Mount St. Vincent Home, Inc.

Financial Statements

Years Ended December 31, 2014 and 2013

(With Independent Auditor's Report Thereon)

Kundinger, Corder & Engle, P.C.

Certified Public Accountants

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Independent Auditor's Report

Board of Directors
Mount St. Vincent Home, Inc.:

We have audited the accompanying financial statements of Mount Saint Vincent Home, Inc., which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and cash flows for the years 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.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mount Saint Vincent Home, Inc. as of December 31, 2014 and 2013, 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.

KUNDINGER, CORDER & ENGLE, P.C.

February 10, 2015

Mount St. Vincent Home, Inc.
Statements of Financial Position
December 31, 2014 and 2013

		2014	2013
Assets:			
Cash and cash equivalents	$	656,626	819,112
Investments (notes 2 and 3)		6,254,244	5,735,912
Accounts receivable		499,773	547,280
Contributions receivable,			
less allowance for doubtful accounts of $9,779 (note 8)		255,198	110,150
Related party receivable (note 5)		145,053	–
Prepaid expenses and other current assets		97,250	119,402
Restricted and designated investments (notes 2, 3, 4 and 10)		5,324,077	5,374,603
Property and equipment:			
Land and improvements		14,983,730	15,185,119
Buildings and improvements		8,116,288	9,742,223
Furnishings and equipment		255,169	418,125
Vehicles		193,910	209,404
Construction in progress		619,710	43,099
		24,168,807	25,597,970
Less accumulated depreciation		4,343,379	5,731,563
Net property and equipment		19,825,428	19,866,407
Total assets	$	33,057,649	32,572,866
Liabilities and Net Assets:			
Liabilities:			
Accounts payable	$	126,100	62,344
Accrued liabilities and deferred revenue		168,295	335,248
Related party payable (note 5)		–	190,625
Total liabilities		294,395	588,217
Net assets:			
Unrestricted–undesignated		7,335,958	6,735,033
Unrestricted–invested in property and equipment		19,825,428	19,866,407
Unrestricted–board designated (note 10)		5,011,704	5,059,403
Total unrestricted net assets		32,173,090	31,660,843
Temporarily restricted (note 9)		510,164	243,806
Permanently restricted (note 10)		80,000	80,000
Total net assets		32,763,254	31,984,649
Commitments and contingency (notes 6, 11 and 12)			
Total liabilities and net assets	$	33,057,649	32,572,866

The accompanying notes are an integral part of the financial statements.

Mount St. Vincent Home, Inc.
Statement of Activities
Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenue:				
Residential treatment	$ 1,774,741	–	–	1,774,741
School and Early Learning Center	1,445,932	–	–	1,445,932
Day treatment and In-Home	560,098	–	–	560,098
Other revenue	33,748	–	–	33,748
Total operating revenue	3,814,519	–	–	3,814,519
Expenses:				
Program services:				
Residential treatment	2,603,354	–	–	2,603,354
School and Early Learning Center	2,160,085	–	–	2,160,085
Day treatment and In-Home	469,375	–	–	469,375
Total program services	5,232,814	–	–	5,232,814
Supporting services:				
Management and general	916,100	–	–	916,100
Total supporting services	916,100	–	–	916,100
Total operating expenses	6,148,914	–	–	6,148,914
Total operating net loss	(2,334,395)	–	–	(2,334,395)
Non-operating revenue and expenses:				
Contributions	2,166,827	445,113	–	2,611,940
In-kind contributions (note 1(e))	81,172	–	–	81,172
United Way	181,555	–	–	181,555
Special events revenue	164,275	–	–	164,275
Special events expense	(22,896)	–	–	(22,896)
Investment return (note 2)	500,700	3,245	–	503,945
Rental income	26,220	–	–	26,220
Loss on disposals of assets	(51,075)	–	–	(51,075)
Fund raising expense	(382,136)	–	–	(382,136)
Net assets released from restrictions (note 9)	182,000	(182,000)	–	–
Total non-operating revenue and expenses	2,846,642	266,358	–	3,113,000
Change in net assets	512,247	266,358	–	778,605
Net assets at beginning of year	31,660,843	243,806	80,000	31,984,649
Net assets at end of year	$ 32,173,090	510,164	80,000	32,763,254

The accompanying notes are an integral part of the financial statements.

