STOCKMAN KAST RYAN + COMPANY

THE MYRON STRATTON HOME

Financial Statements

For the Year Ended December 31, 2018

And

Independent Auditors' Report

THE MYRON STRATTON HOME

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STOCKMAN KAST RYAN + COMPANY

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
The Myron Stratton Home

We have audited the accompanying financial statements of The Myron Stratton Home (a non-profit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 Myron Stratton Home as of December 31, 2018 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, in 2018 the Home adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, *Not-for Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended December 31, 2018. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited The Myron Stratton Home's 2017 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated June 7, 2018. In our opinion, the summarized comparative information presented herein is consistent, in all material respects, with the audited financial statements from which it has been derived.

Stockman Kast Ryan + Co, LLP

May 29, 2019

THE MYRON STRATTON HOME

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018 (with comparative totals for 2017)

	2018	2017
ASSETS		
Cash and cash equivalents	$ 1,303,927	$ 1,519,277
Receivables		
Royalties	1,166,407	319,389
Interest and dividends	24,931	22,002
Other	121,201	106,314
Supplies and prepaid expenses	90,756	73,982
Note receivable		400,000
Investments	152,858,845	167,014,341
Home property, net	25,766,123	23,997,740
TOTAL	$ 181,332,190	$ 193,453,045
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	536,762	1,002,330
Grants payable	65,000	51,000
Promises to give payable- Consortium	655,709	945,658
Total liabilities	1,257,471	1,998,988
NET ASSETS		
Without donor restrictions	176,795,704	188,031,179
With donor restrictions	3,279,015	3,422,878
Total net assets	180,074,719	191,454,057
TOTAL	$ 181,332,190	$ 193,453,045

See notes to financial statements.

THE MYRON STRATTON HOME

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018 (with comparative totals for 2017)

	2018			
	Without Donor Restriction	**With Donor Restriction**	**Total**	**2017 Total**
REVENUES AND GAINS				
Investment income (loss)	$ (11,154,512)	$ (143,863)	$ (11,298,375)	$ 22,794,963
Royalty fees	4,087,402		4,087,402	1,773,208
Home operating revenues	980,783		980,783	939,370
Consortium rental income	458,769		458,769	458,769
Other	4,569		4,569	42,968
Total	(5,622,989)	(143,863)	(5,766,852)	26,009,278
EXPENSES				
Program expenses:				
Assisted Living	2,512,219		2,512,219	2,313,206
Independent Living	1,652,415		1,652,415	1,533,961
Grants	560,268		560,268	466,202
Consortium	407,718		407,718	386,593
Total program expenses	5,132,620		5,132,620	4,699,962
Support services	479,866		479,866	457,767
Total	5,612,486	—	5,612,486	5,157,729
CHANGE IN NET ASSETS	(11,235,475)	(143,863)	(11,379,338)	20,851,549
NET ASSETS, Beginning of year	188,031,179	3,422,878	191,454,057	170,602,508
NET ASSETS, End of year	$ 176,795,704	$ 3,279,015	$ 180,074,719	$ 191,454,057

See notes to financial statements.

THE MYRON STRATTON HOME

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018 (with comparative totals for 2017)

