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THE MYRON STRATTON HOME

Financial Statements

For the Year Ended December 31, 2022

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

Opinion

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, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Myron Stratton Home and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about The Myron Stratton Home's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and the risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited The Myron Stratton Home's 2021 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated May 24, 2022. 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

April 18, 2023

THE MYRON STRATTON HOME

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022 (with comparative totals for 2021)

	2022	2021
ASSETS		
Cash and cash equivalents	$ 963,529	$ 919,093
Receivables —		
Royalties	2,879,704	1,399,973
Interest and dividends	64,488	17,040
Other	211,780	64,366
Supplies and prepaid expenses	176,873	140,025
Note receivable	1,000,000	1,000,000
Investments	195,117,853	222,597,091
Home property, net	26,224,140	25,270,949
TOTAL	$ 226,638,367	$ 251,408,537
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 607,060	$ 625,264
Grants payable	12,500	5,000
Promises to give payable - Consortium	1,517,122	1,982,938
Total liabilities	2,136,682	2,613,202
NET ASSETS		
Without donor restrictions	221,078,807	245,372,457
With donor restrictions	3,422,878	3,422,878
Total net assets	224,501,685	248,795,335
TOTAL	$ 226,638,367	$ 251,408,537

See notes to financial statements.

THE MYRON STRATTON HOME

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022 (with comparative totals for 2021)

	2022			2021
	Without Donor Restriction	**With Donor Restriction**	**Total**	**Total**
REVENUES AND GAINS				
Investment income (loss)	$ (28,334,705)		$ (28,334,705)	$ 27,899,319
Royalty fees	9,165,568		9,165,568	5,548,692
Home operating revenues	1,593,778		1,593,778	1,200,721
Consortium rental income	718,044		718,044	718,044
Other income (losses)	(126,640)		(126,640)	12,736
Total	(16,983,955)	$ —	(16,983,955)	35,379,512
EXPENSES				
Program expenses:				
Assisted living	3,026,100		3,026,100	2,861,475
Independent living	2,351,553		2,351,553	2,048,596
Grants	749,347		749,347	724,718
Consortium	599,544		599,544	2,920,581
Total program expenses	6,726,544	—	6,726,544	8,555,370
Support services	583,151		583,151	583,981
Total	7,309,695	—	7,309,695	9,139,351
CHANGE IN NET ASSETS	(24,293,650)		(24,293,650)	26,240,161
NET ASSETS, Beginning of year	245,372,457	3,422,878	248,795,335	222,555,174
NET ASSETS, End of year	$ 221,078,807	$ 3,422,878	$ 224,501,685	$ 248,795,335

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See notes to financial statements.

THE MYRON STRATTON HOME

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022 (with comparative totals for 2021)

	2022							2021
	Program Services					Support Services		
	Assisted Living	Independent Living	Grants	Consortium	Total Program Services	General and Administrative	Total Expenses	Expenses Total
EXPENSES								
Salaries, benefits and related	$ 1,998,832	$ 989,422	$ 56,634	$ 103,273	$ 3,148,161	$ 183,226	$ 3,331,387	$ 3,291,872
Grants to other 501(c)(3) organizations			650,000		650,000		650,000	635,000
Utilities	157,839	187,205			345,044	22,024	367,068	271,185
Insurance	94,716	116,133			210,849	90,795	301,644	273,119
Subsidy rent program		259,373			259,373		259,373	115,284
Consortium facility use in-kind				252,228	252,228		252,228	2,624,502
Dining supplies	139,049	92,700			231,749		231,749	188,859
Repairs and maintenance	53,161	59,927			113,088	24,992	138,080	102,901
Contracted services	49,701	49,829	22,160		121,690	6,405	128,095	79,392
Grounds maintenance	29,994	36,094			66,088	6,536	72,624	56,871
Trustees fees						72,000	72,000	72,000
Consortium repairs and grounds, net				69,507	69,507		69,507	26,954
Office expense	16,307	9,279	68	68	25,722	42,508	68,230	59,489
Housekeeping supplies	30,434	28,374	2,791		61,599	4,851	66,450	59,360
Telecomm and information technology	10,675	11,147	8,597	2,220	32,639	14,596	47,235	45,531
Professional fees	1,893	655	1,168		3,716	37,079	40,795	75,702
Transportation, travel and entertainment	7,371	7,598	1,338		16,307	12,152	28,459	31,109
Recreation and resident engagement	2,387	15,316			17,703	3,422	21,125	17,841
Employee relations	907	982			1,889	17,001	18,890	12,804
Dues and subscriptions	2,250	4,861	2,627		9,738	6,683	16,421	14,607
Public relations	307	261	3,116		3,684	11,667	15,351	15,310
Medical supplies	10,488	1,851			12,339		12,339	10,447
Meetings and staff development	400	537		236	1,173	5,381	6,554	14,504
Miscellaneous	6,228	1,954	848	42	9,072	3,446	12,518	10,807
Subtotal	2,612,939	1,873,498	749,347	427,574	5,663,358	564,764	6,228,122	8,105,450
Depreciation	413,161	478,055		171,970	1,063,186	18,387	1,081,573	1,033,901
TOTAL	$ 3,026,100	$ 2,351,553	$ 749,347	$ 599,544	$ 6,726,544	$ 583,151	$ 7,309,695	
PERCENT OF TOTAL	42%	32%	10%	8%	92%	8%	100%	
COMPARATIVE TOTALS – 2021	$ 2,861,475	$ 2,048,596	$ 724,718	$ 2,920,581	$ 8,555,370	$ 583,981		$ 9,139,351
PERCENT OF TOTAL – 2021	31%	22%	8%	32%	94%	6%		100%

