

**SENIOR SUPPORT SERVICES
SENIOR STUDIOS, LLC**

Consolidated Financial Statements

For the year ended December 31, 2009

(With Independent Auditor's Report Thereon)

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SENIOR SUPPORT SERVICES
STATEMENT OF FINANCIAL POSITION
as of December 31,
(with comparative totals for December 31,2008)

| | <u>2009</u> | <u>2008</u> |
|--|----------------------------|----------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 157,386 | \$ 336,679 |
| Unconditional promises to give | 14,806 | 24,144 |
| Prepaid expenses | 256,032 | 303,271 |
| Property and equipment, less accumulated depreciation of \$137,912 for 2009 and \$118,359 for 2008 | 485,892 | 244,219 |
| Beneficial Interest in Donor Directed Fund | 114,982 | 99,660 |
| Equities | 1,705 | 1,996 |
| TOTAL ASSETS | <u><u>\$ 1,030,803</u></u> | <u><u>\$ 1,009,969</u></u> |
| LIABILITIES | | |
| Accounts payable and accrued expenses | \$ 24,078 | \$ 7,226 |
| Security deposit | 3,937 | - |
| Deferred rent | 6,074 | - |
| Notes payable | <u>169,268</u> | <u>182,817</u> |
| TOTAL LIABILITIES | 203,357 | 190,043 |
| NET ASSETS | | |
| Unrestricted | 824,096 | 584,208 |
| Temporarily restricted | <u>3,350</u> | <u>235,718</u> |
| TOTAL NET ASSETS | <u>827,446</u> | <u>819,926</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u><u>\$ 1,030,803</u></u> | <u><u>\$ 1,009,969</u></u> |

See accompanying notes.

**SENIOR SUPPORT SERVICES
STATEMENT OF ACTIVITIES
For the year ended, 2009**

(with comparative totals for December 31,2008)

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> | |
|---|---------------------|-----------------------------------|-------------------|-------------------|
| | | | <u>2009</u> | <u>2008</u> |
| Public support and revenue | | | | |
| Public Support | | | | |
| Agency grants and contracts | \$ 15,369 | \$ - | \$ 15,369 | \$ 40,026 |
| Government grants and contracts | 125,453 | 48,615 | 174,068 | 736,768 |
| Contributions | 237,473 | - | 237,473 | 206,302 |
| Special events | 30,218 | - | 30,218 | 35,368 |
| Donated services | 16,758 | - | 16,758 | 36,783 |
| Mile-High United Way allocation | 32,467 | - | 32,467 | 36,001 |
| | <u>457,738</u> | <u>48,615</u> | <u>506,353</u> | <u>1,091,248</u> |
| Net assets released from restriction | 280,983 | (280,983) | - | - |
| Total public support | <u>738,721</u> | <u>(232,368)</u> | <u>506,353</u> | <u>1,091,248</u> |
| Other revenue | | | | |
| Rental income | 32,228 | - | 32,228 | - |
| Interest and gain (loss) on investments | 15,722 | - | 15,722 | (31,759) |
| Other | 99 | - | 99 | 175 |
| Total other revenue | <u>48,049</u> | <u>-</u> | <u>48,049</u> | <u>(31,584)</u> |
| Total public support and revenue | <u>786,770</u> | <u>(232,368)</u> | <u>554,402</u> | <u>1,059,664</u> |
| Expenses | | | | |
| Program Services | | | | |
| Senior Center | 202,833 | - | 202,833 | 258,571 |
| Housing & Utility Assistance | 143,246 | - | 143,246 | 173,704 |
| Senior Studios | 111,541 | - | 111,541 | 6,897 |
| Support Services | | | | |
| General and administrative | 43,348 | - | 43,348 | 37,930 |
| Fund Raising | 45,915 | - | 45,915 | 31,125 |
| Total expenses | <u>546,882</u> | <u>-</u> | <u>546,882</u> | <u>508,227</u> |
| Change in net assets | <u>239,888</u> | <u>(232,368)</u> | <u>7,520</u> | <u>551,437</u> |
| Net assets, beginning of year | <u>584,208</u> | <u>235,718</u> | <u>819,926</u> | <u>268,489</u> |
| Net assets, end of year | <u>\$ 824,096</u> | <u>\$ 3,350</u> | <u>\$ 827,446</u> | <u>\$ 819,926</u> |

See accompanying notes.

