

# Silver Key Senior Services

Tuesday, October 16, 2018

**Call to Order, Introductions**

Carla Hartsell

**Presentation of 2017/2018 Audit**

Mitch Downs/Hillary Carlson  
Osborne, Parsons & Rosacker, LLP

**Presentation of Consent Agenda**

Minutes from September 18, 2018

CEO Report

Carla Hartsell

**Financial Summary**

Dave Bunkers/Val Anders

**Committee Reports**

Building Committee

Capital Campaign

Search Committee

Pat Ellis

David Lord

Carla Hartsell

**Marketing Update**

Cathy Grossman

**Old Business**

Board Retreat Goals Update

Pat Ellis

**New Business**

Policy for CEO Performance Review

VA Choose Home

Pat Ellis

Pat Ellis

**Next Board Meeting - December 11, 2018**

Board member login: [skboard@silverkey.org](mailto:skboard@silverkey.org)

Password: sk-board@1625\$

The mission of Silver Key Senior Services is to serve in partnership with our stakeholders to support quality of life for seniors – allowing them the choice of safely aging in place with dignity and independence.

***SILVER KEY SENIOR SERVICES, INC.***

***AND***

***SILVER KEY SENIOR SERVICES FOUNDATION***

***CONSOLIDATING FINANCIAL STATEMENTS***

***AND***

***ADDITIONAL INFORMATION***

***WITH***

***INDEPENDENT AUDITOR'S REPORTS***

***JUNE 30, 2018***

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**SILVER KEY SENIOR SERVICES, INC.  
AND SILVER KEY SENIOR SERVICES FOUNDATION  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2018**

**ASSETS**

	<u>Silver Key</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
<b>Current Assets</b>				
Cash and equivalents	\$ 268,834	\$ -	\$ -	\$ 268,834
Accounts receivable	477,116	-	-	477,116
Bequests receivable	30,000	-	-	30,000
Pledges receivable, net	11,352	-	-	11,352
Due from related party	79,678	-	(79,678)	-
Other current assets	125,007	-	-	125,007
<b>Total Current Assets</b>	<u>991,987</u>	<u>-</u>	<u>(79,678)</u>	<u>912,309</u>
<b>Noncurrent Assets</b>				
Foundation, investments	-	7,169,366	-	7,169,366
Silver Key, board designated investments operating reserve	1,098,144	-	-	1,098,144
Beneficial interest in charitable trusts	4,422,540	-	-	4,422,540
Cash restricted for property and equipment	156,515	-	-	156,515
Property and equipment, net	5,493,123	-	-	5,493,123
Intangibles, net	68,304	-	-	68,304
Other assets	43,894	-	(3,326)	40,568
<b>Total Noncurrent Assets</b>	<u>11,282,520</u>	<u>7,169,366</u>	<u>(3,326)</u>	<u>18,448,560</u>
<b>Total Assets</b>	<u>\$ 12,274,507</u>	<u>\$ 7,169,366</u>	<u>\$ (83,004)</u>	<u>\$ 19,360,869</u>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities</b>				
Accounts payable	\$ 156,042	\$ -	\$ -	\$ 156,042
Accrued liabilities	171,393	-	-	171,393
Deferred revenue	39,500	-	-	39,500
Note payable, due within a year	54,461	-	-	54,461
Due to Silver Key	-	79,678	(79,678)	-
<b>Total Current Liabilities</b>	<u>421,396</u>	<u>79,678</u>	<u>(79,678)</u>	<u>421,396</u>
<b>Noncurrent Liabilities</b>				
Note payable, less current portion	683,696	-	(50,000)	633,696
<b>Total Noncurrent Liabilities</b>	<u>683,696</u>	<u>-</u>	<u>(50,000)</u>	<u>633,696</u>
<b>Total Liabilities</b>	<u>1,105,092</u>	<u>79,678</u>	<u>(129,678)</u>	<u>1,055,092</u>
<b>Net Assets</b>				
Unrestricted				
Board designated - operating reserve	1,098,144	-	-	1,098,144
Undesignated	5,084,978	15,000	46,674	5,146,652
<b>Total unrestricted</b>	<u>6,183,122</u>	<u>15,000</u>	<u>46,674</u>	<u>6,244,796</u>
Temporarily restricted	1,589,516	414,661	-	2,004,177
Permanently restricted	3,396,777	6,660,027	-	10,056,804
<b>Total Net Assets</b>	<u>11,169,415</u>	<u>7,089,688</u>	<u>46,674</u>	<u>18,305,777</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 12,274,507</u>	<u>\$ 7,169,366</u>	<u>\$ (83,004)</u>	<u>\$ 19,360,869</u>

See Notes to Financial Statements

**SILVER KEY SENIOR SERVICES, INC.  
AND SILVER KEY SENIOR SERVICES FOUNDATION  
CONSOLIDATING STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2018**

	Silver Key				Foundation				Eliminations	Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total		
<b>Public Support and Revenues</b>										
Contributions and grants	\$ 819,990	\$ 858,228	\$ -	\$ 1,678,218	\$ 15,000	\$ -	\$ -	\$ 15,000	\$ -	\$ 1,693,218
Capital campaign	462,545	-	-	462,545	-	-	-	-	-	462,545
Contributions from Foundation	330,245	-	-	330,245	-	-	-	-	(330,245)	-
Contract services	2,038,139	-	-	2,038,139	-	-	-	-	-	2,038,139
Program service fees	605,693	-	-	605,693	-	-	-	-	-	605,693
Investment income, net	235,266	-	-	235,266	-	433,090	64,263	497,353	-	732,619
In-kind contributions	968,460	-	-	968,460	-	-	-	-	-	968,460
Change in value of beneficial interest in charitable trusts	-	56,867	79,799	136,666	-	-	-	-	-	136,666
Other income	206,054	-	-	206,054	-	-	-	-	18,001	224,055
	5,666,392	915,095	79,799	6,661,286	15,000	433,090	64,263	512,353	(312,244)	6,861,395
Satisfaction of purpose restrictions	450,551	(450,551)	-	-	330,245	(330,245)	-	-	-	-
<b>Total Public Support and Revenues</b>	<b>6,116,943</b>	<b>464,544</b>	<b>79,799</b>	<b>6,661,286</b>	<b>345,245</b>	<b>102,845</b>	<b>64,263</b>	<b>512,353</b>	<b>(312,244)</b>	<b>6,861,395</b>
<b>Expenses</b>										
Program:										
Transportation	1,221,083	-	-	1,221,083	-	-	-	-	-	1,221,083
Nutrition	2,820,881	-	-	2,820,881	-	-	-	-	-	2,820,881
Case management	652,707	-	-	652,707	-	-	-	-	-	652,707
Retail services	237,092	-	-	237,092	-	-	-	-	-	237,092
Contributions to Silver Key	-	-	-	-	330,245	-	-	330,245	(330,245)	-
	4,931,763	-	-	4,931,763	330,245	-	-	330,245	(330,245)	4,931,763
Supporting Services:										
General and administrative	531,901	-	-	531,901	-	-	-	-	-	531,901
Fundraising	316,269	-	-	316,269	-	-	-	-	-	316,269
<b>Total Expenses</b>	<b>5,779,933</b>	<b>-</b>	<b>-</b>	<b>5,779,933</b>	<b>330,245</b>	<b>-</b>	<b>-</b>	<b>330,245</b>	<b>(330,245)</b>	<b>5,779,933</b>
<b>Change in Net Assets</b>	<b>337,010</b>	<b>464,544</b>	<b>79,799</b>	<b>881,353</b>	<b>15,000</b>	<b>102,845</b>	<b>64,263</b>	<b>182,108</b>	<b>18,001</b>	<b>1,081,462</b>
<b>Net Assets, Beginning of Period</b>	<b>5,846,112</b>	<b>1,124,972</b>	<b>3,316,978</b>	<b>10,288,062</b>	<b>-</b>	<b>311,816</b>	<b>6,595,764</b>	<b>6,907,580</b>	<b>28,673</b>	<b>17,224,315</b>
<b>Net Assets, End of Period</b>	<b>\$ 6,183,122</b>	<b>\$ 1,589,516</b>	<b>\$ 3,396,777</b>	<b>\$ 11,169,415</b>	<b>\$ 15,000</b>	<b>\$ 414,661</b>	<b>\$ 6,660,027</b>	<b>\$ 7,089,688</b>	<b>\$ 46,674</b>	<b>\$ 18,305,777</b>

