale of property and equipment	**476,922**	-
Net cash used in investing activities	**(331,311)**	(2,881,691)
Cash flows from financing activities:		
Net borrowings (repayments) under line of credit	**(2,188,800)**	1,687,619
Decrease in restricted funds	**185**	65,306
Net repayments of bonds payable	**(100,000)**	(100,000)
Net cash provided by (used in) financing activities	**(2,288,615)**	1,652,925
Net change in cash and cash equivalents	**(240,983)**	141,102
Cash and cash equivalents:		
Beginning of year	**360,629**	219,527
End of year	**$ 119,646**	$ 360,629
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	**$ 447,944**	$ 443,575

See notes to financial statements.

Note 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 reports three classes of net assets and the changes in those net assets in the statements of financial position and statements of activities, respectively. The three classes of net assets are unrestricted, temporarily restricted, and permanently restricted. These classifications are based on the existence or absence of donor-imposed restrictions. The three classifications are defined as 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 and losses 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.

- 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 investments as stipulated by donor restrictions, as well as gains and losses from beneficial interest in perpetual trusts.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") 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 statements 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.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

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. A trade receivable is generally considered past due if any portion is outstanding for more than sixty days; however, accounts involving third party insurance companies and public agencies are often normally collectible beyond that normal limit.

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

Property, plant and equipment: Property, plant and equipment acquisitions are recorded at cost or if donated, at fair value on the date of donation. 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. Expenditures for major renewals and improvements are capitalized, while expenditures for maintenance and repairs are expensed as incurred.

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
Computer and software	3
Furniture and equipment	3-10
Motor vehicles	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.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

The primary objective of the Home's investment program is to generate a long-term investment return that will contribute to meeting the spending needs of the Home while maintaining the purchasing power of the investment assets. The assets are invested with the asset allocation targets as shown below.

Asset Class	Range
Equity	35%-55%
Fixed income	25%-45%
Alternatives	20%-30%

Investments may include a portion of total assets in cash reserves when deemed appropriate. The target asset allocation represents a long-term perspective and as such, rapid unanticipated market shifts or changes in economic conditions may cause a short-term divergence from the asset allocation policy range.

Management believes that the carrying amount of its alternative investments is a reasonable estimate of fair value as of June 30, 2016 and 2015. 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.

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. There were no instances of impairment during the years ended June 30, 2016 and 2015.

Restricted funds: Restricted cash as of June 30, 2016 and 2015 was $128,248 and $128,433, respectively, and represents amounts restricted for client or program use. Included in cash - restricted funds and accounts payable and accrued expenses as of June 30, 2016 and 2015 is $52,721 and $61,042, 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.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Revenue recognition: The Home recognizes revenue when there is persuasive evidence of an arrangement, services have been rendered, the fee is fixed or determinable, and collectability is reasonably assured. 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, 2016 and 2015.

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. 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 fundraising 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 statements of activities as net assets released from restrictions.

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 only if the services create or enhance a nonfinancial asset or would typically need to be purchased by the Home if they had not been provided by the individuals with those skills. 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. The value of contributed services for the years ended June 30, 2016 and 2015 was $17,342 and $11,342, respectively. The value of contributed materials was $86,727 and $67,504 for the years ended June 30, 2016 and 2015, respectively.

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 Home's annuity contracts are held in a separate investment account, tracked independently of other investments and are recorded as unrestricted net assets. As of June 30, 2016 and 2015, the liabilities related to charitable gift annuities were $35,188 and $36,514, respectively, and are included with other liabilities on the statements of financial position.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Operating activities: The statements of activities include 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, 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.

The Home follows the Financial Accounting Standards Board ("FASB") guidance, *Accounting for 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. The Home will account for interest and penalties related to uncertain tax positions, if any, as part of tax expense.

The Home is no longer subject to income tax examinations by the U.S., federal, state or local tax authorities for fiscal years before 2013.

Advertising costs: The Home expenses advertising costs as incurred. During the years ended June 30, 2016 and 2015, the Home incurred $121,835 and $85,525, respectively in advertising costs. Included in advertising costs for the years ended June 30, 2016 and 2015 is $17,342 and $11,342 of donated in-kind services, respectively.

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 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.