	2018							
	Program Services				Total	Support Services		
	Assisted Living	Independent Living	Grants	Consortium	Program Services	General and Administrative	Total	2017 Total
EXPENSES								
Salaries, benefits and related	$ 1,802,020	$ 891,796	$ 50,533	$ 92,747	$ 2,837,096	$ 166,945	$ 3,004,041	$ 2,728,035
Depreciation	311,502	360,491		130,142	802,135	14,340	816,475	791,294
Grants to other 501(c)(3) organizations			468,500		468,500		468,500	382,000
Utilities	83,459	102,005			185,464	18,113	203,577	197,874
Dining supplies	121,296	80,864			202,160		202,160	187,539
Insurance	39,967	48,848		21,064	109,879	38,146	148,025	148,791
Contracted services	31,495	31,495	25,200	49,797	137,987	7,263	145,250	130,682
Repairs and maintenance	38,736	43,677		31,743	114,156	18,199	132,355	134,753
Trustees fees						85,000	85,000	72,000
Grounds maintenance	23,052	27,725		26,184	76,961	4,967	81,928	46,730
Housekeeping supplies	25,415	23,719	2,349	3,083	54,566	4,048	58,614	55,654
Office expense	10,656	6,082	24	25	16,787	27,818	44,605	48,434
Professional fees						39,392	39,392	55,700
Telecomm and information technology	8,572	8,950	6,900	1,786	26,208	11,651	37,859	32,212
Recreation and resident engagement	2,619	16,801			19,420	3,753	23,173	21,612
Travel and entertainment	3,583	3,700	645	4,664	12,592	5,922	18,514	16,503
Meetings and staff development	886	1,174		520	2,580	11,852	14,432	17,270
Public relations	79	120	2,400	240	2,839	8,992	11,831	8,561
Dues and subscriptions	1,264	2,734	1,480		5,478	3,772	9,250	7,774
Employee relations	359	395			754	6,784	7,538	9,345
Medical supplies	3,993	705			4,698		4,698	4,562
State mandated staff screenings	2,943	783			3,726		3,726	1,937
Advertising and marketing	201	276	27	42	546	2,185	2,731	4,482
Seminars and conventions			1,720		1,720		1,720	1,500
Miscellaneous	122	75	490	45,681	46,368	724	47,092	52,485
TOTAL	$ 2,512,219	$ 1,652,415	$ 560,268	$ 407,718	$ 5,132,620	$ 479,866	$ 5,612,486	
PERCENT OF TOTAL	45%	29%	10%	7%	91%	9%	100%	
COMPARATIVE TOTALS – 2017	$ 2,313,206	$ 1,533,961	$ 466,202	$ 386,593	$ 4,699,962	$ 457,767		$ 5,157,729
PERCENT OF TOTAL – 2017	45%	30%	9%	7%	91%	9%		100%

See notes to financial statements.

THE MYRON STRATTON HOME

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018 (with comparative totals for 2017)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (11,379,338)	$ 20,851,549
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	816,475	791,294
Realized and unrealized (gains) losses on investments	14,084,109	(20,892,622)
Other		118
Changes in operating assets and liabilities:		
Receivables	(864,834)	(648,563)
Supplies and prepaid expenses	(16,774)	21,486
Accounts payable and accrued expenses	(465,568)	543,847
Grants payable	14,000	21,000
Promises to give payable- Consortium	(289,949)	(289,503)
Net cash provided by operating activities	1,898,121	398,606
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	21,482,942	30,487,971
Purchases of investments	(21,411,555)	(25,765,014)
Purchases of Home property	(2,805,211)	(3,313,145)
Impairment on Home property	220,353	
Payments on note receivable	400,000	
Issuance of note receivable		(400,000)
Net cash provided by (used in) investing activities	(2,113,471)	1,009,812
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(215,350)	1,408,418
CASH AND CASH EQUIVALENTS, Beginning of year	1,519,277	110,859
CASH AND CASH EQUIVALENTS, End of year	$ 1,303,927	$ 1,519,277

See notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Myron Stratton Home (the Home) was founded in accordance with the provisions of the will of Winfield Scott Stratton. The will directed that, after payment of all bequests, legal costs and expenses, the remainder of his estate be used to create an organization to provide a home for indigent persons who are unable to earn a livelihood by reason of old age, youth, sickness or other infirmity. The provisions of the will are subject to the jurisdiction of the District Court of El Paso County, Colorado and administered by the trustees and management of the Home. The Home's revenues are substantially provided by investment return (investment income and realized and unrealized gains on investments), royalties and home operating revenues.

Basis of Presentation — The Home reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, which represents the expendable resources that are available for operations at management's discretion; and net assets with donor restrictions, which represents resources restricted by donors as to purpose or by the passage of time and resources whose use by the Home is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Home.

The accompanying financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Home's financial statements for the year ended 2017, from which the summarized information was derived.