Mount St. Vincent Home, Inc.
Statement of Activities
Year Ended December 31, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenue:				
Residential treatment	$ 2,181,460	–	–	2,181,460
School and Early Learning Center	1,475,180	–	–	1,475,180
Day treatment and In-Home	509,469	–	–	509,469
Other revenue	12,600	–	–	12,600
Total operating revenue	4,178,709	–	–	4,178,709
Expenses:				
Program services:				
Residential treatment	2,890,286	–	–	2,890,286
School and Early Learning Center	2,272,544	–	–	2,272,544
Day treatment and In-Home	294,778	–	–	294,778
Total program services	5,457,608	–	–	5,457,608
Supporting services:				
Management and general	826,735	–	–	826,735
Total supporting services	826,735	–	–	826,735
Total operating expenses	6,284,343	–	–	6,284,343
Total operating net loss	(2,105,635)	–	–	(2,105,635)
Non-operating revenue and expenses:				
Contributions	1,540,929	141,750	–	1,682,679
In-kind contributions (note 1(e))	100,402	–	–	100,402
United Way	141,265	–	–	141,265
Special events revenue	589,359	–	–	589,359
Special events expense	(127,596)	–	–	(127,596)
Rental income	21,565	–	–	21,565
Investment return (note 2)	1,286,749	3,566	–	1,290,315
Loss on disposals of assets	(1,089)	–	–	(1,089)
Fund raising expense	(354,061)	–	–	(354,061)
Net assets released from restrictions (note 9)	125,410	(116,988)	(8,422)	–
Total non-operating revenue and expenses	3,322,933	28,328	(8,422)	3,342,839
Change in net assets	1,217,298	28,328	(8,422)	1,237,204
Net assets at beginning of year	30,443,545	215,478	88,422	30,747,445
Net assets at end of year	$ 31,660,843	243,806	80,000	31,984,649

The accompanying notes are an integral part of the financial statements.

Mount St. Vincent Home, Inc.
Statement of Functional Expenses
Year Ended December 31, 2014

	Program services				Supporting services			
	Residential treatment	School and ELC	Day Treatment and In-Home	Total program services	Management and general	Fund raising	Total supporting services	Total expenses
Salaries	$ 1,722,552	1,337,141	330,999	3,390,692	518,688	227,706	746,394	4,137,086
Payroll taxes	126,013	98,128	24,129	248,270	31,673	16,678	48,352	296,622
Benefits	180,551	151,193	34,562	366,306	43,845	27,983	71,828	438,134
Insurance	3,099	428	14	3,541	76,968	466	77,434	80,975
Office supplies	44,827	89,875	10,822	145,524	36,808	23,211	60,019	205,543
Occupancy	132,680	135,541	14,407	282,628	64,049	17,698	81,747	364,375
Transportation	9,829	1,607	6,971	18,407	6,704	2,186	8,890	27,297
Dues and subscriptions	10,714	2,392	289	13,395	4,336	1,362	5,698	19,093
Professional fees	52,924	58,755	22,724	134,403	64,108	3,035	67,143	201,546
Direct services	56,714	78,373	3,723	138,811	5	15	20	138,830
Food and household supplies	42,258	38,841	9,808	90,907	9,051	6,088	15,139	106,046
Special events expenses	–	–	–	–	–	22,896	22,896	22,896
Investment fees	–	–	–	–	34,151	–	34,151	34,151
Public relations	1,689	322	1,398	3,409	1,574	24,484	26,058	29,466
Depreciation	159,187	151,187	6,761	317,135	47,101	16,362	63,463	380,598
In-kind materials	59,653	6,212	2,357	68,222	4,702	7,098	11,800	80,022
Other	665	10,088	411	11,165	6,489	7,764	14,252	25,417
Total functional expenses	2,603,354	2,160,085	469,375	5,232,814	950,251	405,032	1,355,283	6,588,097
Less expenses included with revenue in the statement of activities	–	–	–	–	34,151	22,896	57,047	57,047
Total expenses	$ 2,603,354	2,160,085	469,375	5,232,814	916,100	382,136	1,298,236	6,531,050

The accompanying notes are an integral part of the financial statements.

