

**SENIOR SUPPORT SERVICES
SENIOR STUDIOS, LLC**

Consolidated Financial Statements

For the year ended December 31, 2013

(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, 2013, 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, 2013, 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, PC
Boulder, Colorado
July 23, 2014

SENIOR SUPPORT SERVICES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as of December 31,
(with comparative totals for December 31,2012)

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$ 187,048	\$ 185,357
Unconditional promises to give	13,809	31,967
Prepaid expenses	7,071	29,036
Property and equipment, less accumulated depreciation of \$379,103 for 2013 and \$277,890 for 2012	244,520	343,091
Beneficial Interest in Donor Directed Fund	154,124	138,701
Equities	3,627	2,929
Loan costs-net	2,449	3,222
TOTAL ASSETS	<u><u>\$ 612,648</u></u>	<u><u>\$ 734,303</u></u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 10,463	\$ 10,793
Security deposit	5,231	5,726
Deferred revenue	6,250	6,250
Notes payable	<u>136,871</u>	<u>139,397</u>
TOTAL LIABILITIES	158,815	162,166
NET ASSETS		
Unrestricted	453,833	572,137
Temporarily restricted	<u>-</u>	<u>-</u>
TOTAL NET ASSETS	453,833	572,137
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 612,648</u></u>	<u><u>\$ 734,303</u></u>

See accompanying notes.

SENIOR SUPPORT SERVICES
CONSOLIDATED STATEMENT OF ACTIVITIES
For the year ended, 2013
(with comparative totals for December 31,2012)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2013</u>	<u>Total 2012</u>
Public support and revenue				
Public Support				
Agency grants and contracts	\$ 54,357	\$ -	\$ 54,357	\$ 1,628
Government grants and contracts	120,173	-	120,173	95,601
Contributions	325,150	-	325,150	370,098
Special events	22,768	-	22,768	16,953
In-Kind contributions	456,044	-	456,044	443,873
Mile-High United Way allocation & designations	43,319	-	43,319	49,665
	<u>1,021,811</u>	<u>-</u>	<u>1,021,811</u>	<u>977,818</u>
Net assets released from restriction	-	-	-	-
Total public support	<u>1,021,811</u>	<u>-</u>	<u>1,021,811</u>	<u>977,818</u>
Other revenue				
Rental income	42,046	-	42,046	41,799
Interest	80	-	80	14
Realized gain (loss) on investments	2,542	-	2,542	2,306
Unrealized gain (loss) on investments	16,988	-	16,988	16,368
Other	-	-	-	121
Total other revenue	<u>61,656</u>	<u>-</u>	<u>61,656</u>	<u>60,608</u>
Total public support and revenue	<u>1,083,467</u>	<u>-</u>	<u>1,083,467</u>	<u>1,038,426</u>
Expenses				
Program Services				
Senior Center	673,953	-	673,953	650,403
Housing & Utility Assistance	202,298	-	202,298	221,989
Senior Studios	209,064	-	209,064	182,292
Support Services				
General and administrative	62,908	-	62,908	57,605
Fund Raising	53,548	-	53,548	51,355
Total expenses	<u>1,201,771</u>	<u>-</u>	<u>1,201,771</u>	<u>1,163,643</u>
Change in net assets	<u>(118,304)</u>	<u>-</u>	<u>(118,304)</u>	<u>(125,217)</u>
Net assets, beginning of year	<u>572,137</u>	<u>-</u>	<u>572,137</u>	<u>697,354</u>
Net assets, end of year	<u>\$ 453,833</u>	<u>\$ -</u>	<u>\$ 453,833</u>	<u>\$ 572,137</u>

See accompanying notes.