See Notes to Financial Statements

**SILVER KEY SENIOR SERVICES, INC.  
AND SILVER KEY SENIOR SERVICES FOUNDATION  
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2018**

	Program Services					Supporting Services			Total Functional Expenses
	Transportation	Nutrition	Case Management	Retail Services	Total	General and Administrative	Fundraising	Total	
<b>Silver Key</b>									
Salaries, wages and benefits	\$ 513,574	\$ 826,200	\$ 459,059	\$ 78,129	\$ 1,876,962	\$ 312,065	\$ 169,204	\$ 481,269	\$ 2,358,231
Client assistance	-	885,363	76,793	2,256	964,412	-	-	-	964,412
Food and packaging	-	674,562	-	-	674,562	-	-	-	674,562
Depreciation and amortization	230,036	173,584	29,478	24,362	457,460	53,283	14,005	67,288	524,748
Vehicle related expenses	280,728	24,567	-	-	305,295	-	-	-	305,295
Occupancy	24,228	122,453	24,677	29,594	200,952	61,007	12,705	73,712	274,664
Professional fees	71,884	35,063	18,643	7,633	133,223	68,119	7,466	75,585	208,808
Program supplies	3,047	21,366	3,096	84,748	112,257	-	-	-	112,257
Dues and subscriptions	65,688	4,457	10,621	375	81,141	8,599	6,439	15,038	96,179
Public relations and marketing	1,945	5,076	1,912	3,187	12,120	3,648	72,224	75,872	87,992
Insurance	8,284	5,809	7,972	157	22,222	3,856	8,932	12,788	35,010
Printing, copying and postage	5,828	7,483	3,883	50	17,244	2,991	13,684	16,675	33,919
Interest	3,008	14,706	3,008	3,342	24,064	8,023	1,337	9,360	33,424
Meetings, travel and training	7,824	4,040	10,142	98	22,104	4,121	6,876	10,997	33,101
Recognition and volunteers	2,606	5,563	1,237	415	9,821	1,654	569	2,223	12,044
Equipment and office supplies	1,130	2,980	1,860	317	6,287	2,084	1,769	3,853	10,140
Bank and credit card fees	1,273	2,457	-	2,393	6,123	1,941	959	2,900	9,023
Miscellaneous	-	5,152	326	36	5,514	510	100	610	6,124
<b>Total Expenses</b>	<b>1,221,083</b>	<b>2,820,881</b>	<b>652,707</b>	<b>237,092</b>	<b>4,931,763</b>	<b>531,901</b>	<b>316,269</b>	<b>848,170</b>	<b>5,779,933</b>
<b>Foundation</b>									
Contributions to Silver Key	-	-	-	-	330,245	-	-	-	330,245
Eliminations	-	-	-	-	(330,245)	-	-	-	(330,245)
<b>Total Expenses</b>	<b>\$ 1,221,083</b>	<b>\$ 2,820,881</b>	<b>\$ 652,707</b>	<b>\$ 237,092</b>	<b>\$ 4,931,763</b>	<b>\$ 531,901</b>	<b>\$ 316,269</b>	<b>\$ 848,170</b>	<b>\$ 5,779,933</b>
<b>Percentage of Total Functional Expenses</b>	<b>21%</b>	<b>49%</b>	<b>11%</b>	<b>4%</b>	<b>85%</b>	<b>9%</b>	<b>5%</b>	<b>15%</b>	<b>100%</b>

See Notes to Financial Statements

**SILVER KEY SENIOR SERVICES, INC.  
AND SILVER KEY SENIOR SERVICES FOUNDATION  
CONSOLIDATING STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2018**

	<u>Silver Key</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
<b>Cash Flows from Operating Activities</b>				
Change in net assets	\$ 881,353	\$ 182,108	\$ 18,001	\$ 1,081,462
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation and amortization	524,748	-	-	524,748
Gain on sale of property and equipment	(1,503)	-	-	(1,503)
Change in beneficial interest in charitable trusts	(136,666)	-	-	(136,666)
Net realized and unrealized gain on investments	(64,576)	(329,451)	(18,001)	(412,028)
Contribution of bequests	(457,370)	-	-	(457,370)
Contribution of stock	(110,495)	-	-	(110,495)
Decrease (increase) in operating assets:				
Accounts receivable	(318,517)	5,000	-	(313,517)
Bequests receivable	173,000	707,600	-	880,600
Pledges receivable, net	59,719	-	-	59,719
Due from related party	2,911	-	(2,911)	-
Other current assets	976	5,490	-	6,466
Other assets	24,918	-	-	24,918
Increase (decrease) in operating liabilities:				
Accounts payable	70,379	-	-	70,379
Accrued liabilities	(15,524)	-	-	(15,524)
Deferred revenue	14,950	-	-	14,950
Due to Silver Key	-	(2,911)	2,911	-
<b>Net Cash Provided by Operating Activities</b>	<u>648,303</u>	<u>567,836</u>	<u>-</u>	<u>1,216,139</u>
<b>Cash Flows from Investing Activities</b>				
Purchases of property and equipment	(962,549)	-	-	(962,549)
Proceeds from disposition of property and equipment	1,503	-	-	1,503
Cash restricted for property and equipment	108,626	-	-	108,626
Proceeds from sale of investments	732,714	333,156	-	1,065,870
Purchases of investments	(27,112)	(900,992)	-	(928,104)
Proceeds from distribution of charitable remainder trust	160,218	-	-	160,218
Net change in cash and equivalents board designated operating reserve	9,902	-	-	9,902
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>23,302</u>	<u>(567,836)</u>	<u>-</u>	<u>(544,534)</u>
<b>Cash Flows from Financing Activities</b>				
Repayment of line of credit	(40,000)	-	-	(40,000)
Proceeds from note payable	900,000	-	-	900,000
Payments on note payable	(1,377,213)	-	-	(1,377,213)
<b>Net Cash Used by Financing Activities</b>	<u>(517,213)</u>	<u>-</u>	<u>-</u>	<u>(517,213)</u>
<b>Net Decrease in Cash and Equivalents</b>	154,392	-	-	154,392
<b>Cash and Equivalents, Beginning of Period</b>	114,442	-	-	114,442
<b>Cash and Equivalents, End of Period</b>	<u>\$ 268,834</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 268,834</u>

