Consolidated Financial Statements
September 30, 2017 and 2016

Handicap Village d/b/a One Vision

Independent Auditor's Report

The Board of Directors
Handicap Village d/b/a One Vision
Clear Lake, Iowa

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Handicap Village d/b/a One Vision (Organization), which comprise the consolidated statements of financial position as of September 30, 2017 and 2016, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Handicap Village d/b/a One Vision as of September 30, 2017 and 2016, 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.

Eide Bailly LLP

Dubuque, Iowa
January 12, 2018

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	2017	2016
Assets		
Cash and cash equivalents	$ 1,639,499	$ 326,411
Operating investments	8,331,512	5,828,085
Accounts receivable, net	2,160,323	2,868,099
Promises to give, net	244,332	2,370,516
Restaurant inventory	16,097	-
Prepaid expenses and other assets	138,201	118,828
Workers' compensation / professional liability insurance estimated receivable	875,355	561,440
Funds held pursuant to HUD requirements		
Reserve for replacements	18,538	30,394
Residual receipts	14,431	18,084
Property and equipment, net	8,810,711	9,707,819
Deferred compensation investments	188,951	156,377
Land held for investment	1,917,500	1,917,500
Land held in charitable trust	648,000	648,000
Cash value of life insurance	265,210	252,857
Beneficial interest in perpetual trust	892,510	846,303
Endowment investments	9,537,649	9,537,224
Total assets	$ 35,698,819	$ 35,187,937

	2017	2016
Liabilities and Net Assets		
Accounts payable		
Trade	$ 499,370	$ 326,766
Estimated health claims	249,305	242,046
Estimated workers' compensation claims and professional liability claims	875,355	561,440
Accrued expenses		
Salaries and wages	317,027	277,529
Deferred compensation	211,468	200,003
Vacation	743,067	743,968
Payroll taxes and other	346,004	123,074
Debt	177,025	209,010
Gift annuity obligation	4,221	4,901
Total liabilities	3,422,842	2,688,737
Net Assets		
Unrestricted		
Undesignated	20,806,664	18,619,118
Board-designated endowment	8,595,928	8,595,928
	29,402,592	27,215,046
Temporarily restricted	1,039,154	3,496,555
Permanently restricted	1,834,231	1,787,599
Total net assets	32,275,977	32,499,200
Total liabilities and net assets	$ 35,698,819	$ 35,187,937

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Support, and Gains				
Client services	$ 21,881,796	$ -	$ -	$ 21,881,796
Contributions	716,280	171,694	425	888,399
Thrift store sales	1,629,900	-	-	1,629,900
Less cost of goods sold	(300,750)	-	-	(300,750)
Net thrift store sales	1,329,150	-	-	1,329,150
Restaurant/bakery sales	162,161	-	-	162,161
Less cost of goods sold	(81,311)	-	-	(81,311)
Net restaurant/bakery sales	80,850			80,850
Net investment return	2,141,019	-	46,207	2,187,226
Rental income from investment property	52,971	-	-	52,971
Other revenue	364,409	-	-	364,409
Net assets released from restrictions	2,629,095	(2,629,095)	-	-
Total revenue, support, and gains	29,195,570	(2,457,401)	46,632	26,784,801
Expenses and Losses				
Program services expense				
Residential	15,994,393	-	-	15,994,393
Day/employment	2,929,552	-	-	2,929,552
Behavioral health	623,376	-	-	623,376
Business enterprises	1,530,953	-	-	1,530,953
Other	1,027,163	-	-	1,027,163
Total program services expense	22,105,437	-	-	22,105,437
Supporting services expense				
Management and general	3,940,807	-	-	3,940,807
Fundraising and development	578,854	-	-	578,854
Total supporting services expense	4,519,661	-	-	4,519,661
Impairment loss on building (cottages)	377,967	-	-	377,967
Loss on sale of property and equipment	4,959	-	-	4,959
Total expenses and losses	27,008,024	-	-	27,008,024
Change in Net Assets	2,187,546	(2,457,401)	46,632	(223,223)
Net Assets, Beginning of Year	27,215,046	3,496,555	1,787,599	32,499,200
Net Assets, End of Year	$ 29,402,592	$ 1,039,154	$ 1,834,231	$ 32,275,977