Mount St. Vincent Home, Inc.
Statement of Functional Expenses
Year Ended December 31, 2013

	Program services				Supporting services			
	Residential treatment	School and ELC	Day Treatment and In-Home	Total program services	Manage-ment and general	Fund raising	Total supporting services	Total expenses
Salaries	$ 1,870,903	1,376,469	216,051	3,463,423	495,884	205,486	701,370	4,164,793
Payroll taxes	135,933	102,652	15,794	254,379	29,572	14,540	44,112	298,491
Benefits	265,057	196,784	24,195	486,036	66,795	24,957	91,752	577,788
Insurance	(28,666)	(16,416)	(4,506)	(49,588)	(3,407)	(1,690)	(5,097)	(54,685)
Office supplies	46,308	67,726	5,079	119,113	16,762	25,222	41,984	161,097
Occupancy	142,057	140,251	6,052	288,360	33,701	6,148	39,849	328,209
Transportation	19,041	8,990	1,442	29,473	3,051	680	3,731	33,204
Dues and subscriptions	5,828	3,567	453	9,848	6,670	220	6,890	16,738
Professional fees	109,990	103,297	8,598	221,885	108,543	20,577	129,120	351,005
Direct services	57,748	47,076	5,628	110,452	–	–	–	110,452
Food and household supplies	47,675	50,843	5,796	104,314	3,579	1,028	4,607	108,921
Special events expenses	–	–	–	–	–	127,596	127,596	127,596
Investment fees	–	–	–	–	27,884	–	27,884	27,884
Public relations	306	108	12	426	3,237	28,692	31,929	32,355
Depreciation	161,905	164,840	9,929	336,674	46,464	6,842	53,306	389,980
In-kind materials	53,529	23,952	–	77,481	11,592	7,539	19,131	96,612
Other	2,672	2,405	255	5,332	4,292	13,820	18,112	23,444
Total functional expenses	2,890,286	2,272,544	294,778	5,457,608	854,619	481,657	1,336,276	6,793,884
Less expenses included with revenue in the statement of activities	–	–	–	–	27,884	127,596	155,480	155,480
Total expenses	$ 2,890,286	2,272,544	294,778	5,457,608	826,735	354,061	1,180,796	6,638,404

The accompanying notes are an integral part of the financial statements.

Mount St. Vincent Home, Inc.
Statements of Cash Flows
Years Ended December 31, 2014 and 2013

		2014	2013
Cash flows from operating activities:			
Change in net assets	$	778,605	1,237,204
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation		380,598	389,980
Loss on disposals of assets		51,075	–
Net realized and unrealized gains on investments		(263,243)	(1,077,592)
Non-cash contributions of property improvements		(427,537)	–
Decrease (increase) in operating assets:			
Accounts receivable		47,507	(25,053)
Contributions receivable		(145,048)	(80,493)
Related party receivable		(145,053)	–
Prepaid expenses and other current assets		22,152	(69,212)
Increase (decrease) in operating liabilities:			
Accounts payable		63,756	(7,321)
Accrued liabilities and deferred revenue		(166,953)	(8,610)
Related party payable		(190,625)	190,625
Net cash provided by operating activities		5,234	549,528
Cash flows from investing activities:			
Purchase of investments		(204,563)	(304,414)
Proceeds from sale of land		236,600	–
Payments for purchases of property and equipment		(199,757)	(82,067)
Net cash used in investing activities		(167,720)	(386,481)
Net increase (decrease) in cash and cash equivalents		(162,486)	163,047
Cash and cash equivalents at beginning of year		819,112	656,065
Cash and cash equivalents at end of year	$	656,626	819,112
Supplemental cash flow information:			
Non-cash investing activity - property improvements	$	427,537	–

The accompanying notes are an integral part of the financial statements.