See notes to financial statements.

THE MYRON STRATTON HOME

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022 (with comparative totals for 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (24,293,650)	$ 26,240,161
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,081,573	1,033,901
Realized and unrealized losses (gains) on investments	31,626,829	(25,068,317)
Loss (gain) on disposal of Home property	149,750	(2,267)
Changes in operating assets and liabilities:		
Receivables	(1,674,593)	(804,974)
Supplies and prepaid expenses	(36,848)	(9,605)
Accounts payable and accrued expenses	(18,204)	(108,311)
Grants payable	7,500	(33,000)
Promises to give payable - Consortium	(465,816)	1,906,458
Net cash provided by operating activities	6,376,541	3,154,046
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	23,018,605	15,624,089
Purchases of investments	(27,166,196)	(16,557,576)
Proceeds from sale of home property	2,500	2,500
Purchases of home property	(2,187,014)	(1,089,527)
Issuance of note receivable		(1,000,000)
Net cash used in investing activities	(6,332,105)	(3,020,514)
NET INCREASE IN CASH AND CASH EQUIVALENTS	44,436	133,532
CASH AND CASH EQUIVALENTS, Beginning of year	919,093	785,561
CASH AND CASH EQUIVALENTS, End of year	$ 963,529	$ 919,093

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 December 31, 2021, from which the summarized information was derived.

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.

Home Operations Revenue and Accounts Receivable — The Home’s Home Operations Revenue consists primarily of revenue derived from its assisted living facility and its independent living community. Residential fees consist of monthly charges for basic housing and support services and fees for additional requested services, such as assisted living services, personalized health services and ancillary services. Fees are specified in agreements with residents, which are generally short-term and billed on a monthly basis. The Home has determined that services performed under those contracts are considered a performance obligation in accordance with ASC Topic 606 as such services are regarded as a series of distinct events with the same timing and pattern of transfer to the resident.

Revenue for basic housing and support services and additional requested services is recognized in accordance with ASC Topic 606 and measured based on the consideration specified in the resident agreement and is recorded with the services are provided.

Fees for services in the Home's assisted living facility are primarily received based on fixed daily rates from governmental payers and private pay. Medicaid fees are billed monthly in arrears, whereas resident payments are billed in advance. The Home currently uses the "most likely amount' technique to estimate revenue in accordance with ASC Topic 606, although rates are generally known and considered fixed prior to services being performed. Rate adjustments from Medicaid are recorded when known (without regard to when the assessment is paid or withheld), and subsequent adjustments to these amounts are recorded in revenues when known. Revenue is recognized when performance obligations are satisfied by transferring control of the service provided to the resident, which is generally when services are provided over the duration of care.

The Home is utilizing the portfolio approach practical expedient in ASC 606 for contracts related to net patient service revenue. The Home accounts for the contracts within each portfolio as a collective group, rather than individual contracts, based on the payment pattern expected in each portfolio category and the similar nature and characteristics of the patients within each portfolio. The portfolios consist of major payor classes. Based on historical collection trends and other analyses, the Home has concluded that revenue for a given portfolio would not be materially different than if accounting for revenue on a contract-by-contract basis.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Home has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The performance obligations for these contracts are generally completed within days or weeks of the end of the reporting period.

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. As of December 31, 2022 and 2021 there were no conditional grants.

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.

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, 2022 and 2021, 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 US Bank 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.

	2022	2021
Cash and cash equivalents	$ 963,529	$ 919,093
Receivables	3,155,972	1,481,379
Investments	195,117,853	222,597,091
Total financial assets	199,237,354	224,997,563
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donors in perpetuity	(3,422,878)	(3,422,878)
Total financial assets available to management to meet cash needs for general expenditures within one year	$ 195,814,476	$ 221,574,685

3. 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.