See Notes to Financial Statements

**SILVER KEY SENIOR SERVICES, INC.  
AND SILVER KEY SENIOR SERVICES FOUNDATION  
CONSOLIDATING STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2018**

**SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES**

Cash paid for interest	<u>\$ 33,424</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,424</u>
In-kind contributions	<u>\$ 968,460</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 968,460</u>

**- DRAFT -**



**SILVER KEY SENIOR SERVICES, INC.**  
**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization** - Silver Key Senior Services, Inc. ("Silver Key") is a nonprofit organization formed in 1970 dedicated to serving the elderly in El Paso County, Colorado. Silver Key strives to make the greater Colorado Springs area the best in the nation to age. Services are provided with the goals of promoting independence, self-sufficiency, independent living, fulfilling basic and social needs, relieving the many burdens of old age, and preserving the dignity and self-respect of the elderly person.

Silver Key Senior Services Foundation, Inc. ("Foundation") was established in 1997 and operates exclusively for the benefit of Silver Key. The Foundation's primary purpose is to raise, invest, and manage donations, which are primarily permanently restricted by donors.

In partnership with stakeholders and caring volunteers, Silver Key provides a variety of nutrition, transportation, and senior assistance services available to anyone age 60+, including:

**Silver Key Home Delivered Meals, including Meals on Wheels** - Freshly prepared meals are conveniently brought to Silver Key clients at their home by friendly volunteers 3 or 5 days a week, with re-heatable meals available for the weekend. Caregivers and family members who are still working, out of town, or not able to be there for loved ones every day are able to arrange for and benefit from Silver Key Home Delivered Meals as well. Silver Key is also the area Meals on Wheels provider, delivering hot, nutritious meals and a welcome visit to low-income seniors through funding support from grants and community donations. With healthy food seven days a week, aging in place has never been easier! During the year ended June 30, 2018, Silver Key provided 69,634 meals.

**Silver Key Connections Café** - Silver Key provides food, friendship, and fun for anyone age 60+ at twenty Silver Key Connections Café sites throughout the community. Hot, healthy meals in a social setting plus monthly nutritional education information help keep older adults engaged. During the year ended June 30, 2018, Silver Key provided 117,838 meals.

**Silver Key Reserve & Ride** - Silver Key provides door-through-door ADA accessible transportation for medical appointments, shopping, group meals, social activities, and recreation trips. Reserve & Ride transportation accommodates wheelchairs, walkers, those needing a lift device, oxygen, and other special needs. Anyone 60 years or older, living in the greater Colorado Springs area, and registered with Silver Key Reserve & Ride can use this service to remain active and independent. During the year ended June 30, 2018, Silver Key provided 44,469 rides.

**Silver Key Senior Assistance** - Silver Key's experienced Case Management team assists seniors and their families as they navigate the aging process. Holistic assessments are completed with each client served, to identify and resolve barriers to their continued independence and safety. Silver Key provides assistance with rent, utilities, medical expenses, benefit applications, food, transportation, and budget coaching. Services are coordinated with many different agencies in El Paso County and are targeted to help seniors achieve stability and maintain independence. During the year ended June 30, 2018, Silver Key Case Managers served 1,885 clients and the information and referral helpline received over 26,479 calls.

**SILVER KEY SENIOR SERVICES, INC.**  
**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Other Senior Assistance services include:

Guardianship and Power of Attorney services are for seniors who need someone to act on their behalf with medical decisions. Silver Key serves as Guardian by court appointment for seniors, whom the court has deemed unable to make safe decisions, providing comprehensive, personalized care management services and advocacy. During the year ended June 30, 2018, Silver Key provided Guardianship care for 36 clients.

Silver Key's food pantry distributes government food assistance to help seniors who qualify for federal assistance with groceries each month through CSFP (Commodity Supplemental Food Program) and TEFAP (The Emergency Food Assistance Program). These food boxes allow seniors to stretch their food dollars further by supplementing their diets with a variety of foods. Silver Key also provides food and assistance for people age 60+ in a temporary emergency situation. During the year ended June 30, 2018, Silver Key provided 22,784 boxes of food to seniors in the community.

Silver Key Senior Outreach Services (SOS) is a collaborative program in which Silver Key and UCCS Aging Center identify seniors who could benefit from mental health services and connect them with the appropriate resources. The public is encouraged to help identify older adults who may need emotional or other support and/or a connection to community resources. During the year ended June 30, 2018, Silver Key provided 286 clients with SOS services.

**Silver Key Friends Thrift Store** - Community donations and purchases of gently used items at the Silver Key Friends Thrift Store support Silver Key's mission. The store also features a specialty Home Medical Equipment Department for clean, used wheelchairs, canes and other mobility aids. Silver Key provides vouchers for the Silver Key Friends Thrift Store through Senior Assistance. During the year ended June 30, 2018, Silver Key Friends Thrift Store sales were \$83,782.

**Principles of Consolidation** - The consolidating financial statements include the accounts of Silver Key and the Foundation (collectively referred to as the "Organization"). The Foundation is presented on a consolidating basis since Silver Key has controlling interest with respect to the Foundation. All material interorganization transactions are eliminated to present the consolidated total amounts.

**Basis of Accounting** - The accounts of the Organization are maintained and the consolidating financial statements are prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred.