(1) Summary of Significant Accounting Policies

(a) General

Mount St. Vincent Home, Inc. (the "Home") has been in operation since 1883. It was incorporated on December 16, 1994 as an operating entity of the Sisters of Charity of Leavenworth, Inc. ("SCL) and does not own title to land and fixed assets, but rather has the beneficial use thereof. The Home, which is located in Denver, provides residential and day treatment facilities for school-aged children who are experiencing social, emotional or academic difficulties, and also provides services to the families of such children. The Home's activities are supported primarily through contributions and program service fees received from various state and local government agencies.

Effective March 1, 2011, the Home became an operating entity of Sisters of Charity of Leavenworth Health System, Inc. ("SCL Health System") pursuant to an agreement between SCL and SCL Health System.

(b) Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

(c) Financial Statement Presentation

The Home reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

(d) Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restrictions met in the same period in which the related contributions are received are recorded as unrestricted support.

(1) Summary of Significant Accounting Policies, Continued

(e) Contributed Property and Services

Contributed property and equipment are recorded as unrestricted support at its estimated fair value at date of donation. Donated goods and services are recorded as contributions and corresponding expenses at their estimated fair values at the date of donation. For the years ended December 31, 2014 and 2013, in-kind contributions consisted of donated supplies and other materials and totaled $81,172 and $100,402, respectively.

A number of volunteers have donated time in connection with the Home's activities. No amounts have been reflected in the accompanying financial statements for volunteers' donated services because they do not meet the criteria for recognition.

(f) Recognition of Income

Program services revenue is deemed to be earned and is reported as revenue when the Home has incurred expenditures or performed services in compliance with the provisions of the respective service agreements. Cash received for contracts in excess of allowable expenses incurred is recorded as unearned revenue, and allowable expenses incurred on contracts in excess of cash received are recorded as a receivable.

(g) Cash and Cash Equivalents

For purposes of the statements of cash flows, the Home considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

(h) Investments

The Home reports investments at fair value. Fair value is determined as more fully described under the fair value measurements policy below. The Home's management is responsible for the fair value measurement of investments reported in the financial statements and believes that the reported values are reasonable. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the change in net assets in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

(i) Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The change in net assets is charged with an allowance for estimated uncollectible accounts based on past experience and on analysis of current accounts receivable collectibility. Accounts deemed uncollectible are charged to the allowance in the year they are deemed uncollectible.

(1) Summary of Significant Accounting Policies, Continued

(k) Property and Equipment

Property and equipment is recorded at cost, or if donated, at fair value at date of donation. The Home capitalizes all expenditures for and donations of property and equipment in excess of $5,000. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to forty years.

(l) Concentrations of Credit Risk

Financial instruments that potentially subject the Home to concentrations of credit risk consist of cash and cash equivalents, investments, and trade receivables. The Home places its cash and cash equivalents with creditworthy, high quality, financial institutions. At times, a portion of these cash balances may not be insured by the Federal Deposit Insurance Corporation or related entity. Investment managers engaged by the SCL Health System make investments and management of the Home monitors the investments. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes that the investment policy is prudent for the long-term welfare of the Home. Credit risk with respect to trade receivables is generally diversified due to the large number of entities and credit-worthiness of the organizations that comprise the Home's customer base.

The Home is supported primarily through program service fees received from various state and local government agencies and contributions. If a significant reduction in the future level of this support occurs, it may have an effect on the Home's programs and activities.

(m) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure on contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(n) Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(1) Summary of Significant Accounting Policies, Continued

(o) Income Tax Status

The Home is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and qualifies for the charitable contribution deduction. However, income from certain activities not directly related to the Home's tax-exempt purpose is subject to taxation as unrelated business income. During the years ended December 31, 2014 and 2013, the Home did not incur any unrelated business income tax.

Management is required to evaluate tax positions taken by the Home and to recognize a tax liability if the Home has taken an uncertain tax position that more likely than not would not be sustained upon examination by taxing authorities. The Home believes that it has appropriate support for any tax positions taken and that none would require recognition of a liability or disclosure in the financial statements. The Home is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes the Home is no longer subject to income tax examinations for years prior to December 31, 2011.