4. HOME PROPERTY

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

	2022	2021
Land	$ 1,207,184	$ 1,207,184
Buildings and improvements	40,208,841	38,588,685
Furniture and fixtures	2,039,803	1,819,545
Construction in progress	898,050	939,195
Total	44,353,878	42,554,609
Less accumulated depreciation	(18,129,738)	(17,283,660)
Home property, net	$ 26,224,140	$ 25,270,949

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:

	2022		**2021**	
	Cost	**Fair Value**	**Cost**	**Fair Value**
Temporary cash investments	$ 16,611,888	$ 16,611,888	$ 14,285,010	$ 14,285,010
Corporate stocks	40,177,546	49,460,952	37,415,937	54,139,078
Equity mutual funds	19,842,321	36,463,230	18,584,605	44,673,032
Bond mutual funds	13,395,680	11,699,473	7,395,680	7,449,329
Alternative investments	45,754,473	80,846,650	50,519,822	102,014,982
Other (carried at cost)	35,660	35,660	35,660	35,660
Total	$ 135,817,568	$ 195,117,853	$ 128,236,714	$ 222,597,091

The following tables summarize the financial instruments reported within the statements of financial position carried at fair value as of December 31, 2022 and 2021, 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)
2022:				
Temporary cash investments	$ 16,611,888	$ 16,611,888		
Corporate stocks	49,460,952	49,460,952		
Equity mutual funds	36,463,230	36,463,230		
Bond mutual funds	11,699,473	11,699,473		
Total investments in the fair value hierarchy	114,235,543	$ 114,235,543	$ —	$ —
Investments measured at net asset value	80,846,650			
Other investments (held at cost)	35,660			
Total investments	$ 195,117,853			
2021:				
Temporary cash investments	$ 14,285,010	$ 14,285,010		
Corporate stocks	54,139,078	54,139,078		
Equity mutual funds	44,673,032	44,673,032		
Bond mutual funds	7,449,329	7,449,329		
Total investments in the fair value hierarchy	120,546,449	$ 120,546,449	$ —	$ —
Investments measured at net asset value	102,014,982			
Other investments (held at cost)	35,660			
Total investments	$ 222,597,091			

Arbitrage Funds: The Home is invested in one fund, Davidson Kempner Institutional Partners LP, that uses arbitrage as their primary investment strategy. This fund seeks capital appreciation through various arbitrage situations. The fund seeks 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 fund may utilize leverage in its investment programs, and its portfolios may include both long and short positions.

Diversified Investment Fund: The Home is invested in one diversified investment fund, Newport Asia, which 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.

Global Growth Fund: The Home is invested in one global growth fund, Wellington CTF, which seeks long-term total returns by investing primarily in equity securities issued by companies around the globe.

Hedge Fund of Funds: The Home was invested in one fund in 2021, 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, GQG 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, Maverick Fund Ltd, Steadfast International Ltd, Marshall Wace Eureka Fund, King Street Capital Ltd, Farallon Capital Institutional Partners, L.P., Select Equity Offshore Ltd, Trinity Street Comingled EAFE 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. Additionally, the Maverick Fund Ltd cannot be redeemed until after January 1, 2023.

Funds in Liquidation: The Home has two funds that are currently in liquidation. The funds are currently paying out the remainder of the investment, and the Home will receive a percentage once the investment liquidation is complete. Management believes that they will receive substantially all their remaining investments in those funds and that the fair market values accurately present the fair values. Since the funds in this class are in liquidation, they have already been redeemed to the extent possible, and no further redemption is possible.

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, 2022 and 2021:

2022:			
Arbitrage Funds:			
Davidson Kempner Institutional Partners LP	$ 6,611,267	Quarterly	65 days advance written notice
Diversified Investment Fund:			
Newport Asia LLC	11,381,697	Monthly	30 days advance written notice
Common Trust Funds Trust:			
Wellington WTC-CTF	6,166,301	Monthly	Written notice before 22nd of prior month
Global Growth Fund:			
Wellington CTF	4,561,072	Monthly	Written notice before 22nd of prior month
Emerging Markets Non-Hedge:			
GQG Partners	4,654,146	Monthly	Written notice before 15th of month
Traditional Hedge Funds:			
Marshall Wace Eureka Fund	6,623,730	Monthly	30 days advance written notice
Farallon Capital	6,475,388	Annually	60 days advance written notice
Canyon Value	6,179,285	Quarterly	60 days advance written notice
Kabouter Intl Opp Fund	5,724,548	Monthly	30 days advance written notice
Maverick Fund Ltd	5,650,365	Quarterly	60 days advance written notice
Trinity Street Comingled EAFE	5,137,207	Monthly	30 days advance written notice
Select Equity Offshore Ltd	4,902,129	Monthly	30 days advance written notice
King Street Capital Ltd	3,453,315	Quarterly	65 days advance written notice
Steadfast International Ltd	3,047,445	Quarterly	60 days advance written notice
Funds in Liquidation:			
Sculptor Overseas Fund II	153,784	Annually	N/A
Maverick Stable Fund Ltd	124,971	Bi-annually	N/A
Total	$ 80,846,650		