Change in Accounting Principle — On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958)- *Presentation of Financial Statements of Not-for-Profit Entities.* The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. During 2018, the Home implemented ASU 2016-14 and adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

Cash and Cash Equivalents — The Home considers all liquid investments with original maturities of three months or less and which are not held for long term investment purposes, to be cash equivalents. Cash and highly liquid financial instruments held for long term purposes, regardless of original length to maturity, are reported as investments and are excluded from this definition. The net amount of operating cash added to, or withdrawn from, the long-term investments is reported as an investing activity in the statement of cash flows.

Receivables — Receivables consist primarily of accrued and unpaid interest and dividends, royalties and amounts due from Medicaid. The fair value of receivables approximates the carrying amounts.

Grants Payable — Grants payable represents unconditional grants that have been authorized but remain unpaid as of the balance sheet date. Conditional grants are expensed and considered payable in the period the conditions are substantially satisfied. There were no conditional grants at December 31, 2018 or 2017.

Home Property — Home property is recorded at cost and depreciated using the straight-line method over estimated useful lives which range from three to fifty years. The Home's policy is to capitalize acquisitions of property costing in excess of $2,500 and having a useful life exceeding one year.

Investments — Investments in equity securities having a readily determinable fair value and all debt securities and alternative investments are carried at fair value. Other investments are valued at the lower of cost or net realizable value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments.

Income Taxes — The Home is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Home believes that it does not have any uncertain tax positions that are material to the financial statements.

Use of Estimates — Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications — Certain reclassifications to prior year amounts have been made to conform to the current year presentation.

Subsequent Events — The Home has evaluated subsequent events for recognition or disclosure through the date of the Independent Auditors' Report, which is the date the financial statements were available for issuance.

2. LIQUIDITY AND AVAILABILITY

The following table reflects the Home's financial assets as of December 31, 2018 and 2017, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions. Amounts not available to meet general expenditures within one year include net assets with donor restrictions.

As part of the Home's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Home's policy to manage an emergency cash flow need is to maintain one to two million dollars in the Wells Fargo cash account. The Home manages their cash flow through a one year cycle through monthly review of aggregate available funds from investment and monthly review of cash account balance.

	2018	2017
Cash and cash equivalents	$ 1,303,927	$ 1,519,277
Receivables	1,312,539	447,705
Note receivable		400,000
Investments	152,858,845	167,014,341
Total financial assets	155,475,311	169,381,323
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donors in perpetuity	3,279,015	3,422,878
Total financial assets available to management to meet cash needs for general expenditures within one year	$152,196,296	$165,958,445

3. HOME PROPERTY

Home property is comprised of the following as of December 31:

	2018	2017
Land	$ 1,207,184	$ 1,207,184
Buildings and improvements	37,430,876	31,959,984
Furniture and fixtures	1,522,904	1,396,523
Construction in progress	154,766	3,169,953
Total	40,315,730	37,733,644
Less accumulated depreciation	14,549,607	13,735,904
Home property, net	$ 25,766,123	$ 23,997,740

4. FUNCTIONAL EXPENSES ALLOCATION METHODS

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Home. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include property and liability insurance, utilities and maintenance repairs, which are allocated on the basis of building square footage, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

5. INVESTMENTS AND FAIR VALUE DISCLOSURES

The Home is required to use a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the Home has the ability to access.

Level 2: Prices determined using significant other observable inputs. Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Prices determined using significant unobservable inputs.

Investments for which fair value is measured using the net asset value per share practical expedient are not categorized with the fair value hierarchy.

The investment's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The classifications (Level 1, 2 and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not necessarily an indication of risk or liquidity.

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Debt and Equity Securities — The Home invests in various equity securities and both equity and fixed income mutual funds. Where quoted market prices are available for identical securities in an active market, securities are classified within Level 1 of the valuation hierarchy.

The Home has classified equity and fixed income mutual funds and exchange traded equities in the Level 1 category. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Securities with these observable inputs are classified as Level 2 securities in the valuation hierarchy.