**Basis of Presentation** - The consolidating financial statement presentation follows the recommendations of accounting principles generally accepted in the United States of America ("US GAAP"). The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, which represent the expendable resources that are available for operations at management's discretion and investment in property and equipment; temporarily restricted net assets, which represent resources restricted by donors as to purpose or by the passage of time; and permanently restricted net assets, which represent resources for which use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

**SILVER KEY SENIOR SERVICES, INC.**  
**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Use of Estimates** - The preparation of consolidating financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidating financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant accounting estimates used in the preparation of the Organization's consolidating financial statements relate to the estimated useful lives of property and equipment, valuation of investments and beneficial interests in perpetual trusts, and the functional allocation of expenses to program and supporting services.

**Cash and Equivalents** - For purposes of the consolidating statements of cash flows, the Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

The Organization maintains its cash and equivalents in bank deposit accounts that, at times, may exceed the federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. The Organization does not anticipate nonperformance by these financial institutions.

**Accounts Receivable** - Accounts receivable are stated at the invoiced amounts. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Silver Key monitors outstanding balances and considers accounts receivable to be fully collectible as of June 30, 2018. Accordingly, no allowance for doubtful accounts is required. Accounts receivable are anticipated to be received within a year.

**Contributions and Pledges Receivable** - Contributions are recognized as revenue when the donor makes a promise to give to the Organization that is, in substance, unconditional. 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 (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 consolidating statement of activities as net assets released from restrictions.

Pledges are recorded at net realizable value if expected to be collected within one year and at the present value of estimated future cash flows if expected to be collected in more than one year. The discounts on these amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Pledges receivable are recorded net of an allowance for uncollectible pledges of \$5,000 as of June 30, 2018. Pledges receivable are anticipated to be received within a year.

**SILVER KEY SENIOR SERVICES, INC.**  
**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Investments** - Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

**Property and Equipment** - Property and equipment are stated at cost, or if donated, at the estimated fair value at the date of donation. Depreciation is provided using the straight-line method over the following estimated useful lives:

Buildings and improvements	5 - 39 Years
Vehicles	3 - 5 Years
Office and other equipment	3 - 10 Years

Silver Key's policy is to capitalize acquisitions of property and equipment costing in excess of \$1,000 and having a useful life exceeding one year.

Unless explicit donor stipulations specify how donated assets must be used, gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted gifts and contributions. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted net assets. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when acquired long-lived assets are placed in service.

Silver Key participates in the Colorado Department of Transportation ("CDOT") program to provide transportation services to the elderly. In total, Silver Key has 33 vehicles in service under this program with a cost of \$1,130,668 and accumulated depreciation of \$830,848 as of June 30, 2018. Under this program, the CDOT holds the ownership title of each vehicle for four years before it is released to Silver Key. Of the 33 vehicles in service under this program, thirteen titles have not been released. Of these thirteen titles not yet released, three titles are expected to be released in 2018, four are expected to be released in 2019, four are expected to be released in 2022, and two are expected to be released in 2023.

**Intangibles** - Intangible assets consist primarily of software development costs. Intangible assets are amortized using the straight-line method over estimated useful lives of five years. Amortization of existing intangible assets is expected to be as follows:

<b>Years Ending</b>	
<b>June 30,</b>	
<hr/>	
2019	\$ 68,304

Amortization expense for the year ended June 30, 2018 totaled \$74,561.

**SILVER KEY SENIOR SERVICES, INC.**  
**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Compensation Absence** - Employees of Silver Key earn a vested right to compensation for unused paid time off. Accordingly, Silver Key has made an accrual for paid time off that employees have earned, but not taken.

**Net Assets and Contributions** - The net assets of the Organization have been reported separately by class of net assets as follows:

*Unrestricted* - amounts invested in property, equipment, and those currently available for use in the Organization's general operating activities and investment in property and equipment.

*Temporarily restricted* - amounts that are stipulated by donors for specific operating purposes or restricted due to time restrictions (see Note 9).

*Permanently restricted* - amounts that are not available for program expenses or other organizational needs (see Note 9).

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 consolidating statement of activities as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit donor restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**In-kind Contributions** - The consolidating financial statements reflect the estimated fair value for donated services that create or enhance nonfinancial assets or require specialized skills, are performed by people possessing those skills, and would have been purchased by the Organization if they had not been donated. Donated materials are recorded in the consolidating financial statements at their estimated fair value on the date of receipt.

**SILVER KEY SENIOR SERVICES, INC.**  
**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Donated materials and services received by Silver Key for the year ended June 30, 2018 consist of the following:

Food	\$ 807,332
Thrift store items	86,037
Holiday project	20,000
Advertising	18,900
Professional fees	14,287
Other	21,904
	<u>\$ 968,460</u>

Silver Key receives a significant amount of food that is designated by strict federal guidelines for recipients of two federal food programs for which Silver Key is a distribution site. Silver Key acts as an agent since it has no discretion to choose who will receive the donated food. Accordingly, Silver Key's policy is to not record the receipt or distribution of the food in the consolidating financial statements.

Silver Key relies on hundreds of volunteers each month to expand their ability to support and serve clients while providing companionship and social support that is at the core of all services. Volunteers provided approximately 83,111 hours of donated services for the year ended June 30, 2018, with an estimated value of approximately \$2,225,712, which was not recognized in the accompanying consolidating financial statements because they did not meet the criteria for recognition under current US GAAP.

**Allocation of Expenses** - The cost of providing the various program and supporting activities has been presented on a functional basis in the consolidating statement of activities. Expenses are generally charged to a functional department as incurred for the related activities based upon ratios determined by management.

**Concentrations** - The Organization has significant investments in stocks, mutual funds, bonds, and tax-exempt bonds, and is, therefore, subject to credit risk. Investments are made by investment managers engaged by the Organization and the investments are monitored by the Organization. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Organization.

For the year ended June 30, 2018, the Organization received approximately 21% of its total support and revenue from the Pikes Peak Area Council of Government ("PPACG"). As of June 30, 2018, the Organization had approximately 40% of its accounts receivable balance due from the PPACG.

**Income Taxes** - The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code") and comparable Colorado law as a charitable organization, whereby only unrelated business income, as defined by Section 509(a)(2) of the Code, is subject to Federal and Colorado income tax. For the year ended June 30, 2018, the Organization had no unrelated business income. Accordingly, no provision for income taxes has been recorded. In addition, the Organization qualifies for

**SILVER KEY SENIOR SERVICES, INC.**  
**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The Organization evaluates the effect of uncertain income tax positions, if any, and provides for those positions in accordance with the provisions of US GAAP. The Organization discloses any material adjustments as a result of tax examinations. The Organization reports interest and penalties resulting from these adjustments as interest expense and other expenses, as applicable. There were no income tax examinations or adjustments relating therefrom for the year ended June 30, 2018. The Organization's informational tax returns are subject to examination by taxing authorities for a period of three years from the date it is filed. As of June 30, 2018, the informational tax returns for the three prior years are considered open for Internal Revenue Service examination.