(p) Subsequent Events

Management is required to evaluate, through the date the financial statements are issued or available to be issued, events or transactions that may require recognition or disclosure in the financial statements, and to disclose the date through which subsequent events were evaluated. The Home's financial statements were available to be issued on February 10, 2015 and this is the date through which subsequent events were evaluated. The Home did not identify any subsequent events requiring disclosure.

(q) Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

(2) Investments

The market value of the Home's investments at December 31 consisted of the following:

	2014	2013
Pooled investments held and managed by SCL Health Systems	$ 11,576,337	11,108,531
Stock held by U.S. Bank	1,984	1,984
	11,578,321	11,110,515
Less restricted investments (see note 4)	(5,324,077)	(5,383,209)
Total investments	$ 6,254,244	5,727,306

The Home's investment return for the years ended December 31 consisted of the following:

	2014	2013
Net realized and unrealized gains	$ 263,243	1,077,592
Investment income	274,853	240,607
Investment fees	(34,151)	(27,884)
Total investment return	$ 503,945	1,290,315

(3) Fair Value Measurements

The carrying amount reported in the statement of financial position for cash and cash equivalents, accounts receivable, and prepaid expenses approximate fair value because of the immediate or short term maturities of these financial instruments. The fair value of contributions receivable is estimated by discounting the future cash flows using the rates currently offered for deposits of similar remaining maturities.

The Home reports required types of financial instruments in accordance with fair value accounting standards. Fair value is the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. Fair value measurement standards also require the Home to classify these financial instruments into a three-level hierarchy based on the priority of inputs to the valuation technique. Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date. Instruments which are generally included in this category include listed equity and debt securities publicly traded on an exchange, listed derivatives, cash and cash equivalents. For the Home, Level 1 investments consist of stock held by U.S. Bank.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include corporate and government bonds, less liquid and restricted equity securities and certain over-the-counter derivatives. For the Home, Level 2 investments consist of its ownership interest in the pooled investment fund held and managed by the SCL Health System.

(3) Fair Value Measurements, Continued

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include limited partnership interests in corporate private equity and real estate funds, funds of hedge funds, and distressed debt. The Home has no investments in this category.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. These 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.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument, as well as the effects of market, interest and credit risk. Instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in the Home's financial statements.

The following table summarizes the fair value hierarchy levels used by the Home as of December 31, 2014:

	Fair Value	Level 1	Level 2	Level 3
Pooled investments	$ 11,576,337	–	11,576,337	–
Stock held by U.S. Bank	1,984	1,984	–	
Total	$ 11,578,321	1,984	11,576,337	–

The following table summarizes the fair value hierarchy levels used by the Home as of December 31, 2013:

	Fair Value	Level 1	Level 2	Level 3
Pooled investments	$ 11,108,531	–	11,108,531	–
Stock held by U.S. Bank	1,984	1,984	–	–
Total	$ 11,110,515	1,984	11,108,531	–

All assets have been valued using a market approach. The Home pools its investments in a fund that is held and managed by the SCL Health System. Ownership interests are assigned to the pool participants based on the market value of the cash and securities placed in the pool by each participant. Current market value is used to determine the number of units allocated to additional assets placed in the pool and to value withdrawals from the pool. Investment income and realized and unrealized gains and losses are allocated equitably based on the number of units assigned to each participant. The underlying investments within the pooled fund include traditional equity and fixed-income investments and alternative investments. The Home can request redemptions at anytime. There were no changes in valuation technique in the current year.

