

**SENIOR SUPPORT SERVICES
SENIOR STUDIOS, LLC**

Consolidated Financial Statements

For the year ended December 31, 2012

(With Independent Auditor's Report Thereon)

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INDEPENDENT AUDITOR'S REPORT

Members of the Board
Senior Support Services

I have audited the accompanying financial statements of Senior Support Services, and Senior Studios, LLC (nonprofit organizations), which comprise the consolidated statement of financial position as of December 31, 2012, and the related consolidated statement 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Senior Support Services, and Senior Studios, LLC as of December 31, 2012, and the changes in its consolidated net assets and its consolidated cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Joseph E. Moore, CPA
Boulder, Colorado
August 13, 2013

SENIOR SUPPORT SERVICES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as of December 31,
(with comparative totals for December 31,2011)

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash and cash equivalents	\$ 185,357	\$ 200,490
Unconditional promises to give	31,967	13,916
Prepaid expenses	29,036	104,833
Property and equipment, less accumulated depreciation of \$277,890 for 2012 and \$188,516 for 2011	343,091	435,288
Beneficial Interest in Donor Directed Fund	138,701	124,062
Equities	2,929	2,119
Loan costs-net	3,222	-
TOTAL ASSETS	<u><u>\$ 734,303</u></u>	<u><u>\$ 880,708</u></u>
 LIABILITIES		
Accounts payable and accrued expenses	\$ 10,793	\$ 12,311
Security deposit	5,726	5,270
Deferred revenue	6,250	24,296
Notes payable	<u>139,397</u>	<u>141,476</u>
TOTAL LIABILITIES	162,166	183,353
 NET ASSETS		
Unrestricted	572,137	690,055
Temporarily restricted	<u>-</u>	<u>7,300</u>
TOTAL NET ASSETS	<u>572,137</u>	<u>697,354</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 734,303</u></u>	<u><u>\$ 880,708</u></u>

See accompanying notes.

SENIOR SUPPORT SERVICES
CONSOLIDATED STATEMENT OF ACTIVITIES
For the year ended, 2012
(with comparative totals for December 31,2011)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
			<u>2012</u>	<u>2011</u>
Public support and revenue				
Public Support				
Agency grants and contracts	\$ 1,628	\$ -	\$ 1,628	\$ 4,703
Government grants and contracts	95,601	-	95,601	90,597
Contributions	262,473	107,625	370,098	372,343
Special events	16,953	-	16,953	51,290
Donated services	33,940	-	33,940	25,600
Mile-High United Way allocation & designations	49,665	-	49,665	39,883
	<u>460,260</u>	<u>107,625</u>	<u>567,885</u>	<u>584,416</u>
Net assets released from restriction	114,925	(114,925)	-	-
Total public support	<u>575,185</u>	<u>(7,300)</u>	<u>567,885</u>	<u>584,416</u>
Other revenue				
Rental income	41,799	-	41,799	41,201
Interest	14	-	14	35
Realized gain (loss) on investments	2,306	-	2,306	3,295
Unrealized gain (loss) on investments	16,368	-	16,368	(2,977)
Other	121	-	121	60
Total other revenue	<u>60,608</u>	<u>-</u>	<u>60,608</u>	<u>41,614</u>
Total public support and revenue	<u>635,793</u>	<u>(7,300)</u>	<u>628,493</u>	<u>626,030</u>
Expenses				
Program Services				
Senior Center	251,696	-	251,696	226,714
Housing & Utility Assistance	213,970	-	213,970	186,694
Senior Studios	182,292	-	182,292	158,215
Support Services				
General and administrative	54,398	-	54,398	51,205
Fund Raising	51,355	-	51,355	61,892
Total expenses	<u>753,710</u>	<u>-</u>	<u>753,710</u>	<u>684,720</u>
Change in net assets	<u>(117,917)</u>	<u>\$ (7,300)</u>	<u>(125,217)</u>	<u>(58,690)</u>
Net assets, beginning of year	<u>690,054</u>	<u>7,300</u>	<u>697,354</u>	<u>756,044</u>
Net assets, end of year	<u>\$ 572,137</u>	<u>\$ -</u>	<u>\$ 572,137</u>	<u>\$ 697,354</u>

See accompanying notes.