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Support, and Gains				
Client services	$ 22,961,353	$ -	$ -	$ 22,961,353
Contributions	563,372	2,143,592	955	2,707,919
Thrift store sales	1,227,961	-	-	1,227,961
Less cost of goods sold	(92,681)	-	-	(92,681)
Net thrift store sales	1,135,280	-	-	1,135,280
Net investment return	887,130	-	46,508	933,638
Rental income from investment property	62,443	-	-	62,443
Other revenue	380,354	-	-	380,354
Net assets released from restrictions	486,667	(486,667)	-	-
Total revenue, support, and gains	26,476,599	1,656,925	47,463	28,180,987
Expenses and Losses				
Program services expense				
Residential	15,905,171	-	-	15,905,171
Day/employment	3,679,966	-	-	3,679,966
Behavioral health	562,496	-	-	562,496
Business enterprises	984,185			984,185
Other	1,069,432	-	-	1,069,432
Total program services expense	22,201,250	-	-	22,201,250
Supporting services expense				
Management and general	3,717,677	-	-	3,717,677
Fundraising and development	462,099	-	-	462,099
Total supporting services expense	4,179,776	-	-	4,179,776
Loss on sale of property and equipment	44,269	-	-	44,269
Total expenses and losses	26,425,295	-	-	26,425,295
Change in Net Assets	51,304	1,656,925	47,463	1,755,692
Net Assets, Beginning of Year	27,163,742	1,839,630	1,740,136	30,743,508
Net Assets, End of Year	$ 27,215,046	$ 3,496,555	$ 1,787,599	$ 32,499,200

	Program Services					
	Residential	Day/ Employment	Behavioral Health	Business Enterprises	Other	Total
Salaries and Wages	$ 11,392,349	$ 1,718,394	$ 422,196	$ 810,079	$ 248,508	$ 14,591,526
Employee Benefits	2,201,084	336,226	81,574	159,082	48,272	2,826,238
Payroll Taxes	1,170,160	174,753	42,705	82,593	25,215	1,495,426
Food	294,575	1,496	2,565	2,199	500	301,335
Supplies	204,877	72,431	18,804	167,095	16,989	480,196
Utilities and Telephone	191,410	64,811	607	69,296	66,140	392,264
Repairs and Maintenance	131,959	78,006	4,777	66,311	33,871	314,924
Transportation	98,101	42,025	12,531	630	180,579	333,866
Education Conferences	22,120	6,405	12,075	1,769	1,572	43,941
Resident Payroll	-	321,304	-	2,996	-	324,300
Postage	685	32	-	79	241	1,037
Printing	14	-	288	-	-	302
Professional Fees	44,484	1,672	59	727	4,043	50,985
Insurance	12,703	535	-	9,447	48,959	71,644
Interest	3,448	-	-	(581)	-	2,867
Dues and Subscriptions	2,314	-	285	101	1,333	4,033
Other Taxes	-	-	-	-	362	362
Cost of Goods Sold	-	-	-	382,061	-	382,061
Depreciation	204,213	104,917	17,328	107,391	335,550	769,399
Other	19,897	6,545	7,582	51,739	15,029	100,792
Bad Debts (Recoveries)	-	-	-	-	-	-
Total Expenses by Function	15,994,393	2,929,552	623,376	1,913,014	1,027,163	22,487,498
Less Expenses Included with Revenues on the Statement of Activities						
Cost of goods sold						
Thrift shop	-	-	-	(300,750)	-	(300,750)
Restaurant	-	-	-	(81,311)	-	(81,311)
Total Expenses Included in the Expense Section on the Statement of Activities	$ 15,994,393	$ 2,929,552	$ 623,376	$ 1,530,953	$ 1,027,163	$ 22,105,437

Supporting Services			
Management and General	Fundraising and Development	Total	Total Expenses
$ 1,948,055	$ 242,636	$ 2,190,691	$ 16,782,217
530,929	47,643	578,572	3,404,810
238,135	24,706	262,841	1,758,267
8,352	9,362	17,714	319,049
101,227	29,882	131,109	611,305
79,277	2,577	81,854	474,118
120,001	10,860	130,861	445,785
31,272	3,120	34,392	368,258
18,942	1,200	20,142	64,083
-	-	-	324,300
11,017	9,845	20,862	21,899
61	43,089	43,150	43,452
385,259	76,583	461,842	512,827
77,443	465	77,908	149,552
-	-	-	2,867
23,395	2,583	25,978	30,011
8,271	-	8,271	8,633
-	-	-	382,061
275,940	3,606	279,546	1,048,945
68,354	72,497	140,851	241,643
14,877	(1,800)	13,077	13,077
3,940,807	578,854	4,519,661	27,007,159
-	-	-	(300,750)
-	-	-	(81,311)
$ 3,940,807	$ 578,854	$ 4,519,661	$ 26,625,098