Alternative Investments — The Home's alternative investments consist of equity hedge funds, absolute return funds and limited partnerships. As a group, the alternative investments invest in a variety of securities including, but not limited to, foreign and domestic publicly traded equity securities, foreign and domestic fixed income investments, options, warrants, derivatives and contracts. These are valued at net asset value of the respective investments as a practical expedient to estimate fair value. This practical expedient would not be used if it is determined to be probable that the investment will be sold for an amount different from the reported net asset value.

See below for further information on these investments measured using the net asset value practical expedient.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Home believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Home does not have any unfunded commitments in any of their alternative investments. Written notice is required to redeem amounts held by these funds which are described below.

Other Investments — Other investments consist of interest in mining rights and are carried at cost.

The following table represents the cost and fair value of the Home's investments as of December 31:

	2018		2017	
	Cost	**Fair Value**	**Cost**	**Fair Value**
Temporary cash investments	$ 7,591,166	$ 7,591,166	$ 4,709,602	$ 4,709,602
Corporate stocks	30,258,171	36,766,852	27,882,222	41,879,238
Equity mutual funds	24,144,990	23,691,035	22,338,331	28,057,742
Bond mutual funds	7,143,430	6,767,553	7,111,609	7,114,796
Alternative investments	50,351,765	78,006,579	53,548,488	85,217,303
Other (carried at cost)	35,660	35,660	35,660	35,660
Total	$119,525,182	$152,858,845	$115,625,912	$ 167,014,341

The following tables summarize the financial instruments reported within the statements of financial position carried at fair value as of December 31, 2018 and 2017, by caption and level within the fair value accounting hierarchy:

	Fair Value	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
2018:				
Temporary cash investments	$ 7,591,166	$ 7,591,166		
Corporate stocks	36,766,852	36,766,852		
Equity mutual funds	23,691,035	23,691,035		
Bond mutual funds	6,767,553	6,767,553		
Total investments in the fair value hierarchy	74,816,606	$ 74,816,606	$ —	$ —
Investments measured at net asset value	78,006,579			
Other investments (held at cost)	35,660			
Total investments	$ 152,858,845			

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2017:				
Temporary cash investments	$ 4,709,602	$ 4,709,602		
Corporate stocks	41,879,238	41,879,238		
Equity mutual funds	28,057,742	28,057,742		
Bond mutual funds	7,114,796	7,114,796		
Total investments in the fair value hierarchy	81,761,378	$ 81,761,378	$ —	$ —
Investments measured at net asset value	85,217,303			
Other investments (held at cost)	35,660			
Total investments	$ 167,014,341			

Arbitrage Funds: The Home invests in two funds, Davidson Kempner Institutional Partners LP and Holowesko Global Fd LTD, that use arbitrage as their primary investment strategy. These funds seek capital appreciation through various arbitrage situations. The funds seek returns through investing in international and domestic securities of issuers that are in financial distress, completing an out-of-court restructuring, involved in bankruptcy, mergers, unsolicited merger proposals, spin-offs, liquidations, recapitalizations, distressed or are illiquid. Investment portfolios consist of common stock, preferred stock, convertible securities, debt instruments, real estate assets, options futures, swaps, credit default swaps, other derivatives and structured products, including collateralized loan obligations. The funds may utilize leverage in its investment programs, and its portfolios may include both long and short positions.

Diversified Investment Fund: The Home invests in one diversified investment fund. Newport Asia, primarily invests in traditional securities in the Asia-Pacific region of the world. The fund is currently invested in common stocks as well as real estate investment trusts.

Fixed Income Funds: The Home invests in a hedge fund, Convexity Capital Offshore LP, that is primarily invested in United States government obligations. The fund also may invest in a variety of other securities. It hedges these investments with the use of over the counter foreign exchange, interest rate, and credit option swaps.