SENIOR SUPPORT SERVICES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the year ended, 2012
(with comparative totals for December 31,2011)

	<u>2012</u>	<u>2011</u>
CHANGE IN CASH		
Cash flow from operating activities:		
Cash received from public support	\$ 515,894	\$ 587,162
Cash received from rental payments	41,799	41,201
Cash paid to employees and suppliers	(559,165)	(559,648)
Interest received	14	35
Interest paid	(8,949)	(10,096)
Other income	121	60
Net cash provided by operating activities	<u>(10,286)</u>	<u>58,714</u>
Cash flows from investing activities		
Increase (decrease) in security deposits	456	334
Net cash provided by (used in) investing activities	<u>456</u>	<u>334</u>
Cash flows used in financing activities		
Capitalized loan costs	(3,222)	-
Principal payments on notes	<u>(2,079)</u>	<u>(13,933)</u>
Increase (decrease) in cash	(15,131)	45,115
Cash at beginning of the year	200,488	155,373
Cash at the end of the year	<u>\$ 185,357</u>	<u>\$ 200,488</u>
Reconciliation of change in net assets to net cash used by operations		
Change in net assets	<u>\$ (125,217)</u>	<u>\$ (58,690)</u>
Adjustments to reconcile change in net assets to net cash used by operations:		
Depreciation	100,537	25,302
Net realized and unrealized (gain) loss on investments	(15,448)	2,898
In-Kind contribution of fixed assets	(8,340)	-
(Increase) decrease in unconditional promises to give	(18,051)	2,746
(Increase) decrease in prepaid expenses	75,797	75,174
Increase (decrease) in accounts payable and accrued expenses	(1,518)	2,173
Increase (decrease) in deferred rent expense	<u>(18,046)</u>	<u>9,111</u>
Total Adjustments	<u>114,930</u>	<u>117,404</u>
Net cash provided by operating activities	<u>\$ (10,286)</u>	<u>\$ 58,714</u>

See accompanying notes.

SENIOR SUPPORT SERVICES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended, 2012
(with comparative totals for December 31,2011)

	Program Services			Support Services		Total
	Senior Center	Housing & Utility Assistance 2012	Senior Studios	G&A	Fund Raising	
Direct Member Assistance	\$ 7,410	\$ 111,864	\$ -	\$ -	\$ -	\$ 119,274
Senior Studios-Operations	-	-	3,687	-	-	3,687
Wages	102,781	63,292	33,619	31,496	35,777	266,966
Benefits	6,844	4,215	2,239	2,097	2,383	17,778
Payroll Taxes	9,107	5,608	2,979	2,791	3,170	23,655
Contract Labor & Donated Services	25,586	9,841	-	3,936	-	39,363
Professional Fees	3,000	-	-	5,267	-	8,267
Insurance	2,692	1,657	880	825	937	6,991
Supplies, Postage and Printing	3,479	2,142	1,138	1,066	1,211	9,037
Utilities	13,521	2,366	14,873	2,028	1,014	33,802
Repairs and Maintenance	12,339	5,141	1,546	2,057	1,028	22,111
Bank and Investment Fees	2,145	911	40	364	182	3,642
Interest	5,280	2,327	-	895	447	8,949
Consumables	16,658	-	-	-	-	16,658
Transportation	14,611	-	-	-	-	14,611
Rent Expense	391	26	51,625	104	-	52,146
Depreciation	25,134	4,021	69,371	1,005	1,005	100,537
Special Events	-	-	-	-	3,884	3,884
Miscellaneous	717	558	296	466	315	2,352
Total Functional Expenses	\$ 251,696	\$ 213,970	\$ 182,292	\$ 54,398	\$ 51,355	\$ 753,710

2011

Direct Member Assistance	\$ 6,787	\$ 92,931	\$ -	\$ -	\$ -	\$ 99,718
Senior Studios-Operations	-	-	594	-	-	594
Wages	96,006	59,120	31,402	29,420	33,419	249,368
Benefits	7,109	4,378	2,325	2,179	2,475	18,466
Payroll Taxes	8,220	5,062	2,689	2,519	2,861	21,350
Contract Labor & Donated Services	28,495	10,960	-	4,384	-	43,839
Professional Fees	3,000	-	-	5,489	-	8,489
Insurance	2,497	1,538	817	765	869	6,486
Supplies, Postage and Printing	3,135	1,930	1,025	961	1,091	8,142
Utilities	14,712	2,575	16,183	2,207	1,103	36,779
Repairs and Maintenance	7,764	3,235	392	1,294	647	13,332
Bank and Investment Fees	2,046	887	82	355	177	3,547
Interest	5,957	2,625	-	1,010	505	10,096
Consumables	19,856	-	-	-	-	19,856
Transportation	13,514	-	-	-	-	13,514
Rent Expense	644	43	85,035	172	-	85,894
Depreciation	6,325	1,012	17,458	253	253	25,302
Special Events	-	-	-	-	18,266	18,266
Miscellaneous	647	399	212	198	225	1,681
Total Functional Expenses	\$ 226,714	\$ 186,694	\$ 158,215	\$ 51,205	\$ 61,892	\$ 684,720

See accompanying notes.