The Board has interpreted Massachusetts General Law as requiring investment earnings on permanently restricted net assets to be retained in a restricted net asset classification until appropriated by the Board and expended. Massachusetts General Law allows the Board to appropriate for expenditure or accumulate so much of endowment fund as the Home determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established. In making a determination to appropriate or accumulate, the Home shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors: the duration and preservation of the endowment fund; the purposes of the Home and the endowment fund; general economic conditions; the possible effect of inflation or deflation; the expected total return from income and the appreciation of investments; other resources of the Home; and the investment policy of the Home.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

The Home has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s), as well as board-designated funds. Under this policy, the endowment assets are invested in equities, mutual funds, fixed income funds, and alternative investments.

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, as of the last quarter ending March 31st, 4.5% of the average fair value of the endowment investment portfolio, excluding the beneficial interest in perpetual trusts, of each of the preceding thirteen fiscal quarters is appropriated for operations in addition to any anticipated investment income received from the beneficial interest in perpetual trusts. As a result of that calculation, a portion of investment income, cumulative net realized gains and net appreciation is allocated to operations in accordance with the Home's investment policies and procedures. The amount withdrawn was $3,912,000 and $3,588,000 for the years ended June 30, 2016 and 2015, respectively.

Fair value measurements: 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 per share ("NAV") as determined by the investment managers under the so called "practical expedient". The practical expedient allows net asset value 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. The Home utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques or in accordance with net asset value practical expedient rules, which allow for Level 2 or Level 3 reporting depending on lock-up and notice periods associated with the underlying funds, 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 carried at fair value will be classified and disclosed in one of the following three categories:

Level I: Quoted prices for identical assets traded in active exchange markets.

Level II: Observable inputs other than Level I including quoted prices for similar assets, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data. Level II also includes investments carried at the per share NAV with redemption periods of ninety 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 ninety days.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

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

Equity securities, mutual funds, and fixed income funds: The fair value of equity securities, mutual funds, and fixed income 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.

Beneficial interest in trusts: The fair value of beneficial interest in trusts represents the Home's portion of the assets held in trust by others, including investments carried at the quoted prices on an active exchange or through the use of a per share net asset value as reported by the investment manager. These investments, however, are held and managed by outside institutions, and the Home has no authority over investment decisions. Thus, they are classified as Level III investments. Please see Note 6 for further information regarding the accounting for beneficial interest in trusts.

See Note 5, Fair Value Hierarchy, for a summary of the inputs used as of June 30, 2016 and 2015 in determining the fair value of the Home's assets.

There have been no significant changes in valuation methodologies during the years ended June 30, 2016 and 2015.

Reclassifications: Certain reclassifications have been made to the June 30, 2015 financial statements to conform to the June 30, 2016 presentation.

Recently issued accounting pronouncements: In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* which stipulates that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve this core principle, an entity should apply the following steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the entity satisfies a performance obligation. In April 2015, the FASB voted to delay the effective date of the proposed standard. The ASU is now effective for annual reporting periods beginning after December 15, 2018, and early adoption is permitted for years beginning after December 15, 2016. The Home has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on the financial statements.

In April 2015, the FASB issued ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, which provides guidance on the financial statement presentation of debt issuance cost. The ASU states that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The discount should be accreted over the term of the debt instrument, and amortization of the debt discount should be recorded as interest expense. This ASU will be effective for the Home retrospectively beginning December 15, 2015, with early adoption being permitted. The Home has elected to early adopt ASU 2015-03 on a retrospective basis.

In May 2015, the FASB issued ASU 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent).* The amendments apply to reporting entities that elect to measure the fair value of an investment using the NAV per share (or its equivalent) practical expedient. The amendments remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. Earlier application is permitted. The Home has elected to early adopt ASU 2015-07 on a retrospective basis.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, which updates certain aspects of recognition, measurement, presentation and disclosure of financial instruments. ASU 2016-01 will be effective for the Home for fiscal years beginning after December 15, 2018. The Home elected to early adopt the amendment that no longer requires disclosure of the fair value of financial instruments that are not measured at fair value and as such, these disclosures are not included herein.

In February 2016, the FASB issued ASU 2016-02, *Leases* ("ASU 2016-02"). The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for annual reporting periods beginning after December 15, 2019. The Home has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on the financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The ASU simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. The ASU is effective for fiscal years beginning after December 15, 2017. Early adoption is permitted. The Home has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on the financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (A Consensus of the FASB Emerging Issues Task Force)*. To reduce diversity in practice, the ASU provides solutions for eight specific statement of cash flow classification issues. The ASU is effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted. The Home has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on the financial statements.

Note 2. Accounts Receivable

Accounts receivable as of June 30, 2016 and 2015 of $4,004,520 and $4,468,743, respectively, are reflected net of an allowance for doubtful accounts of approximately $186,000 and $267,000, respectively.