(4) Restricted and Designated Investments

The Home's Board of Director's has designated certain monies to be retained and invested (see note 2). Investments related to board designated funds as well as investments to fund temporarily and permanently restricted net assets are shown as restricted investments. Restricted and designated investments at December 31 consisted of the following:

	2014	2013
Board designated fund (see note 10)	$ 5,011,704	5,059,403
Temporarily restricted funds (see note 9)	232,373	235,200
Permanently restricted funds (see note 10)	80,000	80,000
	$ 5,324,077	5,374,603

(5) Related Party Transactions

The Home has an agreement with the Sisters of Charity of Leavenworth (SCL) for services provided by the sisters. For the years ended December 31, 2014 and 2013, respectively, the Home paid sisters' salary expense of $84,440 for both years, health insurance of $7,000 for both years, and pension expense of $2,000 for both years. For the years ended December 31, 2014 and 2013, respectively, SCL reimbursed the Home $20,400 and $19,200 for the sisters' rent. SCL made a $190,000 and a $55,000 gift to the Home for the years ended December 31, 2014 and 2013, respectively.

For the years ended December 31, 2014 and 2013, respectively, SCL Health System made a $927,537 and $550,362 gift to the Home. During 2014, SCL Health System made payments behalf of the Home for security upgrades totaling $427,537, which is included in the total gift amount of $927,537. SCL Health System has committed to pay for the security upgrades project that will continue into 2015. Because the total project amount is unknown at this time, the commitment is not recorded as of December 31, 2014, but rather will be reflected as contributions when the expenses are paid by SCL Health System.

At December 31, 2014, related party receivables totaled $100,000 from SCL and $45,053 from SCL Health System, which are expected to be collected within one year. At December 31, 2013, related party payables totaled $190,625 owed to SCL Health System.

(6) Retirement Plan

Full-time employees become eligible for the Home's 403(b) retirement plan after one year of service. Employee contributions are fully vested at the time of contribution and employer contributions vest over a period of three years. The Home matches 100% of all eligible employee contributions up to 3% of salary. Effective April 1, 2011, the Home's Plan merged with the SCL Health System's Retirement Savings Plan (the Plan). Employees beginning participation after April 1, 2011 become 50% vested after three years; 75% vested after four years; and 100% vested after five years. Pension expense for the Plan was $51,405 and $62,657 for the years ended December 31, 2014 and 2013, respectively.

(7) Expenditures of Federal Awards

The Home received federal funding from the U.S. Department of Agriculture during 2014 and 2013 totaling $83,189 and $87,664, respectively, and is included in operating revenue.

(8) Contributions Receivable

Contributions receivable at December 31, 2014 and 2013, respectively, totaled $255,198 and $110,150, consisting of $155,977 and $111,691 in pledges due within one year and $109,000 and $1,357 in pledges due from one to five years. Contributions receivable that are due in more than one year have not been discounted because the effect is immaterial. All contributions receivable are considered to be collectible.

(9) Temporarily Restricted Net Assets

The Home's temporarily restricted net assets at December 31, 2014 and December 31, 2013 consisted of cash contributions collected but not yet expended (see note 4) totaling $232,373 and $235,200, respectively, a portion of contributions receivable totaling $177,791 and $8,606, respectively, and a portion of related party receivables totaling $100,000 and $0, respectively.

Net assets totaling $182,000 and $125,410 were released from restrictions during 2014 and 2013, respectively, by incurring expenses satisfying the related restricted purpose.

At December 31, temporarily restricted net assets were available for the following purposes:

	2014	2013
Justin Fund	$ 143,707	129,110
Programs	52,754	63,672
Time restricted	277,791	8,606
Other	35,912	42,418
	$ 510,164	243,806

(10) Endowments

The Home has one donor-restricted endowment fund and two board designated funds. The donor-restricted endowment was established during fiscal 2000 when the Home received $80,000 from two donors to establish the Timothy Healy Tynan Fund (the Tynan Fund) with the restriction that the principal remain intact and the earnings be used for the maintenance and upkeep of the Home's chapel. One of the Home's board designated funds consists of $1,000,000 set aside from unrestricted funds for a Father Woodrich Memorial Fund (Fr. Woody Fund) to be invested and used for certain future board determined purposes. The other board designated fund consists of $4,000,000, designated for specific program purposes. Net assets associated with all three of these funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Home's board has interpreted the Colorado Uniform Prudent Management of Institutional Funds Act (UPMIFA) as allowing the Home to appropriate for expenditure or accumulate so much of an endowment fund as the Home determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. As a result of this interpretation, the Home classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the board in a manner consistent with the standard of prudence prescribed by UPMIFA.