**SENIOR SUPPORT SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE A—NATURE OF ORGANIZATIONS AND ACTIVITIES

Senior Support Services (Senior Support) was incorporated in 1979 as a not for profit corporation in the State of Colorado. Senior Support is a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code and contributions to it are tax deductible within the limitations as prescribed by the code. Senior Studios, LLC (Studios) was formed as a Limited Liability Company in 2007. Senior Support is the only member of Senior Studios. For this reason Senior Studios is a disregarded entity and considered a branch or division of Senior Support for tax purposes.

The mission of Senior Support Services is to make each day better and safer for Denver’s low-income and homeless seniors by providing the resources and support they need to lead more self-sufficient and fulfilling lives.

The program and support activities of Senior Support Services include:

Program Services

Day Center-A program to assist seniors by providing to them services and resources, including meals and help obtaining government benefits.

Housing Assistance-A program to help seniors find and keep adequate housing.

Support Services

General and Administrative-The process of managing day to day activities and providing overall direction of Senior Support Services’ affairs.

Fund Raising-Activities to secure increased public support for Senior Support Services.

The mission of Senior Studios is to lease and manage a housing complex that will provide studio apartments to low income seniors on a subsidized rental basis.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

SENIOR SUPPORT SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation

In accordance with ASC Topic 958-210, the Organization is required to report information regarding its financial position and activities according to three classes of net assets based on externally (donor) imposed restrictions: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. The Organization had no permanently restricted net assets at December 31 2012 and 2011.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are 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. Contributions whose restrictions are met in the same year are reported as unrestricted support.

The Organization had temporarily restricted assets of \$-0- and \$7,300 at December 31 2012 and 2011 respectively.

SENIOR SUPPORT SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the organization considers all highly liquid debt instruments with a maturity of less than three months to be cash equivalents. As of December 31, 2012 cash consisted solely of currency on hand and demand deposits.

Property and Equipment

Property and equipment is recorded at the original cost or, if donated, the fair market value at the date of the donation. The Organization capitalizes items with an original value greater than \$500 and a life of more than one year. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The cost of repairs and maintenance that do not extend the useful life of the assets are charged to expense as incurred

Income Taxes

The Organization has received determination from the Internal Revenue Service that it qualifies as a public charity under the requirements of Section 501 (C)(3) of the Internal Revenue Code. In accordance with the Internal Revenue Code, the Organization is taxed solely on revenue not related to their exempt function (unrelated business income). The Organization currently has no unrelated business income. Accordingly, no provision has been made for income taxes.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Comparative Financial Statements

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principals generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended December 13, 2011, from which the summarized information was derived. Certain prior year amounts have been reclassified to conform to current year presentation.

SENIOR SUPPORT SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

The costs of providing the program and supporting services of the Organization have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the functional categories benefited.

Contributed Services

The Organization receives donations of services, food and other items from the community. Contributed services requiring specialized skills that would otherwise need to be purchased are reflected as contributions and expense in the accompanying financial statements. Contributions that do not meet the necessary criteria are not recorded as contributions and expense in the accompanying financial statements.

Loan Costs

Loan costs of \$3,866 associated with the refinancing of Notes Payable in 2012 are being amortized over the terms of the loan. Amortization expense amounted to \$644 in 2012.

NOTE C: PROPERTY AND EQUIPMENT

The Organizations property and equipment consists of the following at December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Land	\$ 43,200	\$ 43,200
Buildings and improvements	286,541	286,541
Leasehold improvements	261,226	261,226
Furniture and equipment	<u>30,014</u>	<u>32,837</u>
	620,981	623,804
Accumulated depreciation	<u>(277,890)</u>	<u>(188,516)</u>
	<u>\$343,091</u>	<u>\$435,288</u>

NOTE D: IN-KIND CONTRIBUTIONS

Senior Support Services receives in-kind contributions of professional services from various professionals such as legal services, accounting, health care and outreach counseling. These services have been reflected in the accompanying financial statements as contributions and expense, in accordance with ASC Topic 958-605-30 in the amount of \$25,600 and \$25,600 in 2012 and 2011 respectively.

**SENIOR SUPPORT SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE D: IN-KIND CONTRIBUTIONS (continued)

The organization also received in-kind contributions related to the renovation of its kitchen. The value of these services were \$8,340 and have been capitalized as fixed assets.