Senior Support Services
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the year ended, 2009
(with comparative totals for December 31,2008)

| | <u>2009</u> | <u>2008</u> |
|---|-------------------|-------------------|
| CHANGE IN CASH | | |
| Cash flow from operating activities: | | |
| Cash received from public support | \$ 515,691 | \$ 1,080,279 |
| Cash received from rental payments | 32,228 | - |
| Cash paid to employees and suppliers | (445,323) | (788,853) |
| Interest and dividends received | 691 | 9,883 |
| Interest paid | (11,841) | (12,121) |
| Other income | 99 | 176 |
| Net cash provided by operating activities | <u>91,545</u> | <u>289,364</u> |
| Cash flows from investing activities | | |
| Purchase of equipment | - | (1,412) |
| Purchase of leasehold improvements | (261,226) | - |
| Increase (decrease) in security deposits | 3,937 | |
| Net cash provided by (used in) investing activities | <u>(257,289)</u> | <u>(1,412)</u> |
| Cash flows used in financing activities | | |
| Principal payments on notes | <u>(13,549)</u> | <u>(13,270)</u> |
| Increase (decrease) in cash | (179,293) | 274,682 |
| Cash at beginning of the year | 336,679 | 61,997 |
| Cash at the end of the year | <u>\$ 157,386</u> | <u>\$ 336,679</u> |
| Reconciliation of change in net assets to net cash used by operations | | |
| Change in net assets | <u>\$ 7,520</u> | <u>\$ 551,437</u> |
| Adjustments to reconcile change in net assets to net cash used by operations: | | |
| Depreciation | 19,553 | 7,932 |
| Net realized and unrealized (gain) loss on investments | (15,031) | 41,643 |
| (Increase) decrease in unconditional promises to give | 9,338 | (10,968) |
| (Increase) decrease in prepaid expenses | 47,239 | (299,308) |
| Increase (decrease) in accounts payable and accrued expenses | 16,852 | (1,372) |
| Increase (decrease) in deferred rent expense | 6,074 | - |
| Total Adjustments | <u>84,025</u> | <u>(262,073)</u> |
| Net cash provided by operating activities | <u>\$ 91,545</u> | <u>\$ 289,364</u> |

The accompanying notes are an integral part of these statements.

SENIOR SUPPORT SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended, 2009
(with comparative totals for December 31,2008)

| | Program Services | | | Support Services | | Total |
|----------------------------------|-------------------|--------------------|-------------------|------------------|------------------|-------------------|
| | Housing & | | | G&A | Fund Raising | |
| | Senior Center | Utility Assistance | Senior Studios | | | |
| | 2009 | | | | | |
| Direct Member Assistance | \$ 12,796 | \$ 64,676 | \$ - | \$ - | \$ - | \$ 77,472 |
| Senior Studios | - | - | 57,687 | - | - | 57,687 |
| Wages | 83,052 | 51,144 | 27,166 | 25,451 | 28,910 | 215,722 |
| Benefits | 8,272 | 5,094 | 2,706 | 2,535 | 2,879 | 21,486 |
| Payroll Taxes | 6,518 | 4,014 | 2,132 | 1,997 | 2,269 | 16,929 |
| Contract Labor | 9,361 | 3,600 | - | 1,440 | - | 14,401 |
| Professional Fees | 21,768 | - | - | 4,859 | - | 26,627 |
| Insurance | 2,476 | 1,525 | 810 | 759 | 862 | 6,432 |
| Office Expense | 2,576 | 1,586 | 843 | 789 | 897 | 6,691 |
| Utilities | 12,051 | 4,017 | 7,499 | 2,142 | 1,071 | 26,781 |
| Repairs and Maintenance | 3,761 | 1,567 | - | 627 | 313 | 6,269 |
| Bank Charges | - | - | 526 | 99 | - | 625 |
| Interest | 6,986 | 3,079 | - | 1,184 | 592 | 11,841 |
| Consumables | 15,672 | - | - | - | - | 15,672 |
| Transportation | 11,762 | - | - | - | - | 11,762 |
| Rental Expense | 1,496 | 922 | 489 | 459 | 521 | 3,887 |
| Depreciation | 4,058 | 1,883 | 11,610 | 937 | 1,064 | 19,553 |
| Special Events | - | - | - | - | 6,457 | 6,457 |
| Miscellaneous | 226 | 139 | 74 | 69 | 79 | 588 |
| Total Functional Expenses | \$ 202,833 | \$ 143,246 | \$ 111,541 | \$ 43,348 | \$ 45,915 | \$ 546,882 |