Note 3. Contributions and Grants Receivable

Contributions and grants receivable of $751,173 and $678,910 as of June 30, 2016 and 2015, 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 $171,295 and $174,210 as of June 30, 2016 and 2015, respectively.

Note 3. Contributions and Grants Receivable (Continued)

Included in this balance as of June 30, 2016 and 2015 are unconditional promises to give of $328,628 and $355,667, respectively, made by certain members of the Board. These pledges are payable through 2022 and were restricted for purposes of funding construction and renovation of long term assets as well as general operating purposes. Expected collections as of June 30, 2016 and 2015 of contributions and grants receivable are as follows:

	2016	2015
Less than one year	$ 662,468	$ 738,187
One to five years	250,000	96,160
Thereafter	10,000	18,773
	922,468	853,120
Less unamortized discount and allowance	(171,295)	(174,210)
	$ 751,173	$ 678,910

Note 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, 2016 and 2015:

	2016	2015
Marketable equity securities and equity mutual funds:		
International equities	$ 14,981,773	$ 16,934,540
Domestic equities	24,819,954	25,367,300
Mutual funds	243,061	199,557
	40,044,788	42,501,397
Cash equivalents	92,927	4,195,894
U.S. government and debt obligations and fixed income mutual funds	19,598,953	19,253,659
Alternative investments:		
Global private equity fund	2,592,697	2,758,688
Structured credit fund	1,723,660	4,142,979
Core property fund	5,004,543	4,412,819
Special situations fund	4,460,264	4,962,189
Global private asset fund	989,644	46,483
Energy debt LP	3,644,684	-
	18,415,492	16,323,158
	$ 78,152,160	$ 82,274,108

Investments equal to the Board approved spending policy of $4,065,000 and $3,912,000 as of June 30, 2016 and 2015, 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, 2016 and 2015, net losses from investment transactions totaled $5,204,986 and $1,470,730, respectively. Also included in net gains and losses from investment transactions are amounts related to the appreciation in value of the Home's beneficial interest in perpetual trusts, as indicated in Note 6. The total amount of investment fees were $431,835 and $443,930 for the years ended June 30, 2016 and 2015, respectively.

Note 5. Fair Value Hierarchy

The following tables summarize the Home's assets measured at fair value on a recurring basis as of June 30, 2016 and 2015:

June 30, 2016	Assets Measured at Fair Value on a Recurring Basis: Quoted Prices Level I	Observable Inputs Level II	Unobservable Inputs Level III	Other Investments Measured at Net Asset Value (a)	Total June 30, 2016
Assets:					
Marketable equity securities and equity mutual funds:					
International equities	$ 14,981,773	$ -	$ -	$ -	$ 14,981,773
Domestic equities	24,819,954	-	-	-	24,819,954
Mutual funds	243,061	-	-	-	243,061
Cash equivalents	92,927	-	-	-	92,927
U.S. government and debt obligations and fixed income mutual funds	19,598,953	-	-	-	19,598,953
Alternative investments:					
Global private equity fund	-	-	-	2,592,697	2,592,697
Structured credit fund	-	-	-	1,723,660	1,723,660
Core property fund	-	-	-	5,004,543	5,004,543
Special situations fund	-	-	-	4,460,264	4,460,264
Private asset fund	-	-	-	989,644	989,644
Energy debt LP	-	-	-	3,644,684	3,644,684
Beneficial interest in perpetual trusts	-	-	12,741,610	-	12,741,610
	$ 59,736,668	$ -	$ 12,741,610	$ 18,415,492	$ 90,893,770

Note 5. Fair Value Hierarchy (Continued)

	Assets Measured at Fair Value on a Recurring Basis				
June 30, 2015	Quoted Prices Level I	Observable Inputs Level II	Unobservable Inputs Level III	Other Investments Measured at Net Asset Value (a)	Total June 30, 2015
Assets:					
Marketable equity securities and equity mutual funds:					
International equities	$ 16,934,540	$ -	$ -	$ -	$ 16,934,540
Domestic equities	25,367,300	-	-	-	25,367,300
Mutual funds	199,557	-	-	-	199,557
Cash equivalents	4,195,894	-	-	-	4,195,894
U.S. government and debt obligations and fixed income mutual funds	19,253,659	-	-	-	19,253,659
Alternative investments:					
Global private equity fund	-	-	-	2,758,688	2,758,688
Structured credit fund	-	-	-	4,142,979	4,142,979
Core property fund	-	-	-	4,412,819	4,412,819
Special situations fund	-	-	-	4,962,189	4,962,189
Private asset fund	-	-	-	46,483	46,483
Beneficial interest in perpetual trusts	-	-	13,571,324	-	13,571,324
	$ 65,950,950	$ -	$ 13,571,324	$ 16,323,158	$ 95,845,432