**Reclassification** – Certain prior-year amounts have been reclassified to conform to the current year presentation.

**NOTE 1 - RELATED PARTY TRANSACTIONS**

As of June 30, 2018, Silver Key has a distribution receivable from the Foundation totaling \$79,678. During the year ended June 30, 2018, distributions from the Foundation to Silver Key totaled \$330,245. These balances and amounts are eliminated as a result of the consolidating of the two entities.

As of June 30, 2018, Silver Key has a receivable due from a related for-profit corporation in the amount of \$50,000. This balance is eliminated as a result of the consolidating of the two entities.

For the year ended June 30, 2018, the Organization received contributions from board members and officers totaling \$79,219.

**NOTE 2 - INVESTMENTS**

Investments consist of the following at June 30, 2018:

	<u>Silver Key</u>	<u>Foundation</u>	<u>Total</u>
Cash and equivalents	\$ 24,576	\$ 379,627	\$ 404,203
Stock	179,837	1,116,758	1,296,595
Exchange traded funds	71,697	482,611	554,308
Mutual funds	707,965	4,626,261	5,334,226
Corporate bonds	78,013	137,557	215,570
U.S. government and municipal bonds	30,156	392,945	423,101
Other	5,900	33,607	39,507
	<u>\$ 1,098,144</u>	<u>\$ 7,169,366</u>	<u>\$ 8,267,510</u>

Investments are made in accordance with the Organization's investment policy.

**SILVER KEY SENIOR SERVICES, INC.**  
**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 2 - INVESTMENTS - Continued**

For the year ended June 30, 2018, investment income is summarized as follows:

	<b>Silver Key</b>	<b>Foundation</b>
Interest income earned on cash at		
financial institutions and other interest income	\$ 4,815	\$ 37
Interest and dividend income on investments	34,232	209,097
Net realized and unrealized gains on investments	64,576	329,451
Investment income from beneficial		
interest in charitable trusts	138,802	-
Investment fees	(7,159)	(41,232)
	\$ 235,266	\$ 497,353

**NOTE 3 - BENEFICIAL INTEREST IN CHARITABLE TRUSTS**

Silver Key is an income beneficiary of nine separate trusts whose principal is held in financial institutions in perpetuity. Silver Key's share of the fair value of the trusts totaled \$4,422,540 as of June 30, 2018.

Included in the nine beneficial interest trusts are five for which corpus eventually transfers to Silver Key and, accordingly, are temporarily restricted as follows:

Silver Key is an income and principal beneficiary of a trust whose principal is held at a financial institution. The trust makes income distributions to Silver Key and other beneficiaries during the lives of those other beneficiaries of the trust. Upon the death of such beneficiaries, Silver Key will receive 20% of the assets of the trust. Based on a discount rate of 3% and the other beneficiaries' life expectancies, Silver Key has recorded a beneficial interest in the trust of \$244,430 as of June 30, 2018.

Silver Key is an income and principal beneficiary of a trust whose principal is held at a financial institution. The trust makes income distributions to Silver Key and other beneficiaries during the lives of those other beneficiaries of the trust. Upon the death of such beneficiaries, Silver Key will receive one-third of the assets of the trust. Based on a discount rate of 3% and the other beneficiaries' life expectancies, Silver Key has recorded a beneficial interest in the trust of \$109,620 as of June 30, 2018.

Silver Key is an income and principal beneficiary of a trust whose principal is held at a financial institution. The trust makes income distributions to Silver Key and other beneficiaries during the lives of those other beneficiaries of the trust. Upon the death of such beneficiaries, Silver Key will receive 10% of the assets of the trust. Based on a discount rate of 3% and the other beneficiaries' life expectancies, Silver Key has recorded a beneficial interest in the trust of \$8,518 as of June 30, 2018.

Silver Key is an income and principal beneficiary of a trust whose principal is held at a financial institution. The trust makes income distributions to Silver Key and other beneficiaries during the lives of those other beneficiaries of the trust. Upon the death of such beneficiaries, Silver Key will receive 50% of the assets of



**SILVER KEY SENIOR SERVICES, INC.**  
**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 3 - BENEFICIAL INTEREST IN CHARITABLE TRUSTS - Continued**

the trust. Based on a discount rate of 3% and the other beneficiaries' life expectancies, Silver Key has recorded a beneficial interest in the trust of \$176,632 as of June 30, 2018.

Silver Key is an income and principal beneficiary of a trust whose principal is held at a financial institution. The trust makes income distributions to Silver Key and other beneficiaries during the lives of those other beneficiaries of the trust. Upon the death of such beneficiaries, Silver Key will receive 35% of the assets of the trust. Based on a discount rate of 3% and the other beneficiaries' life expectancies, Silver Key has recorded a beneficial interest in the trust of \$486,563 as of June 30, 2018.

Silver Key received \$138,802 of investment income from these trusts for the year ended June 30, 2018.

**NOTE 4 - DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES**

US GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Therefore, the term "price" refers to the exit price as opposed to the entry price, which is the price paid to acquire the asset or received to assume the liability. US GAAP also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

*Level 1* - Quoted prices in active markets for identical assets or liabilities.

*Level 2* - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

*Level 3* - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. The Organization has no assets or liabilities valued using Level 3 inputs.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following is a description of the valuation methodologies used for the Organization's assets measured at fair value as of June 30, 2018.

Fixed income mutual funds and equities: Valued at quoted prices for identical assets in active markets.

U.S. government obligations, corporate obligations, preferred securities, alternative investments, REIT's and real estate funds: Valued at quoted prices for similar assets in active markets.

Beneficial interest in perpetual trusts: valued at quoted prices for underlying assets discounted to present value of benefits expected.

**SILVER KEY SENIOR SERVICES, INC.**  
**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 4 - DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES - Continued**

The preceding methods described may produce fair values that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The boards of directors of Silver Key and the Foundation review and approve the Organization's fair value measurement policies and procedures annually.