| | 2008 | | | | | |
|----------------------------------|-------------------|-------------------|-----------------|------------------|------------------|-------------------|
| Direct Member Assistance | \$ 26,505 | \$ 89,986 | \$ - | \$ - | \$ - | \$ 116,491 |
| Senior Studios | - | - | - | - | - | - |
| Wages | 104,605 | 44,554 | 5,811 | 20,340 | 18,403 | 193,713 |
| Benefits | 13,518 | 5,758 | 618 | 2,784 | 2,356 | 25,034 |
| Payroll Taxes | 8,422 | 3,587 | 468 | 1,638 | 1,482 | 15,597 |
| Contract Labor | 5,142 | 1,418 | - | 2,305 | - | 8,865 |
| Professional Fees | 24,179 | 10,655 | - | 4,098 | 2,049 | 40,981 |
| Insurance | 4,278 | 1,885 | - | 725 | 363 | 7,251 |
| Office Expense | 4,609 | 2,040 | - | 782 | 391 | 7,822 |
| Utilities | 14,149 | 4,578 | - | 1,457 | 624 | 20,808 |
| Repairs and Maintenance | 6,553 | 2,730 | - | 1,092 | 546 | 10,921 |
| Bank Charges | - | - | - | 159 | - | 159 |
| Interest | 7,151 | 3,151 | - | 1,212 | 606 | 12,120 |
| Consumables | 22,155 | - | - | - | - | 22,155 |
| Transportation | 9,657 | - | - | - | - | 9,657 |
| Rental Expense | 2,014 | 887 | - | 341 | 171 | 3,413 |
| Depreciation | 4,680 | 2,062 | - | 793 | 397 | 7,932 |
| Special Events | - | - | - | - | 3,614 | 3,614 |
| Miscellaneous | 954 | 413 | - | 204 | 123 | 1,694 |
| Total Functional Expenses | \$ 258,571 | \$ 173,704 | \$ 6,897 | \$ 37,930 | \$ 31,125 | \$ 508,227 |

See accompanying notes.

**ROUTT COUNTY UNITED WAY
NOTES TO 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 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

Recent Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board ("FASB") changed the hierarchy of U.S. generally accepted accounting principles ("GAAP") such that the newly released FASB Accounting Standards Codification ("ASC") will replace other sources of authoritative GAAP. The ASC is effective for financial statements issued for interim and annual periods ending after September 15, 2009 and is not intended to significantly change GAAP.

ROUTT COUNTY UNITED WAY
NOTES TO FINANCIAL STATEMENTS

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In May 2009, the FASB updated ASC Topic 855, setting (1) the period after the balance sheet date during which management should evaluate events or transactions for potential recognition or disclosure in the financial statements, (2) the circumstances under which an entity should recognize in its financial statements events or transactions occurring after the balance sheet date, and (3) the related disclosures that an entity should make. This update is effective for interim or annual periods ending after June 15, 2009. Other than events disclosed elsewhere in these footnotes, the adoption of ASC Topic 855 has no impact on the Company's financial statements.

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.

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 2009 and 2008.

ROUTT COUNTY UNITED WAY
NOTES TO FINANCIAL STATEMENTS

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 \$57,500 and \$75,270 at December 31 2009 and 2008 respectively.

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, 2009 cash consisted solely of currency on hand, demand deposits and certificates of deposit.

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

**ROUTT COUNTY UNITED WAY
NOTES TO FINANCIAL STATEMENTS**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2008, 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

Senior Support Services 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.