SENIOR SUPPORT SERVICES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the year ended, 2013
(with comparative totals for December 31,2012)

	<u>2013</u>	<u>2012</u>
CHANGE IN CASH		
Cash flow from operating activities:		
Cash received from public support	\$ 583,925	\$ 515,894
Cash received from rental payments	42,046	41,799
Cash paid to employees and suppliers	(609,963)	(558,521)
Interest received	80	14
Interest paid	(8,734)	(8,949)
Other income	-	121
Net cash provided by operating activities	<u>7,354</u>	<u>(9,642)</u>
Cash flows from investing activities		
Increase (decrease) in security deposits	(495)	456
Purchase of property and equipment	(2,642)	-
Net cash provided by (used in) investing activities	<u>(3,137)</u>	<u>456</u>
Cash flows used in financing activities		
Capitalized loan costs	-	(3,866)
Principal payments on notes	(2,526)	(2,079)
Increase (decrease) in cash	1,691	(15,131)
Cash at beginning of the year	185,357	200,488
Cash at the end of the year	<u>\$ 187,048</u>	<u>\$ 185,357</u>
Reconciliation of change in net assets to net cash used by operations		
Change in net assets	<u>\$ (118,304)</u>	<u>\$ (125,217)</u>
Adjustments to reconcile change in net assets to net cash used by operations:		
Depreciation	101,213	100,537
Amortization of loan costs	773	644
Net realized and unrealized (gain) loss on investments	(16,121)	(15,448)
In-Kind contribution of fixed assets	-	(8,340)
(Increase) decrease in unconditional promises to give	18,158	(18,051)
(Increase) decrease in prepaid expenses	21,965	75,797
Increase (decrease) in accounts payable and accrued expenses	(330)	(1,518)
Increase (decrease) in deferred rent expense	-	(18,046)
Total Adjustments	<u>125,658</u>	<u>115,574</u>
Net cash provided by operating activities	<u>\$ 7,354</u>	<u>\$ (9,642)</u>

See accompanying notes.

SENIOR SUPPORT SERVICES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended, 2013

(with comparative totals for December 31,2012)

	Program Services			Support Services		Total
	Senior Center	Housing & Utility Assistance 2013	Senior Studios	G&A	Fund Raising	
Direct Member Assistance	\$ 7,138	\$ 82,993	\$ -	\$ -	\$ -	\$ 90,131
Senior Studios-Operations	-	-	1,117	-	-	1,117
Wages	103,141	63,514	33,736	31,607	35,903	267,901
Benefits	8,187	5,042	2,678	2,509	2,850	21,266
Payroll Taxes	8,679	5,345	2,839	2,660	3,021	22,544
Contract Labor & Donated Services	56,570	21,758	-	8,703	-	87,031
Professional Fees	3,000	-	-	6,643	-	9,643
Insurance	4,233	2,606	1,384	1,297	1,473	10,994
Supplies, Postage and Printing	3,541	2,181	1,158	1,085	1,233	9,198
Utilities	14,260	2,496	15,686	2,139	1,070	35,650
Repairs and Maintenance	20,558	8,566	4,526	3,426	1,713	38,789
Bank and Investment Fees	2,224	927	-	371	185	3,707
Interest	5,153	2,271	-	873	437	8,734
Consumables	396,055	-	-	-	-	396,055
Transportation	14,674	-	-	-	-	14,674
Rent Expense	574	38	75,829	153	-	76,595
Depreciation	25,303	4,049	69,837	1,012	1,012	101,213
Special Events	-	-	-	-	4,360	4,360
Miscellaneous	662	514	273	429	291	2,169
Total Functional Expenses	\$ 673,953	\$ 202,298	\$ 209,064	\$ 62,908	\$ 53,548	\$ 1,201,771

2012

Direct Member Assistance	\$ 7,410	\$ 111,864	\$ -	\$ -	\$ -	\$ 119,274
Senior Studios-Operations	-	-	3,686	-	-	3,686
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	46,435	17,860	-	7,144	-	71,438
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	1,547	2,057	1,028	22,112
Bank and Investment Fees	2,145	911	40	364	182	3,642
Interest	5,280	2,327	-	895	447	8,949
Consumables	394,516	-	-	-	-	394,516
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	\$ 650,403	\$ 221,989	\$ 182,292	\$ 57,605	\$ 51,355	\$ 1,163,643

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 and Energy Assistance-A program to help seniors find and keep adequate housing and provide assistance in paying energy bills.

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. The Organization had no temporarily restricted net assets at December 31, 2013 and 2012.