	Program Services					
	Residential	Day/ Employment	Behavioral Health	Business Enterprises	Other	Total
Salaries and Wages	$ 11,364,968	$ 2,145,600	$ 385,945	$ 526,004	$ 277,810	$ 14,700,327
Employee Benefits	2,019,447	381,555	68,952	92,016	48,027	2,609,997
Payroll Taxes	1,171,594	219,047	39,539	53,862	28,537	1,512,579
Food	295,198	45,009	3,729	2,610	1,015	347,561
Supplies	231,892	155,865	22,140	76,641	36,075	522,613
Utilities and Telephone	207,889	67,927	3,280	56,098	69,081	404,275
Repairs and Maintenance	130,763	69,808	4,601	41,254	53,559	299,985
Transportation	137,774	18,382	19,118	2,382	172,300	349,956
Education Conferences	13,608	7,283	3,302	194	6,641	31,028
Resident Payroll	-	432,674	-	2,723	-	435,397
Postage	472	40	-	38	291	841
Printing	145	-	-	-	-	145
Professional Fees	51,902	2,650	6,369	385	6,205	67,511
Insurance	12,439	294	-	4,381	45,586	62,700
Interest	4,163	-	-	-	-	4,163
Dues and Subscriptions	2,599	2,115	-	-	765	5,479
Other Taxes	-	-	-	-	3,097	3,097
Cost of Goods Sold	-	-	-	92,681	-	92,681
Depreciation	235,854	129,378	855	99,881	308,459	774,427
Other	24,464	2,339	4,666	25,716	11,984	69,169
Bad Debts	-	-	-	-	-	-
Total Expenses by Function	15,905,171	3,679,966	562,496	1,076,866	1,069,432	22,293,931
Less Expenses Included with Revenues on the Statement of Activities						
Cost of goods sold						
Thrift shop	-	-	-	(92,681)	-	(92,681)
Total Expenses Included in the Expense Section on the Statement of Activities	$ 15,905,171	$ 3,679,966	$ 562,496	$ 984,185	$ 1,069,432	$ 22,201,250

Supporting Services			
Management and General	Fundraising and Development	Total	Total Expenses
$ 2,068,460	$ 233,955	$ 2,302,415	$ 17,002,742
406,509	41,924	448,433	3,058,430
206,095	23,880	229,975	1,742,554
9,630	16,423	26,053	373,614
106,291	34,624	140,915	663,528
74,519	3,566	78,085	482,360
65,080	7,624	72,704	372,689
31,142	4,266	35,408	385,364
19,243	11,571	30,814	61,842
-	-	-	435,397
13,363	16,174	29,537	30,378
-	33,645	33,645	33,790
201,981	8,322	210,303	277,814
95,817	373	96,190	158,890
-	-	-	4,163
20,667	2,777	23,444	28,923
6,076	-	6,076	9,173
-	-	-	92,681
286,027	3,606	289,633	1,064,060
73,851	19,369	93,220	162,389
32,926	-	32,926	32,926
3,717,677	462,099	4,179,776	26,473,707
-	-	-	(92,681)
$ 3,717,677	$ 462,099	$ 4,179,776	$ 26,381,026

	2017	2016
Operating Activities		
Change in net assets	$ (223,223)	$ 1,755,692
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation and amortization	1,048,945	1,064,060
Realized and unrealized (gain) loss on operating investments	(745,187)	(704,243)
Change in value of split-interest agreements	(680)	4,901
Contributions restricted to endowment	(425)	(955)
Change in beneficial interests held by others	(46,207)	(46,508)
Endowment net investment (return) loss	(1,217,221)	(76,590)
Impairment loss on building (cottages)	377,967	-
Loss on sale of property and equipment	4,959	44,269
Changes in operating assets and liabilities		
Accounts receivable, net	707,776	(325,475)
Promises to give, net	2,126,184	(1,936,408)
Restaurant inventory	(16,097)	-
Prepaid expenses and other assets	(19,373)	81,853
Accounts payable	179,863	28,591
Accrued expenses	272,992	(512,114)
Net Cash from (used for) Operating Activities	2,450,273	(622,927)
Investing Activities		
Purchases of operating investments	(8,722,407)	(32,301,241)
Proceeds from sales of operating investments	7,923,742	32,463,607
Addition to deferred compensation investments	(32,574)	(22,896)
Withdrawal from endowment	260,377	209,388
Purchases of property and equipment	(617,039)	(601,453)
Proceeds from sales of property and equipment	82,276	3,930
Net Cash used for Investing Activities	(1,105,625)	(248,665)
Financing Activities		
Collections of contributions restricted to endowment	425	955
Principal payments on long-term debt	(31,985)	(31,191)
Net Cash used for Financing Activities	(31,560)	(30,236)
Net Change in Cash and Cash Equivalents	1,313,088	(901,828)
Cash and Cash Equivalents, Beginning of Year	326,411	1,228,239
Cash and Cash Equivalents, End of Year	$ 1,639,499	$ 326,411
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	$ 2,867	$ 4,163

Note 1 - Principal Activity and Significant Accounting Policies

Organization

Handicap Village d/b/a One Vision (Organization) – formerly d/b/a Opportunity Village - is a nonprofit organization established to provide residential homes, activity centers, and other services for those individuals having physical or mental disabilities which necessitate special help and supervision in their daily lives. The Organization additionally fulfills its mission by focusing its efforts in the following primary service areas:

Residential

The Organization helps individuals with disabilities to find affordable, safe, and comfortable homes in Iowa communities of their choice. Village staff support each person to live as independently as possible, while providing appropriate assistance based on individual needs.