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**SILVER KEY SENIOR SERVICES, INC.**  
**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 4 - DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES - Continued**

The following table sets forth by level, within the fair value hierarchy, the Organization's assets measured on a recurring basis at fair value as of June 30, 2018:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>Silver Key</b>				
Cash and equivalents	\$ 24,576	\$ 24,576	\$ -	\$ -
Stock	179,837	179,837	-	-
Exchange traded funds	71,697	71,697	-	-
Mutual funds	707,965	707,965	-	-
Corporate bonds	78,013	-	78,013	-
U.S. government and municipal bonds	30,156	-	30,156	-
Other	5,900	-	5,900	-
Beneficial interest in charitable trusts	4,422,540	-	4,422,540	-
<b>Total</b>	<u>\$ 5,520,684</u>	<u>\$ 984,075</u>	<u>\$ 4,536,609</u>	<u>\$ -</u>
<b>Foundation</b>				
Cash and equivalents	\$ 379,627	\$ 379,627	\$ -	\$ -
Stock	1,116,758	1,116,758	-	-
Exchange traded funds	482,611	482,611	-	-
Mutual funds	4,626,261	4,626,261	-	-
Corporate bonds	137,557	-	137,557	-
U.S. government and municipal bonds	392,945	-	392,945	-
Other	33,607	-	33,607	-
<b>Total</b>	<u>\$ 7,169,366</u>	<u>\$ 6,605,257</u>	<u>\$ 564,109</u>	<u>\$ -</u>
<b>Total</b>				
Cash and equivalents	404,203	404,203	-	-
Stock	1,296,595	1,296,595	-	-
Exchange traded funds	554,308	554,308	-	-
Mutual funds	5,334,226	5,334,226	-	-
Corporate bonds	215,570	-	215,570	-
U.S. government and municipal bonds	423,101	-	423,101	-
Other	39,507	-	39,507	-
Beneficial interest in charitable trusts	4,422,540	-	4,422,540	-
<b>Total</b>	<u>\$ 12,690,050</u>	<u>\$ 7,589,332</u>	<u>\$ 5,100,718</u>	<u>\$ -</u>

**SILVER KEY SENIOR SERVICES, INC.**  
**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 5 - PROPERTY AND EQUIPMENT**

Silver Key's property and equipment consists of the following as of June 30, 2018:

Buildings and improvements	\$ 5,114,284
Vehicles	1,347,879
Office and other equipment	<u>930,497</u>
	7,392,660
Less accumulated depreciation	<u>(1,899,537)</u>
	<u>\$ 5,493,123</u>

Depreciation expense for the year ended June 30, 2018, totaled \$450,187.

**NOTE 6 - LINE OF CREDIT**

On February 27, 2018, Silver Key entered into a line of credit agreement with a local credit union in the amount of \$500,000. The line of credit is secured by substantially all assets, except any real estate, held by Silver Key. Borrowings under the line of credit bear interest at 4.00% per annum. The line of credit matures on February 27, 2020. As of June 30, 2018, there was no outstanding balance on the line of credit.

**NOTE 7 - NOTE PAYABLE**

Silver Key has a note payable to a financial institution with a balance of \$688,157 as of June 30, 2018. The note bears a variable interest ranging from 3.125% to 3.950% per annum, is payable in monthly installments, is secured by real property and assignment of rents, and requires minimum liquidity of \$500,000. The note payable maturities are as follows:

<u>Years Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 54,461	\$ 21,019	\$ 75,480
2020	56,160	19,320	75,480
2021	58,017	17,463	75,480
2022	59,882	15,598	75,480
2023	61,803	14,442	76,245
2024-2028	346,769	46,201	392,970
2029	<u>51,065</u>	<u>947</u>	<u>52,012</u>
	<u>\$ 688,157</u>	<u>\$ 134,990</u>	<u>\$ 823,147</u>

Interest expense for the year ended June 30, 2018, totaled \$33,424.

**SILVER KEY SENIOR SERVICES, INC.**  
**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 8 - BOARD DESIGNATED UNRESTRICTED NET ASSETS**

It is the policy of the boards of directors of the Organization to review plans for future needs and to designate appropriate sums to assure adequate financing for the needs identified. Amounts designated by the boards of directors for specific future needs are treated as board designated unrestricted net assets. The balances can be transferred to the undesignated portion of unrestricted net assets at the boards' discretion. As of June 30, 2018, Silver Key had \$1,098,144 of unrestricted net assets designated for operating reserve.

**NOTE 9 - RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following as of June 30, 2018:

	<u>Silver Key</u>	<u>Foundation</u>	<u>Total</u>
Beneficial interest in charitable trusts	\$ 1,025,763	\$ -	\$ 1,025,763
Capital campaign	167,868	-	167,868
Other temporarily restricted	395,885	-	395,885
UPMIFA restrictions	-	414,661	414,661
	<u>\$ 1,589,516</u>	<u>\$ 414,661</u>	<u>\$ 2,004,177</u>

Permanently restricted net assets consist of the following as of June 30, 2018:

	<u>Silver Key</u>	<u>Foundation</u>	<u>Total</u>
Beneficial interest in charitable trusts	\$ 3,396,777	\$ -	\$ 3,396,777
Endowment for future operations	-	3,780,755	3,780,755
Endowment for emergency	-	2,879,272	2,879,272
	<u>\$ 3,396,777</u>	<u>\$ 6,660,027</u>	<u>\$ 10,056,804</u>

**NOTE 10 - ENDOWMENT FUNDS**

The Organization's endowment consists of both donor-related endowment funds and funds designated by the boards of directors to function as endowments. As required by US GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The State of Colorado has adopted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). The Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) accumulations to the

**SILVER KEY SENIOR SERVICES, INC.**  
**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 10 - ENDOWMENT FUNDS - Continued**

permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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 Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Endowment net asset composition by type of fund as of June 30, 2018, is as follows:

	<u>Unrestricted</u>	<u>Temporary Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Silver Key</b>				
Board designated endowment	\$ 1,098,144	\$ -	\$ -	\$ 1,098,144
<b>Foundation</b>				
Donor-restricted endowment funds	\$ -	\$ -	\$ 6,660,027	\$ 6,660,027
UPMIFA - restricted	-	414,661	-	414,661
Unrestricted endowment funds	15,000	-	-	15,000
	<u>\$ 15,000</u>	<u>\$ 414,661</u>	<u>\$ 6,660,027</u>	<u>\$ 7,089,688</u>
<b>Total</b>				
Board designated endowment	\$ 1,098,144	\$ -	\$ -	\$ 1,098,144
Donor-restricted endowment funds	-	-	6,660,027	6,660,027
UPMIFA - restricted	-	414,661	-	414,661
Unrestricted endowment funds	15,000	-	-	15,000
	<u>\$ 1,113,144</u>	<u>\$ 414,661</u>	<u>\$ 6,660,027</u>	<u>\$ 8,187,832</u>

**SILVER KEY SENIOR SERVICES, INC.**  
**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 10 - ENDOWMENT FUNDS - Continued**

Changes in endowment net assets for the year ended June 30, 2018, were as follows:

	<u>Unrestricted</u>	<u>Temporary Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Silver Key</b>				
Board designated				
Endowment net assets - beginning of period	\$ 1,638,577	\$ -	\$ -	\$ 1,638,577
Investment return:				
Investment Income	34,271	-	-	34,271
Net appreciation (realized and unrealized)	64,576	-	-	64,576
Investment fees	(7,159)	-	-	(7,159)
Total Investment Return	<u>91,688</u>	<u>-</u>	<u>-</u>	<u>91,688</u>
Contribution	110,495	-	-	110,495
Amounts appropriated to expenditures	<u>(742,616)</u>	<u>-</u>	<u>-</u>	<u>(742,616)</u>
Endowment net assets - end of period	<u>\$ 1,098,144</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,098,144</u>
<b>Foundation</b>				
Endowment net assets - beginning of period	\$ -	\$ 311,816	\$ 6,595,764	\$ 6,907,580
Investment return:				
Investment Income	-	209,134	-	209,134
Net appreciation (realized and unrealized)	-	265,188	64,263	329,451
Investment fees	-	(41,232)	-	(41,232)
Total Investment Return	<u>-</u>	<u>433,090</u>	<u>64,263</u>	<u>497,353</u>
Contribution	15,000	-	-	15,000
Amounts appropriated to expenditures	<u>-</u>	<u>(330,245)</u>	<u>-</u>	<u>(330,245)</u>
Endowment net assets - end of period	<u>\$ 15,000</u>	<u>\$ 414,661</u>	<u>\$ 6,660,027</u>	<u>\$ 7,089,688</u>

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor specified period as well as board-designated funds. Under this policy, the endowment assets are invested in a manner that is intended to produce maximum results while assuming a moderate level of investment risk.

**SILVER KEY SENIOR SERVICES, INC.**  
**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 10 - ENDOWMENT FUNDS - Continued**

To satisfy its long-term rate-of-return objectives, the Organization 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). The Organization targets a diversified asset allocation that places emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Organization has an endowment spending policy that defines the total funds available from the endowment fund in a given year (the distributable income) as 5.5% of the endowment fund's monthly average market value over the preceding three years. The distributable income is paid quarterly.

**NOTE 11 - COMMITMENTS**

**Retirement Plan** - Silver Key sponsors a 401(k) profit sharing plan (the "Plan") for eligible participants as defined in the Plan. Participants are allowed to contribute a percentage of their salary up to the maximum amount permitted by the Internal Revenue Code. During the year ended June 30, 2018, the Organization made contributions to the Plan in the amount of \$8,255.

**NOTE 12 - LEASE AGREEMENTS**

The Organization leases office space to various unrelated parties. Initial lease terms are generally 24 months with options to extend and require monthly base rent as well as the tenant's proportionate share of common area expenses. Expected future minimum payments to be received on non-cancelable leases are as follows:

<u>Years Ending June 30,</u>	<u>Minimum Payments</u>
2019	\$ 93,835
2020	78,654
2021	70,744
Total	<u>\$ 243,233</u>

**NOTE 13 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through DATE, the date on which the consolidating financial statements were available to be issued.



***ADDITIONAL INFORMATION***

**- DRAFT -**

**SILVER KEY SENIOR SERVICES, INC.  
AND SILVER KEY SENIOR SERVICES FOUNDATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2018**

<u>Federal Grantor / Program Title or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>From Direct Awards</u>	<u>From Pass- Through Awards</u>	<u>Total</u>
<b><u>Department of Health and Human Services</u></b>					
<b>Aging Cluster</b>					
Special programs for the aging - Title III, part B, grants for supportive services and senior centers	93.044		\$ 61,850	\$ -	\$ 61,850
Special programs for the aging - Title III, part C, nutrition services	93.045		731,883	-	731,883
Nutrition services incentive program	93.053		75,504	-	75,504
<b>Total Aging Cluster</b>			<u>869,237</u>	<u>-</u>	<u>869,237</u>
<b><u>Department of Homeland Security</u></b>					
Emergency food and shelter national board program	97.024		2,930	-	2,930
<b>Total Department of Homeland Security</b>			<u>2,930</u>	<u>-</u>	<u>2,930</u>
<b><u>Department of Housing and Urban Development</u></b>					
El Paso County - Community development block grants/entitlement grants	14.218	1173604	-	21,988	21,988
<b>Total Department of Housing and Urban Development</b>			<u>-</u>	<u>21,988</u>	<u>21,988</u>
<b><u>Department of Transportation</u></b>					
Public transportation research, technical assistance, and training	20.514		49,957	-	49,957
<b>Total Department of Transportation</b>			<u>49,957</u>	<u>-</u>	<u>49,957</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 922,124</u>	<u>\$ -</u>	<u>\$ 944,112</u>

**SILVER KEY SENIOR SERVICES, INC.  
AND SILVER KEY SENIOR SERVICES FOUNDATION, INC.  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2018**

**BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards ("SEFA") includes the federal award activity of Silver Key Senior Services, Inc.'s and Silver Key Senior Services Foundation, Inc.'s (collectively, the "Organization") under programs of the federal government for the year ended June 30, 2018. The information in this SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Because the SEFA presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has not elected to use the 10% de minimis indirect cost rate.

**PROGRAM COSTS**

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including city, county, and district portions, are more than shown.

**SILVER KEY SENIOR SERVICES, INC.  
AND SILVER KEY SENIOR SERVICES FOUNDATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2018**

**1. SUMMARY OF AUDITORS' RESULTS**

Financial statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	None Reported
Significant deficiencies identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal awards

Internal control over major programs:	
Material weakness(es) identified?	None Reported
Significant deficiencies identified?	None Reported

Type of auditors' report issued on compliance for major programs:	Unmodified
---	------------

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR section 200.516(a)?	No
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Identification of major programs

Aging cluster (CFDA 93.044, 93.045 and 93.053)

Dollar threshold used to determine between type A and B programs:	\$	750,000
---	----	---------

Auditee qualified as a low-risk auditee?	Yes
--	-----

**2. FINANCIAL STATEMENT FINDINGS**

The audit disclosed no findings required to be reported.

**3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

The audit disclosed no findings required to be reported.

**4. SUMMARY OF PRIOR YEAR AUDIT FINDINGS**

No prior year findings were reported.



Board of Directors Meeting  
September 18, 2018

**Board attendance**

Amy Silva-Smith, Carla Hartsell, Jan Martin, Mary Ellen McNally, Scott Whittington, David Lord, Lynne Jones, Greg Broeckelman, Mike Rowe, Dave Bunkers, Steve Hunsinger and Becky Hurley

**Staff attendance**

Pat Ellis, Deb Ridsen, Val Anders, Cathy Grossman and Paula Humber

Board meeting called to order by Carla Hartsell, Chair at approximately 4:05 p.m.

**Consent Agenda** – Scott Whittington moved to approve the consent agenda which includes the minutes from the August 21, 2018 Board meeting and the CEO Report. Mary Ellen McNally seconded the motion. The motion was unanimously approved.