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, 2013 and 2012.

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.

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, 2013 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.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2011, 2012, and 2013 are subject to examination by the IRS, generally for three years after they were filed.

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

SENIOR SUPPORT SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

conjunction with the Organization's audited financial statements for the year ended December 13, 2012, from which the summarized information was derived. Certain prior year amounts have been reclassified to conform to current year presentation.

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 \$733 in 2013 and \$644 in 2012 respectively.

Reclassifications

Certain comparative balances for the year ended December 31, 2012 have been reclassified to make them consistent with the current year presentation. The reclassifications had no effect on the change in net assets for 2012.

NOTE C: PROPERTY AND EQUIPMENT

The Organizations property and equipment consists of the following at December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Land	\$ 43,200	\$ 43,200
Buildings and improvements	286,541	286,541
Leasehold improvements	261,226	261,226
Furniture and equipment	<u>32,656</u>	<u>30,014</u>
	623,623	620,981
Accumulated depreciation	<u>(379,103)</u>	<u>(277,890)</u>
	<u>\$244,520</u>	<u>\$343,091</u>

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

NOTE D: IN-KIND CONTRIBUTIONS

Donated food, clothing and other materials and supplies are recorded as contributions and as expenditures at their actual or estimated fair market values on the date of receipt.

Donated services are reflected in the accompanying financial statements at their estimated fair value at the date of receipt to the extent that they require specialized skills which, if not provided by the donations, would have to be purchased by the Organization. These services include legal services, accounting, health care and outreach counseling. The Organization also benefits from the services of six part time employees whose wages are paid by an unrelated job based training program.

These donations are summarized as follows:

	<u>Period Ended</u>	
	<u>2013</u>	<u>2012</u>
Donated professional services	\$ 36,100	\$ 25,600
Job based training employees	44,928	32,075
Meals	364,037	348,792
Clothing and supplies	10,979	29,066
Building improvements	-	8,340
	<u>\$456,044</u>	<u>\$443,873</u>

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 \$8.00 per hour. The amounts of these in-kind contributions of the community volunteers amounted to \$75,000 and \$56,000 in 2013 and 2012 respectively.

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 \$154,124 and \$138,701 as of December 31, 2013 and 2012 respectively.

SENIOR SUPPORT SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE F – INVESTMENTS

Investments are carried at fair value, which is based on quoted market prices at December 31:

	2013	2012
Invested funds unrestricted	<u>\$ 3,627</u>	<u>\$ 2,929</u>

In accordance with FASB ASC 820-10 and subsections, the following are quantitative disclosures about the fair value measurements of assets. Fair value measurements are categorized on three levels:

- Level 1 inputs are quoted market prices in active markets for identical assets.
- Level 2 inputs are inputs other than quoted prices within Level 1; for example, quoted prices for similar assets.
- Level 3 inputs are unobservable inputs for the assets.

The Organizations only assets valued at fair value are its investments. The Organization holds all investments in publicly traded equities:

	Quoted Prices in Active Markets For Identical Assets (Level 1)	
	2013	2012
Publicly Traded equities	<u>\$ 3,627</u>	<u>\$ 2,929</u>

NOTE G-NOTES PAYABLE

The Organizations notes payable consist of the following:

	2013	2012
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>\$ 136,871</u>	<u>\$ 139,397</u>
	<u>\$ 136,871</u>	<u>\$ 139,397</u>

Future scheduled maturities of notes payable are as follows:

2014	4,680
2015	5,625
2016	7,860
2017	<u>118,706</u>
Total	<u>\$ 136,871</u>

SENIOR SUPPORT SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE H-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 was initially capitalized as prepaid rent. This amount was 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 was 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, in July 2013, 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 I-LEASE COMMITMENT

Senior Studios entered into a 5 year lease commitment-Note H. 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.

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

2014	<u>25,200</u>
	<u>\$ 25,200</u>

NOTE J-SUBSEQUENT EVENTS

Management evaluated subsequent events through July 23, 2014, the date the financial statements were available to be issued.

There are no subsequent events to be reported through July 23, 2014.