2021:

Arbitrage Funds:			
Davidson Kempner Institutional Partners LP	$ 6,649,965	Quarterly	65 days advance written notice
Diversified Investment Fund:			
Newport Asia LLC	13,811,069	Monthly	30 days advance written notice
Global Growth Fund:			
Wellington CTF	6,001,031	Monthly	Written notice before 22nd of prior month
Hedge Fund of Funds:			
Maverick Stable Fund Ltd	6,858,373	Quarterly	95 days advance written notice
Common Trust Funds Trust:			
Wellington WTC-CTF	6,437,416	Monthly	Written notice before 22nd of prior month
Emerging Markets Non-Hedge:			
GQG Partners	5,908,050	Monthly	Written notice before 15th of month
Traditional Hedge Funds:			
Kabouter Intl Opp Fund	9,114,999	Monthly	30 days advance written notice
Maverick Fund Ltd	8,030,527	Quarterly	60 days advance written notice
Select Equity Offshore Ltd	6,701,330	Monthly	30 days advance written notice
Canyon Value	6,488,828	Quarterly	60 days advance written notice
Farallon Capital	6,467,383	Annually	60 days advance written notice
Marshall Wace Eureka Fund	6,396,790	Monthly	30 days advance written notice
Trinity Street Comingled EAFE	5,877,381	Monthly	30 days advance written notice
King Street Capital Ltd	3,617,289	Quarterly	65 days advance written notice
Steadfast International Ltd	3,225,087	Quarterly	60 days advance written notice
Funds in Liquidation:			
Sculptor Overseas Fund II	256,856	Quarterly	N/A
Fir Tree Intl Value Fd	123,613	Biennial	N/A
Indus Asia Pacific Fd Ltd	37,614	Quarterly	N/A
Highfields Capital Fund Ltd	11,381	Bi-annually	N/A
Total	$ 102,014,982		

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

	2022	**2021**
Net realized gains	$ 4,575,633	$ 4,065,796
Net unrealized (losses) gains	(36,202,462)	21,002,521
Dividends and interest	3,644,821	3,201,967
Investment fees	(352,697)	(370,965)
Total	$ (28,334,705)	$ 27,899,319

6. NOTE RECEIVABLE

During the year ended December 31, 2012, the Home entered into a promissory note with another not-for-profit organization, to assist the organization in its operations. Under the agreement, the Home loaned $1,000,000 to the not-for-profit. The note is receivable at maturity on August 1, 2023 with interest only payments due quarterly. The note bears interest at the 26 week daily treasury rate (4.6% and 0.19% at December 31, 2022 and 2021, respectively) and is secured by real estate. The outstanding balance was $1,000,000 as of both December 31, 2022 and 2021.

7. HOME OPERATING REVENUES

The composition of Home Operation by primary payor and service provider consists of the following at December 31:

	2022	2021
Medicaid	$ 673,306	$ 477,652
Assisted living private pay	421,768	396,846
Independent living	302,178	301,495
Provider relief funds	174,378	
Additional requested services	24,148	24,728
Total	$ 1,593,778	$ 1,200,721

8. 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 Home; and
7. The investment policies of the Home.

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 which was $3,422,878. Investment returns (losses) earned by the investment portfolio are recognized as without donor restrictions in accordance with the original will of Winfield Scott Stratton.

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, 2022 and 2021.

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.

9. 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. One year of service is defined as the 12-month period beginning with their hire date. Employees may enroll after (1) having worked 1,000 hours during the first 12-month rolling period from their hire date or (2) having worked 500 hours during each of the three consecutive calendar years following their hire date. 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, 2022 and 2021, the Home recognized expenses of $226,489 and $242,540, respectively, for contributions into the plan.

10. LESSOR COMMITMENTS

As of December 31, 2022 and 2021, the Home has three lease arrangements with three 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 2022 and 2021, the Home received reimbursements of $323,798 and $239,942, 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 13 terms of one year.

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 both years ended December 31, 2022 and 2021, the Home recognized $718,044, 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, 2022 and 2021, the Home incurred $69,067 and $73,964, respectively, in net maintenance costs relating to the Consortium, as well as $252,228 and 2,624,502, respectively related to recording the promise to give payable related to updated leases, which are reflected as Consortium expenses in the accompanying statement of activities.

Future minimum rental income as of December 31, 2022 will be recognized as follows:

2023	$ 507,854
2024	465,816
2025	465,816
2026	77,636
Total	$ 1,517,122

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

	2022	2021
Property	$ 9,906,784	$ 9,906,784
Accumulated depreciation	(4,886,165)	(4,688,442)
Total	$ 5,020,619	$ 5,218,342

11. 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.