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

	Beneficial Interest in Perpetual
Balance as of June 30, 2014	$ 14,320,121
Net losses on investments	(748,797)
Balance as of June 30, 2015	13,571,324
Net losses on investments	(829,714)
Balance as of June 30, 2016	$ 12,741,610

Net change in unrealized appreciation of investments included in the statements of activities for Level III investments still held as of June 30, 2016 and 2015 were $829,714 and $748,797, respectively.

The Home uses the 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.

Note 5. Fair Value Hierarchy (Continued)

The following table lists investments in investment companies by major category as of June 30, 2016:

	Strategy	NAV in Funds	# of Funds	Remaining Life	Dollar Amount of Unfunded Commitments
Structured Credit Fund	The Fund's objective is to seek to generate high total returns.	$ 1,723,660	1	N/A	$ -
Core Property Fund	Invest directly and indirectly in private investment vehicles that invest in commercial real estate properties.	5,004,543	1	N/A	-
Special Situations Fund	The Fund's objective is to seek to achieve high returns balanced against an appropriate level of volatility and directional market exposure over a full market circle.	4,460,264	1	N/A	-
Global Private Equity Fund	Venture and buyout, in the U.S. and international	2,592,697	1	N/A	1,172,135*
Private Asset Fund	Venture, buyout and real estate	989,644	1	N/A	2,244,182*
Energy Debt LP	Invest in investment grade bonds and loans of U.S. and international energy companies	3,644,684	1	N/A	-
		$ 18,415,492	6		$ 3,416,317

* Commitment as of June 30, 2016

	Timing to Draw Down Commitments	Redemption Terms	Redemption Restrictions	Restrictions in Place at Year End
Structured Credit Fund	N/A	Fund has quarterly liquidity option	None	None
Core Property Fund	N/A	Fund has quarterly liquidity option	None	None
Special Situations Fund	N/A	Fund has a two year lock-up on all subscriptions followed by semi-annual redemption	None, redemption restrictions expired June 30, 2013.	None
Global Private Equity Fund	2%-4% per quarter	Fund considered highly illiquid, at the discretion of the general partner	Fund considered highly illiquid, at the discretion of the general partner	Fund considered highly illiquid, at the discretion of the general partner
Private Asset Fund	N/A	Fund considered highly illiquid, at the discretion of the general partner	Fund considered highly illiquid, at the discretion of the general partner	Fund considered highly illiquid, at the discretion of the general partner
Energy Debt Fund	N/A	Fund has a three year lock-up on all subscriptions followed by semi-annual redemption.	None	None

Note 5. Fair Value Hierarchy (Continued)

The following table lists investments in investment companies by major category as of June 30, 2015:

	Strategy	NAV in Funds	# of Funds	Remaining Life	Dollar Amount of Unfunded Commitments
Structured Credit Fund	The Fund's objective is to seek to generate high total returns.	$ 4,142,979	1	N/A	$ -
Core Property Fund	Invest directly and indirectly in private investment vehicles that invest in commercial real estate properties.	4,412,819	1	N/A	-
Special Situations Fund	The Fund's objective is to seek to achieve high returns balanced against an appropriate level of volatility and directional market exposure over a full market circle.	4,962,189	1	N/A	-
Global Private Equity Fund	Venture and buyout, in the U.S. and international	2,758,688	1	N/A	1,172,135*
Private Equity Fund	Venture, buyout and real estate	46,483	1	N/A	3,153,513*
		$ 16,323,158	5		$ 4,325,648

* Commitment as of June 30, 2015

	Timing to Draw Down Commitments	Redemption Terms	Redemption Restrictions	Redemption Restrictions in Place at Year End
Structured Credit Fund	N/A	Fund has quarterly liquidity option	None	None
Core Property Fund	N/A	Fund has quarterly liquidity option	None	None
Special Situations Fund	N/A	Fund has a two year lock-up on all subscriptions followed by semi-annual redemption	None, redemption restrictions expired June 30, 2013.	None
Global Private Equity Fund	2%-4% per quarter	Fund considered highly illiquid, at the discretion of the general partner	Fund considered highly illiquid, at the discretion of the general partner	Fund considered highly illiquid, at the discretion of the general partner
Private Equity Fund	N/A	Fund considered highly illiquid, at the discretion of the general partner	Fund considered highly illiquid, at the discretion of the general partner	Fund considered highly illiquid, at the discretion of the general partner

Note 6. 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 at the fair value of the underlying 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, 2016 and 2015, the Home recognized permanently restricted losses of $829,714 and $748,797, respectively. These activities are included within net gains and losses on investment transactions in the statements of activities.