(10) Endowments, Continued

In accordance with UPMIFA, the Home considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purpose of the Home and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Home
(7) The investment policies of the Home.

The Home's endowment net assets consisted of the following as of December 31, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment fund	$ –	–	80,000	80,000
Board designated funds	5,011,704	–	–	5,011,704
Total funds	$ 5,011,704	–	80,000	5,091,704

The Home's endowment net assets consisted of the following as of December 31, 2013:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment fund	$ –	4,383	80,000	84,383
Board designated funds	5,059,403	–	–	5,059,403
Total funds	$ 5,059,403	4,383	80,000	5,143,786

(10) Endowments, Continued

Following are the changes in the endowment net assets for 2014 and 2013:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at December 31, 2012	$ 5,204,785	5,923	88,422	5,299,130
Investment return:				
Investment income, net	–	1,075	–	1,075
Net appreciation (realized and unrealized)	–	2,491	–	2,491
Total investment return	–	3,566	–	3,566
Appropriated for expenditure	(145,382)	(5,106)	(8,422)	(158,910)
Endowment net assets at December 31, 2013	5,059,403	4,383	80,000	5,143,786
Investment return:				
Investment income, net	–	919	–	919
Net appreciation (realized and unrealized)	–	2,326	–	2,326
Total investment return	–	3,245	–	3,245
Appropriated for expenditure	(47,699)	(7,628)	–	(55,327)
Endowment net assets at December 31, 2014	$ 5,011,704	–	80,000	5,091,704

Funds with Deficiencies
From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the amount of the original gift. There were no deficiencies of this nature reported in unrestricted net assets as of December 31, 2014 and 2013.

Return Objectives and Risk Parameters
The Home has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for the Home while maintaining purchasing power and growing endowment assets. Under this policy, as approved by the finance committee of the board, the endowment assets are invested in a manner that is intended to produce, on a five-year moving average, a minimum annualized total return of three percent over the rate of inflation as measured by the Consumer Price Index or eight percent, whichever is greater. Actual returns in any given year will vary.

(10) Endowments, Continued

Strategies Employed for Achieving Objectives
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 capital appreciation (realized and unrealized) and current yield (interest and dividends). To achieve its long-term return objectives within prudent risk constraints, the Home allocates its ownership units in the investment pool among diversified asset classes and investment managers.

Spending Policy and How the Investment Objectives Relate to Spending Policy
The Home has a policy of appropriating for distribution each quarter 1.25% of its endowment funds' fair value at that time. In establishing this policy, the Home considers the long-term expected return on its endowment. Accordingly, over the long term, the Home expects the current spending policy to allow its endowment to grow at an average of 3 to 5% annually. This is consistent with the Home's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through investment return. If a distribution would drop the corpus of the endowment below the original amounts donated or designated, no distribution will be made until investment earnings have returned the corpus above the original amount.

(11) Leases

The Home entered into non-cancelable operating leases for office equipment that expire through October 2017. Total rent expense was $10,948 in 2014 and $9,978 in 2013. Future minimum lease payments under these non-cancelable operating leases at December 31, 2014 are as follows:

2015	$ 3,000
2016	1,740
2017	1,378
	$ 6,118

(12) Conditional Asset Retirement Obligation

The Home's main building was constructed in 1903 and significant additions and renovation have occurred to the building since then. Materials containing asbestos are found throughout the building. There is existing federal legislation that addresses when the removal of asbestos is necessary. At such time that the building undergoes major renovation, it is probable that asbestos may be uncovered and will have to be removed.

At December 31, 2014, the Home's management does not have sufficient information to estimate the fair value of the asset retirement obligation for any potential required removal of asbestos since there are no plans or expectations of plans for the main building to undergo any major renovation. The building is expected to be maintained by repairs and maintenance activities that would not involve the removal of the asbestos. Also, the need for major renovations caused by technology changes, operational changes, or other factors has not been identified. Accordingly, at December 31, 2014, a liability has not been recognized for the potential need to remove asbestos because the fair value cannot be reasonably estimated.