Day/Employment

The Organization supports individuals with disabilities to achieve success at work. It starts with discovery. We get to know a person outside of work, look at their home environment, find out when and where they are at their best, and assess skills and interests. Then we offer training to improve skills and the opportunity to learn about different types of work by visiting businesses or trying out a job for ten days. The Organization supports individuals with disabilities to achieve success in the communities where they live and the wider world. Success for some might mean volunteering at a local community kitchen or at a state park picking up trash. For another, it may mean going to the grocery store like everyone else in town, to choose favorite items and pay for them.

Behavioral Health

The One Vision Children's Autism Center in Clear Lake, Iowa, offers hope for families overwhelmed by the challenges of raising a child on the autism spectrum. Direct services including assessment, positive behavior supports, and skill building activities to improve the lives of children with autism.

Business Enterprises

The Organization operates various businesses, such as a greenhouse, a thrift store, and a restaurant, which offer work-related opportunities for those individuals it serves. These businesses are operated in conjunction with the other program services previously mentioned.

Other

The Organization provides safe, courteous, and prompt transportation to meet the transportation needs of staff, persons supported, and transit service customers. We also believe that spiritual expression is part of a healthy life, as much as physical, mental, and emotional well-being. Our Spiritual Resources Coordinator supports individuals we serve who want a spiritual component to their lives.

Principles of Consolidation

The consolidated financial statements include the accounts of One Vision (which includes Eagle Grove Group Home), Elm Street Home, Inc., Northwoods Living, Inc, One Vision Foundation, and Fieldhouse Restaurant LLC because One Vision has both control and an economic interest in Elm Street Home, Inc., Northwoods Living, Inc., the One Vision Foundation, and Fieldhouse Restaurant LLC. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as the Organization.

Cash and Cash Equivalents

The Organization consider all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building project, permanent endowment, or other long-term purposes are excluded from this definition.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for client services. The Organization determines the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. At September 30, 2017 and 2016, the allowance was $26,800 and 39,000, respectively.

Promises to Give

The Organization records unconditional contributions expected to be collected within one year at net realizable value. Unconditional contributions expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Organization determines the allowance for uncollectible contributions receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions receivable are written off when deemed uncollectible. At September 30, 2017 and 2016, the allowance was $3,700 and 5,500, respectively.

Restaurant Inventory

Inventory is comprised of food, beverages and dry goods for the Fieldhouse Restaurant, and is stated at the lower of cost or market determined by the first-in first-out method.

U.S. Department of Housing and Urban Development (HUD) Regulations

The operations of the Elm Street Home, Inc. and Eagle Grove Group Home are subject to certain HUD regulations and requirements as follows:

Reserve for Replacements

Pursuant to the terms of the HUD regulatory agreement, Elm Street Home, Inc. and Eagle Grove Group Home are required to maintain a replacement reserve account. The replacement reserve is to be used to fund improvements and replacements. Withdrawals from these accounts are subject to HUD approval.

Residual Receipts

Use of residual receipts accounts are contingent upon HUD's written approval.

Tenant Security Deposits

Pursuant to management policy, Elm Street Home, Inc. and Eagle Grove Group Home have set aside funds to repay tenant security deposits after lease termination in accordance with requirements established by the HUD regulatory agreement.

Rent Increases

Under the regulatory agreement, Elm Street Home, Inc. and Eagle Grove Group Home may not increase rents charged to tenants without HUD approval.

Distributions

Regulatory agreements with HUD stipulate among other things, that Elm Street Home, Inc. and Eagle Grove Group Home will not make distributions of assets or income to any of its officers or directors.

Security Deposits

The Organization holds security deposits for the tenants of the apartments. These funds are included in prepaid expenses and other assets on the consolidated statements of financial position. Security deposits totaled $22,577 and $23,141 at September 30, 2017 and 2016.

Property and Equipment

The Organization records property and equipment additions over $3,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from three to thirty years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the consolidated statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. The Organization has determined that certain long-lived assets were impaired during the year ended September 30, 2017, and has recorded an impairment loss of $377,967 for the year ended September 30, 2017 (Note 6). There were no indicators of asset impairment during the year ended September 30, 2016.

Beneficial Interest in Perpetual Trust

The Organization has been named as an irrevocable beneficiary of a trust administered by a bank. Perpetual trusts provide for the distribution of the net income of the trust to the Organization. At the date the Organization receives notice of a beneficial interest, a permanently restricted contribution is recorded in the consolidated statements of activities, and a beneficial interest in perpetual trust is recorded in the consolidated statements of financial position at the fair value of the underlying trust assets. Thereafter, beneficial interests in the trusts are reported at the fair value of the trusts' assets in the consolidated statements of financial position, with trust distributions and changes in fair value recognized in the consolidated statements of activities.