NOTE C: PROPERTY AND EQUIPMENT

The Organizations property and equipment consists of the following at December 31, 2009 and 2008:

| | <u>2009</u> | <u>2008</u> |
|----------------------------|------------------|------------------|
| Land | \$ 43,200 | \$ 43,200 |
| Buildings and improvements | 286,541 | 286,541 |
| Leasehold improvements | 261,226 | - |
| Furniture and equipment | <u>32,837</u> | <u>32,837</u> |
| | 623,804 | 362,578 |
| Accumulated depreciation | <u>(137,912)</u> | <u>(118,359)</u> |
| | <u>\$485,982</u> | <u>\$244,219</u> |

**ROUTT COUNTY UNITED WAY
NOTES TO FINANCIAL STATEMENTS**

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 \$16,758 and \$36,783 in 2009 and 2008 respectively.

Services of community volunteers that do not meet the criteria to be reflected in the accompanying financial statements are valued at \$6.00 per hour. Donations of food and other items are valued at 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>12/31/09</u> | <u>12/31/08</u> |
| Volunteer time | \$124,800 | \$124,800 |
| Food, Services and Supplies | <u>394,600</u> | <u>391,050</u> |
| | <u>\$519,400</u> | <u>\$515,850</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 Statement of Financial Accounting

Standards (SFAS) No. 136. The cumulative amounts of this fund recognized in the Statement of Activities were \$99,660 and \$131,586 as of December 31, 2008 and 2007 respectively.

NOTE F – INVESTMENTS

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

**ROUTT COUNTY UNITED WAY
NOTES TO FINANCIAL STATEMENTS**

NOTE G-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 \$114,982 and \$99,660 as of December 31, 2009 and 2008 respectively.

NOTE H-NOTES PAYABLE

The Organizations notes payable consist of the following:

| | <u>2009</u> | <u>2008</u> |
|---|-------------------|-------------------|
| Note payable to Liberty Savings bank, due in monthly installments of \$1,291 including interest at an annual rate of 7% secured by the Organizations building. Matures February 2012. | \$ 151,414 | \$ 155,776 |
| Note payable to the City and County of Denver due in monthly installments of \$825 including interest at an annual rate of 3% secured by the Organizations building. Matures November 2011. | <u>17,854</u> | <u>27,041</u> |
| | <u>\$ 169,268</u> | <u>\$ 182,817</u> |

Future scheduled maturities of notes payable are as follows:

| | |
|-------------------|-------------------|
| December 31, 2010 | 14,517 |
| December 31, 2011 | 13,746 |
| December 31, 2012 | <u>141,005</u> |
| Total | <u>\$ 169,268</u> |

NOTE I – LEASED EQUIPMENT

The Organization entered onto a lease agreement for office equipment beginning April 5, 2005 under a sixty month contract. Lease expense was \$3,887 and \$3,372 for the years ended December 31, 2009 and 2008.

Total minimum lease payments for the years ending December 31:

| | |
|------|-----|
| 2010 | 843 |
|------|-----|

**ROUTT COUNTY UNITED WAY
NOTES TO FINANCIAL STATEMENTS**

NOTE J-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.

The costs of tenant improvements were \$263,671 and \$299,955 for in 2009 and 2008 respectively. Based on the estimated market rental value of the property, \$302,400 has been capitalized as prepaid 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 and depreciated over a period of 15 years, the original term of the lease plus the two 5 year option periods which the organization is likely to exercise.

NOTE K-LEASE COMMITMENT

Senior Studios entered into a 5 year lease commitment-Note K. The lease requires lease no 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 and, as such, recognized rent expense on a straight-line basis over the lease term plus extensions. Expense recognized in excess of payments made is recognized on the balance sheet as deferred rental expense.

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

| | | |
|------|----|------------------|
| 2010 | \$ | 0 |
| 2011 | | 0 |
| 2012 | | 0 |
| 2013 | | 50,400 |
| 2014 | | <u>25,200</u> |
| | | <u>\$ 75,600</u> |

**ROUTT COUNTY UNITED WAY
NOTES TO FINANCIAL STATEMENTS**

NOTE L: SUBSEQUENT EVENTS

Management evaluated subsequent events through May 26, 2010, the date the financial statements were available to be issued. There are no subsequent events to be reported through May 26, 2010.