Hedge Fund of Funds: The Home invests in one hedge fund, Maverick Stable Fund, LTD, that holds a mix of other hedge funds and securities. The investment objective of the fund is to achieve consistent, positive returns, which are not dependent upon a rising equity market, while attempting to reduce risk and volatility. The fund invests with hedge funds and other experienced portfolio managers or other investment managers employing a variety of trading styles or strategies, including but not limited to, direct lending, convertible arbitrage, merger or risk arbitrage and other event-driven investing, distressed and long/short credit, long/short equity, multi-strategy and other relative value strategies. The investment managers have discretion to make all investment and trading decisions, including the selection of the fund's portfolio managers.

Common Trust Funds Trust: The Home is invested in one fund, Wellington Trust Company, NA, CTF Emerging Companies Portfolio that is primarily invested in investments in small and emerging companies. The fund's investment objective is to provide long-term total returns in excess of the Russell 2000 Index.

Emerging Market Non-Hedge: The Home is invested in one fund, GQC Partners Emerging Markets Equity Fund that is primarily invested in equity securities or equity-linked instruments of companies located anywhere in the world, including, but not limited to, emerging markets countries and the United States. The investment objective of the fund is to maximize long-term capital appreciation. The Fund has no limitation on the capitalization size of the companies in which it invests nor its ability to invest in foreign securities. The Fund may invest in any country.

Traditional Hedge Funds: The Home is invested in nine traditional hedge funds. These are Canyon Value, Indus Asia Pacific Fund Ltd, Maverick Fund Ltd, Steadfast International Ltd, Marshall Wace Eureka Fund, Fir Tree International Value Fund, King Street Capital, Ltd, Farallon Capital Institutional Partners, L.P., and Kabouter International Opportunities Fund. These funds seek to preserve and grow capital through all market conditions. They invest primarily in a variety of domestic and international equity securities. These funds hedge their primary securities positions with a variety of hedging methods. The hedging methods include but are not limited to: call, put, and currency options, various swaps and futures contracts.

Funds in Liquidation: The Home has three funds that are currently in liquidation. The funds are currently paying out the remainder of the investment. Management believes that they will receive substantially all their remaining investments in those funds and that the fair market values accurately presents the fair values.

Investments that Calculate Net Asset Value — The following summarizes liquidity considerations for investments measured at fair value that calculate net asset value per share as a practical expedient at December 31, 2018 and 2017:

Investments	Fair Value	Redemption Frequency	Redemption Notice Period
2018:			
Arbitrage Funds:			
Davidson Kempner Institutional Partners LP	$ 5,385,187	Quarterly	65 days advance written notice
Holowesko Global Fd LTD	4,361,626	Quarterly	30 days advance written notice
Diversified Investment Fund:			
Newport Asia LLC	9,374,000	Monthly	30 days advance written notice
Fixed Income Fund:			
Convexity Capital Offshore LP	4,892,002	Quarterly	60 days advance written notice
Hedge Fund of Funds:			
Maverick table Fund LTD	6,202,960	Quarterly	95 days advance written notice
Common Trust Funds Trust:			
Wellington WTC-CTF	6,305,780	Monthly	Written notice before 22nd of prior month
Emerging Markets Non-Hedge:			
GQG Partners	3,663,879	Monthly	Written notice before 15th of month
Traditional Hedge Funds:			
Kabouter Intl Opp Fund	4,637,773	Monthly	30 days advance written notice
Farallon Capital	5,280,000	Annually	60 days advance written notice
Canyon Value	4,612,604	Quarterly	60 days advance written notice
Indus Asia Pacific Fd LTD	3,725,780	Quarterly	30 days advance written notice
Marshall Wace Eureka Fund	4,531,725	Monthly	30 days advance written notice
Maverick Fund LTD	4,630,864	Quarterly	60 days advance written notice
King Street Capital LTD	3,664,548	Quarterly	65 days advance written notice
Steadfast International LTD	2,782,664	Quarterly	60 days advance written notice
Fir Tree Intl Value Fd	1,841,454	Monthly	90 days advance written notice
Funds in Liquidation:			
Highfields Capital Fund LTD	1,495,400	Bi-annually	N/A
Och Ziff Overseas Fund	601,047	Annually	N/A
Raptor Private Portfolio FD	17,286	N/A	N/A
Total	$ 78,006,579		