Investments

The Organization records investment purchases at cost, or the fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return (loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets available for use in general operations. Unrestricted board-designated net assets consist of net assets designated by the Board of Directors for a board-designated endowment.

Temporarily Restricted Net Assets – Net assets subject to donor restrictions that may or will be met by future expenditures or the passage of time, and certain income earned on permanently restricted net assets that has not yet been appropriated for expenditure by the Board of Directors.

The Organization reports contributions restricted by donors as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by our actions. The restrictions stipulate that resources be maintained permanently but permit us to expend the income generated in accordance with the provisions of the agreements.

Revenue and Revenue Recognition

Revenue is recognized when earned. Revenues for client services are obtained based on rates established by third-party payors and by the Organization. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Thrift Store Income and Cost of Goods Sold

Thrift store income and cost of goods sold are recorded as the donated goods are sold.

Donated Services and In-Kind Contributions

The Organization pays for most services requiring specific expertise, however individual volunteers contribute time to the Organization's specific programs, various committee assignments, and fundraising and development activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods for resale requires the addition of program-related expenses/processes before it reaches its point of sale and are recorded as contributions at their estimated fair value at time of sale. For the years ended September 30, 2017 and 2016, the Organization recognized contributed merchandise with a fair value of $300,750 and $92,681 as contributed revenue.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising Costs

Advertising costs are expensed as incurred, and approximated $48,000 and $26,000 during the years ended September 30, 2017 and 2016.

Income Taxes

One Vision, Elm Street Home, Inc., One Vision Foundation, and Northwoods Living, Inc. are organized as Iowa nonprofit corporations and have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). One Vision, Elm Street Home, Inc., and One Vision Foundation qualify for the charitable contribution deduction and have been determined not to be private foundations. Northwoods Living, Inc. has been determined to be a private foundation. Each entity is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entities are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes.

One Vision files an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS to report its unrelated business taxable income.

The Organization has determined that the other entities are not subject to unrelated business income tax and none of the other entities have filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Organization believes that each entity has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Investment in Tax Credit Project

Included within the consolidated financial statements of the Organization is Northwoods Living, Inc., which is a non-profit organization controlled by the Organization. Northwoods Living, Inc. is a general partner in Northwoods Limited Partnership #1, which was organized to acquire, finance, construct, own, maintain, improve, operate, and if appropriate or desirable, sell or otherwise dispose of an apartment complex in Fort Dodge, Iowa.

As a general partner in the tax credit project, Northwoods Living Inc. manages the day to day operations of the project; however, any significant changes to the operations must be approved by the limited partners. In addition, the partnership agreement defines the rights and obligations of the limited partners and the general partners.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the organization has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates. Investments are made by diversified investment managers whose performance is monitored by management and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management believes that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Note 2 - Net Program Service Fees

The Organization has agreements with third-party payors that provide for payments to the Organization at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicaid

The Medicaid program reimburses the Organization for services as defined in various agreements. The basis for reimbursement under these agreements may include discounts from established charges and prospectively determined rates. The Organization's Medicaid settlements have been finalized through the year ended June 30, 2016.

County Funded

Counties reimburse the Organization for services as defined in various agreements. The basis for reimbursement under these agreements may include discounts from established charges and prospectively determined rates.

A summary of revenue from the various payors for the years ended September 30, 2017 and 2016 are as follows:

	2017	2016
Medicaid	90%	84%
Private Pay	5	7
Other	3	6
County Funded	2	3
	100%	100%

The Organization grants credit without collateral to its clients, most of whom are insured under third-party payor agreements. The mix of receivables from third-party payors and clients at September 30, 2017 and 2016 were as follows:

	2017	2016
Medicaid	87%	90%
County Funded	1	3
Other	2	0
Private Pay	10	7
	100%	100%

Note 3 - Fair Value Measurements and Disclosures

The Organization reports certain assets at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the Organization develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

A significant portion of the Organization's investment assets are classified within Level 1 because they are comprised of equity securities and open-end mutual funds with readily determinable fair values based on daily closing prices or redemption values. The Organization invests in certificates of deposit traded in the financial markets. Those certificates of deposit and fixed income securities are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions, and are classified within Level 2. The fair value of the beneficial interest in perpetual trust is based on the fair value of trust investments as reported by the trustee. This is considered to be a Level 3 measurement.

The Organization's land held in charitable trust and land held for investment purposes are valued based on annual appraisals from real estate agents who have experience in area land transactions. The life interest in real estate is valued based off a sales comparison prepared by a real estate agent. These are classified within Level 3. The fair value of the life insurance policies is determined based on a statement of current policy values provided by the insurance company and is classified as Level 2.