Services of community volunteers that do not meet the criteria to be reflected in the accompanying financial statements are valued at between \$6.00 and \$7.36 per hour. A volunteer outreach worker, who works 1.5 days per week was valued at \$19 per hour. Donations of food and other items are valued at estimated fair value when received. These amounts are not recorded as contributions and expense in the accompanying financial statements. The amounts of these in-kind contributions of the community volunteers and materials amounted to:

	<u>Period Ended</u>	
	<u>12/31/12</u>	<u>12/31/11</u>
Volunteer time	\$ 91,200	\$ 93,100
Food, Services and Supplies	<u>451,200</u>	<u>423,300</u>
	<u>\$542,400</u>	<u>\$516,400</u>

NOTE E-BENEFICIAL INTEREST

In 2004 Senior Support Services entered into an advised fund agreement with the Denver Foundation and transferred \$100,000 to the Foundation to establish this fund. The Foundation will distribute all or part of the income and principal to Senior Support Services, as determined by the Board of Trustees of the Foundation, after taking into account any recommendations made in writing to the Foundation by an advisory committee established by Senior Support Services. The Organization did not grant variance power to the Foundation and, accordingly, the amount is recorded as a beneficial interest in assets held by others, in accordance with ASC Topic 958-210. The cumulative amounts of this fund recognized in the Statement of Activities were \$138,701 and \$124,062 as of December 31, 2012 and 2011 respectively.

NOTE F – EQUITIES

Equities are composed of publicly traded common stock and are carried at market value.

**SENIOR SUPPORT SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE G-NOTES PAYABLE

The Organizations notes payable consist of the following:

	<u>2012</u>	<u>2011</u>
Note payable to Liberty Savings bank, due in monthly installments of \$938 including interest at an annual rate of 6.25% in 2012, secured by the Organizations building. Matures March 1, 2017	<u>\$ 139,397</u>	<u>\$ 141,476</u>
	<u>\$ 139,397</u>	<u>\$ 141,476</u>

Future scheduled maturities of notes payable are as follows:

2013	2,637
2014	4,680
2015	5,625
2016	7,860
2017	<u>118,595</u>
Total	<u>\$ 139,397</u>

NOTE H- TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at December:

	<u>2012</u>	<u>2011</u>
Energy Assistance	<u>\$ -</u>	<u>\$ 7,300</u>

NOTE I-SENIOR STUDIOS

Senior Studios LLC was formed in November 2007. Senior Support Services is the sole member of the LLC. The LLC was formed to provide affordable studio apartments to low income seniors. Qualifying seniors will pay a monthly rental equivalent to a fixed percentage of their monthly income. Additional funding sources will be raised to pay the incremental costs of the apartments.

In 2008 the LLC entered into a lease agreement to lease space containing 18 studio apartments for a period of 5 years. The terms of the lease require the LLC to pay for all tenant improvements prior to occupancy. Upon completion of these improvements, the term of the lease begins. The LLC will pay no rent for the first 4 years of the lease and will make monthly lease payments of \$6,300 in the fifth year. Occupancy began in May 2009.

Tenant improvements were completed in 2009 at a total cost of \$563,626. Based on the estimated market rental value of the property, \$302,400 has been capitalized as prepaid

SENIOR SUPPORT SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE I-SENIOR STUDIOS (continued)

rent. This amount is calculated by taking the \$6,300 monthly rental payments in year 5 of the lease multiplied times the 48 month period when no rent is to be paid. The balance of \$261,226 has been capitalized as Leasehold Improvements. From 2009 through 2011 this amount was depreciated over a period of 15 years, the original term of the lease plus two 5 year option periods which the organization intended to exercise at that time. However, subsequent to year end, the organization was notified that a significant source of funding related to Senior Studios would no longer be available. Accordingly, the remaining unamortized balance of Leasehold Improvements is being depreciated over 28 months starting January 1, 2012, which is the initial term of the lease.

NOTE J-LEASE COMMITMENT

Senior Studios entered into a 5 year lease commitment-Note I. The lease requires no lease payments for the first 48 months and payments of \$6,300 per month for 12 months beginning in year 5.

The lease grants the Organization two (2) separate options to extend the lease term for a period of five (5) years each with a rent increase of 3% per year. From 2009-2011 the organization intended to exercise the two five year extensions. Accordingly, the Organization recognized rent expense on a straight-line basis over the lease term plus extensions. Expense recognized in excess of payments made from 2009-2011 were recognized on the balance sheet as deferred rental expense. The organization no longer intends to exercise the two five year options on the lease (Note I). Deferred Rent in the amount of \$24,296 at December 31, 2011 has been written off against Rental Income in 2012.

Future minimum lease payments required under the lease are as follows:

2013	\$ 50,400
2014	<u>25,200</u>
	<u>\$ 75,600</u>

NOTE K-SUBSEQUENT EVENTS

Management evaluated subsequent events through August 13, 2013, the date the financial statements were available to be issued.

There are no subsequent events to be reported through August 13, 2013.