Note 7. Property, Plant and Equipment

The following is a summary as of June 30, 2016 and 2015:

	2016	2015
Land and improvements	$ 2,022,452	$ 2,022,452
Buildings and improvements	33,454,147	33,405,424
Furniture and equipment	6,123,900	5,735,186
Motor vehicles	120,780	120,780
Other assets	56,265	56,265
Construction in progress	160,574	46,441
	41,938,118	41,386,548
Less accumulated depreciation and amortization	(13,954,550)	(12,221,902)
	$ 27,983,568	$ 29,164,646

As of June 30, 2016 and 2015, construction in progress totaling $160,574 and $46,441 represents costs incurred in connection with various construction projects to support program operations. The estimated remaining costs to complete these projects as of June 30, 2016 are approximately $285,000 and will be completed in fiscal year 2017. Certain projects associated with the year ended June 30, 2015 were completed in fiscal year 2016 totaling approximately $45,000 and are included in furniture and equipment in the schedule above. The remainder of these projects are included in construction in process as of June 30, 2016.

During the years ended June 30, 2016 and 2015, the Home disposed of equipment which resulted in losses of $2,029 and $17,755, respectively.

Included in buildings and improvements as of June 30, 2016 and 2015 are approximately $733,000 worth of tenant improvement allowances associated with a lease entered into during the year ended June 30, 2014 for new office space. As of June 30, 2016 and 2015, the net value of this improvement allowance was approximately $642,000 and $689,000, respectively. This tenant improvement allowance has an offsetting liability balance included in other liabilities in the statements of financial position.

Note 8. Assets Held for Sale

As of June 30, 2015, the Home had entered into an agreement to sell a property of the Home. This transaction closed in September of 2015. The property rendered $476,922 in proceeds and as of June 30, 2016, the Home recognized a total gain on this sale of $345,993.

Note 9. Line of Credit

The Home has an unsecured line of credit with a financial institution with a maximum borrowing limit of $10,000,000, subject to renewal in February of each year. As of June 30, 2016 and 2015, $754,952 and $2,943,752, respectively, was outstanding on this line. The line is payable on demand with interest payable monthly. In March 2014, the rate was amended to the LIBOR Advantage Rate plus 1.95% (2.41% and 2.14% as of June 30, 2016 and 2015, respectively). The line of credit agreement requires the Home to maintain certain financial covenants.

Note 10. Bonds Payable

In September 2011, under an agreement with the Massachusetts Development Financing Agency ("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, with variable interest rates and were originally payable over a 30 year maturity schedule through October 1, 2041. The proceeds from this bond were used to repay a former MDFA bond in fiscal year 2012. During the year ended June 30, 2014, proceeds from the sale of an asset were used to make a payment of $5,695,000 on the outstanding bond liability. Additionally, the Home refinanced the terms of the bond to a fixed 3.2% interest rate and a maturity date of March 1, 2037. Bond issuance costs associated with the refinanced bond, net of amortization, were $28,972 and $30,374 as of June 30, 2016 and 2015, respectively, and consist of legal and other expenses incurred in connection with the amended terms. These issuance costs have been presented net of the current and long term portion of bonds payable in the accompanying balance sheet.

Scheduled maturity dates of bond principal over the next five years and in the aggregate for the bonds are as follows for the years ending June 30:

2017	$ 470,000
2018	475,000
2019	485,000
2020	500,000
2021	510,000
Thereafter	8,835,000
	$ 11,275,000

Note 11. Operating Lease Commitments

The Home leases equipment, vehicles and office space from unrelated third parties under operating lease agreements through December 2024. Total rent expense under all lease agreements was $1,657,713 and $1,682,844 for the years ended June 30, 2016 and 2015, respectively.

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

2017	$ 1,703,880
2018	1,159,065
2019	1,067,631
2020	1,049,196
2021	1,054,037
Thereafter	2,390,001
	$ 8,423,810

Note 12. 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 $493,570 and $452,630 for the years ended June 30, 2016 and 2015, respectively.