The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified below, at September 30, 2017:

		Fair Value Measurements at Report Date Using		
Assets	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Operating Investments				
Cash and money market funds (at cost)	$ 210,553	$ -	$ -	$ -
Certificates of deposit	106,960	-	106,960	-
Fixed income	2,619,680	-	2,619,680	-
Equities	4,068,380	4,068,380	-	-
Equity mutual funds	323,157	323,157	-	-
International equities	1,002,782	1,002,782	-	-
	$ 8,331,512	$ 5,394,319	$ 2,726,640	$ -
Endowment Investments				
Cash and money market funds (at cost)	$ 244,170	$ -	$ -	$ -
Fixed income	3,037,927	-	3,037,927	-
Equities	4,717,921	4,717,921	-	-
Equity mutual funds	374,750	374,750	-	-
International equities	1,162,881	1,162,881	-	-
	$ 9,537,649	$ 6,255,552	$ 3,037,927	$ -
Deferred Compensation Investments				
Equity mutual funds	$ 188,951	$ 188,951	$ -	$ -
Land Held for Investment	$ 1,917,500	$ -	$ -	$ 1,917,500
Land Held in Charitable Trust	$ 648,000	$ -	$ -	648,000
Cash Value of Life Insurance	$ 265,210	$ -	$ 265,210	$ -
Beneficial Interest in Perpetual Trust	$ 892,510	$ -	$ -	$ 892,510

The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified below, at September 30, 2016:

		Fair Value Measurements at Report Date Using		
Assets	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Operating Investments				
Cash and money market funds (at cost)	$ 526,790	$ -	$ -	$ -
Certificates of deposit	105,952	-	105,952	-
Fixed income	1,469,486	-	1,469,486	-
Equities	2,528,532	2,528,532	-	-
Equity mutual funds	233,199	233,199	-	-
International equities	742,864	742,864	-	-
Fixed income mutual funds	221,262	-	221,262	-
	$ 5,828,085	$ 3,504,595	$ 1,796,700	$ -
Endowment Investments				
Cash and money market funds (at cost)	$ 877,937	$ -	$ -	$ -
Fixed income	2,449,014	-	2,449,014	-
Equities	4,214,836	4,214,836	-	-
Equity mutual funds	388,644	388,644	-	-
International equities	1,238,042	1,238,042	-	-
Fixed income mutual funds	368,751	-	368,751	-
	$ 9,537,224	$ 5,841,522	$ 2,817,765	$ -
Deferred Compensation Investments				
Equity mutual funds	$ 156,377	$ 156,377	$ -	$ -
Land Held for Investment	$ 1,917,500	$ -	$ -	$ 1,917,500
Land Held in Charitable Trust	$ 648,000	$ -	$ -	$ 648,000
Cash Value of Life Insurance	$ 252,857	$ -	$ 252,857	$ -
Beneficial Interest in Perpetual Trust	$ 846,303	$ -	$ -	$ 846,303

Below is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended September 30, 2017 and 2016:

	Fair Value Measurements at Report Date Using Significant Unobservable Inputs (Level 3)			
	Beneficial Interest in Perpetual Trust	Land Held in Trust	Land Held for Investment	Life Interest in Real Estate
Year ended September 30, 2017				
Balance at September 30, 2016	$ 846,303	$ 648,000	$ 1,917,500	$ -
Net realized and unrealized gain (loss)	46,207	-	-	-
Balance at September 30, 2017	$ 892,510	$ 648,000	$ 1,917,500	$ -
Unrealized gain (loss) included in net investment return in the statement of activities relating to assets still held at September 30, 2017	$ 46,207	$ -	$ -	$ -
Year ended September 30, 2016				
Balance at September 30, 2015	$ 799,795	$ 686,000	$ 1,953,500	$ 77,000
Net realized and unrealized gain (loss)	46,508	(38,000)	(36,000)	-
Distributions	-	-	-	(77,000)
Balance at September 30, 2016	$ 846,303	$ 648,000	$ 1,917,500	$ -
Unrealized gain (loss) included in net investment return in the statement of activities relating to assets still held at September 30, 2016	$ 46,508	$ (38,000)	$ (36,000)	$ -

Note 4 - Net Investment Return

Net investment return consists of the following for the years ended September 30, 2017 and 2016:

	2017	2016
Operating Investments		
Interest and dividends	$ 224,818	$ 152,805
Net realized and unrealized gain (loss)	745,187	704,243
	970,005	857,048
Endowment Investments		
Interest and dividends	261,227	211,298
Net realized and unrealized gain (loss)	955,994	(134,708)
	1,217,221	76,590
	$ 2,187,226	$ 933,638

Note 5 - Promises to Give

Unconditional promises to give are estimated to be collected as follows at September 30, 2017 and 2016:

	2017	2016
Within One Year	$ 162,558	$ 2,084,969
In One to Five Years	85,474	290,627
Over Five Years	-	420
	248,032	2,376,016
Less allowance for uncollectible promises to give	(3,700)	(5,500)
	$ 244,332	$ 2,370,516

Amounts due in more than one year have not been discounted to present value as the amount of the discount is immaterial to the consolidated financial statements.