Investments		Fair Value	Redemption Frequency	Redemption Notice Period
2017:				
Arbitrage Funds:				
Davidson Kempner				
Institutional Partners LP	$	5,273,642	Quarterly	65 days advance written notice
Holowesko Global Fd LTD		4,707,027	Quarterly	30 days advance written notice
Diversified Investment Fund:				
Newport Asia LLC		11,165,962	Monthly	30 days advance written notice
Fixed Income Fund:				
Convexity Capital				
Offshore LP		4,692,243	Quarterly	60 days advance written notice
Hedge Fund of Funds:				
Maverick table Fund LTD		6,326,850	Quarterly	95 days advance written notice
Common Trust Funds Trust:				
Wellington WTC-CTF		6,029,918	Monthly	Written notice before 22nd of prior month
Emerging Markets Non-Hedge:				
GQG Partners		4,265,519	Monthly	Written notice before 15th of month
Traditional Hedge Funds:				
Kabouter Intl Opp Fund		5,685,055	Monthly	30 days advance written notice
Farallon Capital		5,066,323	Annually	60 days advance written notice
Canyon Value		4,737,466	Quarterly	60 days advance written notice
Indus Asia Pacific Fd LTD		4,555,403	Quarterly	30 days advance written notice
Marshall Wace Eureka Fund		4,538,910	Monthly	30 days advance written notice
Maverick Fund LTD		4,526,732	Quarterly	60 days advance written notice
Highfields Capital Fund LTD		4,216,600	Bi-annually	60 days advance written notice
King Street Capital LTD		3,724,921	Quarterly	65 days advance written notice
Steadfast International LTD		2,602,180	Quarterly	60 days advance written notice
Fir Tree Intl Value Fd		2,010,588	Monthly	90 days advance written notice
Funds in Liquidation:				
Och Ziff Overseas Fund		1,071,405	Annually	N/A
Raptor Private Portfolio FD		20,559	N/A	N/A
Total	$	85,217,303		

Investment income consists of the following for the years ended December 31:

	2018	2017
Net realized and unrealized gains (losses)	$(13,671,823)	$ 20,892,622
Dividends and interest	2,655,773	2,173,285
Investment fees	(282,325)	(270,944)
Total	$(11,298,375)	$ 22,794,963

Investment fees of $282,325 and $270,944 were recognized net with investment income by the Home during the years ended December 31, 2018 and 2017, respectively.

6. HOME OPERATING REVENUES

Home operating revenues consist of revenues from its alternative care facility and resident fees for rent and food.

7. ENDOWMENT

The State of Colorado has adopted the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA or the Act). The Act provides statutory guidance for management, investment and expenditures of endowment funds held by not-for-profit organizations. Amongst other provisions, the Act eliminates the "historical dollar value" rule for endowment funds, in favor of guidelines regarding what constitutes prudent spending and explicitly requires consideration of the following factors (if relevant):

1. The duration and preservation of the endowment fund
2. The purposes of the institution and the endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Institution; and
7. The investment policies of the Institution

The Home's endowment consists of one donor-restricted endowment fund established and restricted for the purpose of creating a Home for indigent people who are unable to earn a livelihood by reason of old age, youth, sickness or other infirmity.

As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Home's governing body has interpreted the State of Colorado's UPMIFA as permitting preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Home classifies the original value of gift donated to the permanent endowment, as net assets with donor restrictions. Investment returns (losses) earned by the investment portfolio are recognized as without donor restrictions in accordance with the original will of Winfield Scott Stratton.