Note 13. Deferred Compensation

The Home has section 457(b) and 457(f) eligible deferred compensation plans for the Home's Executive Director. These plans call for the Home to make calendar year contributions of $37,500. Contributions to these plans totaled $37,500 for the years ended June 30, 2016 and 2015, respectively. As of June 30, 2016 and 2015, the fair value of the investments under these plans was $315,757 and $280,476, respectively, and is included within investments and other liabilities on the statements of financial position.

Note 14. 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, 2016 and 2015, the use of these assets were as follows:

	2016	2015
Donor restrictions satisfied as to:		
Program operations	$ 774,039	$ 512,998
Other temporarily restricted	2,340,308	2,102,740
	$ 3,114,347	$ 2,615,738

The Board voted to utilize, as part of its spending policy from its investment portfolio, a portion of cumulative endowment appreciation 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, 2016 and 2015 was $2,151,114 and $2,102,740, respectively.

Note 15. Temporarily Restricted Net Assets

Temporarily restricted net assets as of June 30, 2016 and 2015 are composed of the following:

	2016	2015
Gifts and other unexpended revenue and gains restricted to:		
Program operations	$ 693,557	$ 658,315
Investment revenue and realized and unrealized gains on endowment funds	24,355,047	27,168,119
	$ 25,048,604	$ 27,826,434

Note 16. Permanently Restricted Net Assets

Permanently restricted net assets as of June 30, 2016 and 2015 are composed of investment gifts held in perpetuity in the following categories:

	2016	2015
Endowments requiring one-half of investment income to be added to original gift and balance to general support	$ 2,867,554	$ 2,720,904
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	12,741,610	13,571,324
	$ 22,509,060	$ 23,192,124

Note 17. Endowment Net Assets

Following is a summary of endowment net asset composition by type of fund as of June 30, 2016:

June 30, 2016	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 24,355,047	$ 22,509,060	$ 46,864,107
Board designated endowment funds	42,252,608	-	-	42,252,608
Other unrestricted endowment funds	1,411,507	-	-	1,411,507
	$ 43,664,115	$ 24,355,047	$ 22,509,060	$ 90,528,222

Following is a summary of the changes in endowment net assets for the year ended June 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets as of June 30, 2015	$ 45,145,460	$ 27,168,119	$ 23,192,124	$ 95,505,703
Investment return:				
Net losses on investment transactions	(2,363,798)	(2,008,225)	(829,714)	(5,201,737)
Investment revenue	3,363,868	1,346,267	146,650	4,856,785
	1,000,070	(661,958)	(683,064)	(344,952)
Other changes:				
Withdrawals	(5,255,848)	-	-	(5,255,848)
Appropriation	2,151,114	(2,151,114)	-	-
Contributions	623,319	-	-	623,319
Endowment net assets as of June 30, 2016	$ 43,664,115	$ 24,355,047	$ 22,509,060	$ 90,528,222

Note 17. Endowment Net Assets (Continued)

Following is a summary of endowment net asset composition by type of fund as of June 30, 2015:

June 30, 2015	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 27,168,119	$ 23,192,124	$ 50,360,243
Board designated endowment funds	44,013,602	-	-	44,013,602
Other unrestricted endowment funds	1,131,858	-	-	1,131,858
	$ 45,145,460	$ 27,168,119	$ 23,192,124	$ 95,505,703

Following is a summary of the changes in endowment net assets for the year ended June 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets as of June 30, 2014	$43,015,655	$ 28,142,828	$ 23,789,859	$ 94,948,342
Investment return:				
Net losses on investment transactions	(378,197)	(346,780)	(748,797)	(1,473,774)
Investment revenue	3,374,182	1,474,811	151,062	5,000,055
	2,995,985	1,128,031	(597,735)	3,526,281
Other changes:				
Withdrawals	(3,111,215)	-	-	(3,111,215)
Appropriation	2,102,740	(2,102,740)	-	-
Contributions	142,295	-	-	142,295
Endowment net assets as of June 30, 2015	$45,145,460	$ 27,168,119	$ 23,192,124	$ 95,505,703

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 June 30, 2016 and 2015 and the level required by donor stipulation was minimal. These deficiencies resulted from unfavorable market fluctuations that have occurred since the year ended June 30, 2009.

Note 18. 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, statements of activities, or cash flows.

Note 19. Subsequent Events

The Home evaluated subsequent events through November 15, 2016, the date on which the financial statements were available to be issued.