Note 6 - Property and Equipment

Property and equipment consists of the following at September 30, 2017 and 2016:

	2017	2016
Land and Improvements	$ 2,178,118	$ 2,199,066
Buildings and Improvements	18,051,033	19,963,592
Equipment and Furniture	4,254,968	4,072,643
Construction in Progress	323,849	-
	24,807,968	26,235,301
Less Accumulated Depreciation and Amortization	(15,997,257)	(16,527,482)
	$ 8,810,711	$ 9,707,819

The Organization has ten on-campus cottage buildings. Due to changes in State legislature and other variables, five of these cottages are no longer used for operational purposes. The remaining five cottages continue to be utilized by the Organization. Since substantial remodeling would need to be made to the five unused cottage buildings in order to sell them as triplex condos as currently planned, an impairment loss of $377,967 was recorded in the consolidated statements of activities at September 30, 2017, reducing the carrying value of the five cottage buildings not being utilized to $0.

The Organization is planning to build a 48-unit senior living complex, which includes other necessary campus improvements, and to begin remodeling certain cottages it intends to sell as triplex condos. In total, the estimated cost to complete these projects is approximately $14.5 million, which will be financed with commercial loan proceeds and current operations. The projects are anticipated to be completed in the spring of 2019. Substantially all costs, other than the $323,849 in construction in progress at September 30, 2017, are remaining to be incurred.

Note 7 - Debt

Debt consists of the following at September 30, 2017 and 2016:

	2017	2016
Note payable to a bank, current interest rate is 3.9%, due in monthly installments of $1,750 through March 2020, with balloon payment in 2020, secured by real estate	$ 79,069	$ 96,567
Non-interest bearing mortgage note payable to the Iowa Department of Economic Development	-	9,421
Non-interest bearing mortgage note payable to the Iowa Department of Economic Development, due in monthly installments of $317, with final payment in 2044	97,956	103,022
	$ 177,025	$ 209,010

Future maturities of debt are as follows:

Years Ending September 30,	Amount
2018	$ 23,270
2019	24,003
2020	46,997
2021	5,067
2022	5,067
Thereafter	72,621
	$ 177,025

The Organization received two forgivable loans from North Iowa Area Council of Governments (NIACOG) Housing Trust Fund for housing assistance to help construct homes for its clients to rent. The Organization was required to match the funds given. 1/60th of the loans will be forgiven each month as long as terms for the loan continue to be met. The specifications require that the Organization must use the homes for clients or low income housing and they may not sell the homes for five years from the date of the agreements. The Organization entered into one forgivable loan on March 26, 2014, for $96,538 and another forgivable loan on January 22, 2015, for $79,617. As the loans are forgivable and the Organization deems any non-performance remote, the loans were recorded as contributions upon receipt and are not included in long-term debt as of September 30, 2017 and 2016. If the terms of the loan agreements are not met, outstanding balances as of September 30, 2017 and 2016 would be approximately $29,000 and $37,000, respectively.

Note 8 - Leases

The Organization leases building space for its work activity program under an operating lease expiring in October 2026. However, subsequent to April 26, 2014, the lease may be terminated by either party. The monthly payments are $4,040. There are no future minimum lease payments as of September 30, 2017.

The Organization began leasing space used for restaurant operations in January 2017 under an operating lease expiring December 31, 2020. Lease expense for the year ended September 30, 2017 under this lease was $13,500.

Future minimum lease payments for this lease are as follows:

Years Ending September 30,	Operating Leases
2018	$ 18,000
2019	18,000
2020	18,000
2021	4,500
Total minimum lease payments	$ 58,500

Total rent expense for the years ended September 30, 2017 and 2016 totaled $82,085 and $71,602, respectively.

Note 9 - Endowments

The Organization's endowment (the Endowment) consists of eight individual funds established by donors. The Endowment also includes certain unrestricted net assets designated for endowment by the Board of Directors. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the Iowa Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. September 30, 2017 and 2016, there were no such donor stipulations. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the Endowment, (b) the original value of subsequent gifts donated to the Endowment (including promises to give net of discount and allowance for doubtful accounts), and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. The remaining portion of the donor-restricted endowment is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA. The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

As of September 30, 2017 and 2016, the Organization had the following endowment net asset composition by type of fund:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
September 30, 2017				
Board-Designated Endowment	$ 8,595,928	$ -	$ -	$ 8,595,928
Donor-Restricted Endowment	-	-	941,721	941,721
	$ 8,595,928	$ -	$ 941,721	$ 9,537,649
September 30, 2016				
Board-Designated Endowment	$ 8,595,928	$ -	$ -	$ 8,595,928
Donor-Restricted Endowment	-	-	941,296	941,296
	$ 8,595,928	$ -	$ 941,296	$ 9,537,224

Investment and Spending Policies

The Organization has adopted investment policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the Endowment investments. The Organization is currently developing a spending policy to align with this methodology as earnings on the endowment have historically been released from restriction annually to use for operations.