The composition of net assets by type of endowment fund at December 31 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
2018			
Donor-restricted endowment funds	$ —	$ 3,279,015	$ 3,279,015
2017			
Donor-restricted endowment funds	$ —	$ 3,422,878	$ 3,422,878

	Without Donor Restrictions	With Donor Restrictions	Total
2018			
Endowment net assets, beginning of year	$ —	$ 3,422,878	$ 3,422,878
Investment return:			
Investment loss on endowment funds		(143,863)	(143,863)
Endowment net assets, end of year	$ —	$ 3,279,015	$ 3,279,015
2017			
Endowment net assets, beginning of year	$ —	$ 3,422,878	$ 3,422,878
Investment return:			
Investment gain on endowment funds	530,631		530,631
Other:			
Appropriation of endowment assets for expenditure	(530,631)		(530,631)
Endowment net assets, end of year	$ —	$ 3,422,878	$ 3,422,878

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Home is required to retain as a fund of perpetual duration pursuant to donor stipulation or UPMIFA. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. There were no such deficiencies as of December 31, 2018 and 2017.

The Home has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Under the Home's policies, the endowment assets are invested in a manner that is intended to produce the highest possible rate of return consistent with stated risk tolerances.

To satisfy its long-term rate of return objectives, the Home relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized).

The Home targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. Equity-based investments include large-cap, small-cap and international equities. The Home also uses fixed income securities and alternative investments, such as hedge funds, to achieve its objectives.

8. RETIREMENT PLAN

The Home has a 401(k) plan for employees who are older than twenty years six months and have performed one year of service for the Home. Contributions are made by employees before or after tax. The plan is a safe harbor plan and the employer may make additional elective contributions to the plan.

The Home contributes a Qualified Non-Election (Safe Harbor) amount of 3% of each eligible employee's salary but may contribute an additional discretionary amount. Employer elective contributions vest over a five year period. During the year ended December 31, 2018 and 2017, the Home recognized expenses of $192,259 and $187,733, respectively, for contributions into the plan.

9. LESSOR COMMITMENTS

As of December 31, 2018 and 2017, the Home has four lease arrangements with four not-for-profit entities (the Consortium) to lease space on its property. The leases call for the Consortium to pay annual rents of $1 each, plus a maintenance fee, and to reimburse the Home for all utility costs. During 2018 and 2017, the Home received reimbursements of $228,668 and $219,937, respectively, for maintenance, utilities and other costs. Two of the leases, which commenced in 2006, carried a term of five years, with the lessee having the option to renew up to four additional terms of five years each. One of the leases, which commenced in 2006, was amended in 2012 to allow the lessee to renew up to twenty terms of one year. One of the leases, which commenced in 2016, carried an initial term of fourteen months, the agreement was renewed in 2017 for a period of eleven months, and then was renewed again in 2018 for a period of 7 months.

The Home records a promise to give payable when they enter or renew a lease equal to the present value of the fair rental value for the entire term of the lease. Revenue is recognized as use of facilities occurs and reduces the payable commitment.

During the years ended December 31, 2018 and 2017, the Home recognized $458,769 each in both years in revenue relating to the Consortium, which are reflected as Consortium rental income in the accompanying statement of activities. During the years ended December 31, 2018 and 2017, the Home incurred $60,746 and $54,891, respectively, in net maintenance costs relating to the Consortium, as well as $168,820 and $169,266, respectively related to recording promise to give-payable related to updated leases, which are reflected as Consortium expenses in the accompanying statement of activities.

Future rental income as of December 31, 2018 will be recognized as follows:

2019	$ 318,085
2020	289,392
2021	48,232
Total	$ 655,709

Leased property is carried at the following amounts as of December 31:

	2018	**2017**
Property	$ 9,906,784	$ 9,906,784
Accumulated depreciation	4,095,274	3,897,553
Total	$ 5,811,510	$ 6,009,231

10. CONCENTRATIONS, RISKS AND UNCERTAINTIES

The Home maintains its cash and cash equivalents in bank deposit accounts which, at times, exceed federally insured limits. The Home has not experienced any losses in such accounts.

The Home's investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that change in the values of those investments will occur in the near term and that such changes could materially affect the recorded amount of investments in the Home's financial statements.

The Home's alternative investments are recorded at their estimated fair market value as determined by the funds (see Note 5). Actual fair value of the investments upon liquidation could vary significantly from the current estimated fair value.