Changes in Endowment net assets for the years ended September 30, 2017 and 2016 are as follows:

Year Ended September 30, 2017	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	$ 8,595,928	$ -	$ 941,296	$ 9,537,224
Investment Return				
Investment income, net of fees	235,439	25,788	-	261,227
Net realized and unrealized gain (loss)	861,621	94,373	-	955,994
	1,097,060	120,161	-	1,217,221
Contributions	-	-	425	425
Distributions				
Appropriation of endowment assets pursuant to spending-rate policy	-	(120,161)	-	(120,161)
Transfer to remove board-designated endowment funds	(1,097,060)	-	-	(1,097,060)
Endowment Net Assets, End of Year	$ 8,595,928	$ -	$ 941,721	$ 9,537,649

Year Ended September 30, 2016	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	$ 8,595,928	$ -	$ 940,341	$ 9,536,269
Investment Return				
Investment income, net of fees	190,453	20,845	-	211,298
Net realized and unrealized gain (loss)	(121,419)	(13,289)	-	(134,708)
	69,034	7,556	-	76,590
Contributions	-	-	955	955
Distributions				
Appropriation of endowment assets pursuant to spending-rate policy	-	(7,556)	-	(7,556)
Transfer to remove board-designated endowment funds	(69,034)	-	-	(69,034)
Endowment Net Assets, End of Year	$ 8,595,928	$ -	$ 941,296	$ 9,537,224

Note 10 - Restricted Net Assets

Temporarily restricted net assets at September 30, 2017 and 2016, consist of:

	2017	2016
Restricted by Donors for		
New program development	$ 64,319	$ 31,408
Special needs fund	52,765	62,907
Payment of deferred compensation	29,738	51,492
Fort Dodge services	-	332,232
Time Restrictions (Proceeds Are Not Restricted by Donors)		
Land held in charitable trust	648,000	648,000
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	244,332	2,370,516
	$ 1,039,154	$ 3,496,555

Net assets were released from restrictions as follows during the years ended September 30, 2017 and 2016:

	2017	2016
Expiration of Time Restrictions, Less Amounts That Now Have A Purpose Restriction	$ 2,241,717	$ 244,049
Change in Value of Land Held in Charitable Trust	-	38,000
Satisfaction of Purpose Restrictions		
Fort Dodge services	332,232	-
Payment of deferred compensation	21,754	21,754
New program development	20,158	152,102
Special needs fund	13,234	8,142
Continuing education fund	-	22,620
	$ 2,629,095	$ 486,667

Permanently restricted net assets consist of beneficial interests in perpetual trusts and endowment funds restricted by donors for investment in perpetuity. Distributions from perpetual trusts and earnings on endowment funds are available for the purposes specified by the donors, or in certain cases, for the Organization's unrestricted use. The permanently restricted net assets balances are as follows at September 30, 2017 and 2016:

	2017	2016
Endowment Funds	$ 941,721	$ 941,296
Beneficial Interests in Perpetual Trusts	892,510	846,303
	$ 1,834,231	$ 1,787,599

Note 11 - Employee Benefits

The Organization sponsors a defined contribution pension plan that matches 100% of the first 3% of employee contributions and 50% of the next 2% of employee contributions. During the years ended September 30, 2017 and 2016, contributions to the plan amounted to $347,171 and $362,695, respectively.

Note 12 - Contingencies

General Liability Insurance

General liability insurance coverage is subject to a limit of $1 million per claim and an annual aggregate limit of $3 million.

Self-Insured Health Plan

The Organization self-insures for losses related to employee health benefits. Reinsurance coverage is maintained for specific individual and aggregate liability losses over specified amounts. A provision for estimated health claims outstanding of approximately $249,000 and $242,000 is included in liabilities at September 30, 2017 and 2016.

Litigations, Claims, and Disputes

The Organization is subject to the usual contingencies in the normal course of operations and relating to the performance of its tasks under its various programs. In the opinion of management, the ultimate settlement of any litigation, claims, and disputes in process will not be material to the financial position, operations, or cash flows of the Organization.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicaid program, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues from patient services.

Note 13 - Subsequent Events

Subsequent to September 30, 2017, the Board of Directors approved to move forward with its plan to build a 48-unit senior living complex, which includes other necessary campus improvements, and to begin remodeling certain cottages it intends to sell as triplex condos. In total, the estimated cost to complete these projects is approximately $14.5 million, which will be financed with commercial loan proceeds and current operations. One of the owners of the anticipated general contractor for the 48-unit senior living complex project is the spouse of the president of the Organization's Board of Directors.

The Organization has evaluated subsequent events through January 12, 2018, the date the consolidated financial statements were available to be issued.