**Finance Update**

- Financials were included in the packet; continue to move forward with a strong net income before depreciation
- Val Anders reviewed the highlights from the Executive summary regarding the Operating Results such as:
  - Received notification of an additional \$100K bequest from the Brune Estate
  - Rockin event cleared between \$88K and \$98K (working on final number with Resource Development)
  - NextFifty grant – re-classed into previous fiscal year of \$150K; \$100K to this year
  - Programs and Thrift Store revenues are strong and are on target to budget
  - Received \$60K+ from insurance claims on vehicles for hail damage
  - Payroll expenses are under budget as a result of vacant positions in Transportation and Nutrition
  - Capital Campaign –
    - Ent has pledged \$100K; received \$50K in September; expect to be paid in full by end of 2018
    - \$10K received in September by a donor
    - \$674K left owing on mortgage
- Rockin event will be re-evaluated as it remains flat over the last 5 years
- Salary Survey 2018 – included in the packet
  - The average percentage rate of increase is reflective of our difficulty in hiring
  - 3% increase across the board built into budget for January effective date. The budget also includes adjustments due to the increase for minimum wage

**Committee Updates**

**Building Committee –**

- **Security Assessment**- Deb Ridsen gave an overview of the handout that was included in the packet
  - Building Committee agreed to start evaluating and implementing improvements as funds allow and will be planned out over several years
  - Active shooter training will be conducted for employees and volunteers in October

- 1575 land – Tom Cone, George Way and Lee Wolfe met with building committee and explained the application process to CHAFA
  - Process could take up to 2 years or longer depending on the number of units
  - An impact grant was developed to cover costs up to \$50K (\$50k includes application process of up to three times to CHAFA @\$7,500 each; Architectural and Engineering fees; Tax Credit Consultants fees; contingency fees; and miscellaneous expenses)
  - David Lord motioned to allow Silver Key to move forward with the feasibility study and application process to CHAFA for tax credits housing project not to exceed costs of \$50K. The motion was seconded by Scott Whittington and unanimously approved.

**Capital Campaign**

- Steering committee met and discussed strategies to close campaign by end of December
- \$386,981 left to raise as per CEO report
- Committee matching gift challenge of approximately \$100K to request another gift from
  - SK Operating Board
  - Foundation Board
  - Community individuals – mailing to go out in October
  - Myron Stratton Grant approved an application of \$25K
  - Loo and Lane Foundation representative will be approached in 2019; tour set up this month

**Search Committee**

- Committee is expecting to narrow down the applicants to approximately 8 candidate
- Phone interview questions/script is being developed
- Final 3 applicants will meet with the Board

**Marketing Update**

- Currently working on the volunteer driver feasibility study focus group in the upcoming weeks
- Several articles/coverage in senior publications noting our program name changes
- Coverage for Rockin in the Gazette and Cheyenne Edition
- Advertising for Home Delivered Meals and the Thrift Store
- Board Log-in tab on website will be moved to the bottom of the home page

**Other business**

None

**New Business**

Silver Key was approached by the Veterans Administration to submit a grant for a pilot program that will be offered in 5 communities across the US. It's a single source application and Silver Key is only organization in El Paso County that was asked to apply for the grant. This program ties directly with the services that we provide. This program is available for veterans that are age 55 and older and it would allow for an increase of volunteers who serve veterans. The grant amount (\$417K) is for a three year period and includes reimbursements for meals on wheels and transportation from Colorado Springs to the VA hospital in Denver. Should be notified by the end of September and would start immediately – October. We will be working with closely with the Center of Excellence at Mt. Carmel and other veteran service agencies.

Meeting adjourned at 5:02 p.m.

/s: \_\_\_\_\_  
Amy Silva-Smith, Secretary

Paula Humber, Recorder

**Silver Key Senior Services  
CEO Report – October 2018**

**October Highlights**

- VA Choose Home Grant - \$417,000
- Site visit with Loo/Lane Foundation
- Awarded \$50,000 grant from DHL Foundation for 1575 Murray CHFA application
- Awarded \$127,000 grant from RNR Foundation for Housing Navigator/Vehicle

**Facilities**

We had significant hail damage on roof top units. The quote from our current vendor, Tolin, is \$47,492 for repairs. Griffis Blessing is going to contact one or two additional vendors for bids before we proceed with any repair work. Our hail damage deductible is \$25,000 for each building. Patty at Griffis Blessing will check on our tenant leases to determine if any of this repair work is a CAM expenses. She believes that these repairs are solely Silver Key/owner expense.

**Development**

Derek has developed new director introduction letter to major donors. In addition, he has been very active both internally and in the community laying the groundwork for future sponsorship and donor development. The Development department has been working closely with accounting to develop an improvement plan for the utilization of the donor tracking software. Some details of Derek's outreach are listed below.

**Donor Relations**

- Initial meeting with Tim Cruz of Cruz Financial. In discussion to becoming a sponsor. 9/5/18
- Initial meeting with Tom McClintock of Martech. In discussion to becoming a sponsor 9/10/18
- Met with Margo Hatton of Sangre de Cristo Hospice and Palliative Care to begin conversations of collaboration. 9/11/18
- Met with Steve Kaczmarek of Borealis Fat Bikes face to face to discuss SK and get acquainted 9/14/18
- Met with Mrs. Wardell of High Altitude Realty. In discussion to becoming a sponsor 9/24/18
- Met with Mike Gallagher of Physicians Mutual. In discussion to becoming a sponsor 9/25/18
- Conducted multiple outreach efforts (emails, phone calls, etc) to existing donors to thank and get connected/acquainted. Began setting several face-to-face meetings for relationship building

**Community Relations**

- Attended Chamber & EDC Chamber connect with Urban Renewal and Jariah Walker 9/4/18
- Recorded PSA on iHeart Radio featuring Derek Wilson and Laurie Onstott, Silver Key services, running on weekends in October at 6 am,  
<https://wettransfer.com/downloads/cbf9b188b29586c7738c37e4f5b78c3720181001204651/65ef59bd0f7c2674e700f34e3f7ddeb620181001204651/4696dd>
- Attended the BBB Buzz with the B's Breakfast networking event 9/11/18
- Attended Executives (Execs) breakfast and interviewed for admittance into the group 9/12/18, 9/26/18
- Attended Ambassador luncheon 9/12/18
- Attended ESF kickoff meeting at Penrose House 9/17/18
- Derek and Laurie represented SK at the Tri-Lakes Chamber non-profit night 9/18/18
- Attended the State of the City Chamber event at the Broadmoor 9/21/18
- Attended the BBB Night of Excellence event at City Auditorium 9/27/18

## Capital Campaign

Raised/Pledged to Date: \$5,226,884

Left to Raise: \$273,116

## Grants

To date since January 1, 2018, 47 grant applications or grant funding requests/Letters of Interest have been submitted for a total of \$3,929,580; of those, \$2,736,090 have been approved. Ten rejections or denials have been received for various reasons.

CSU Project COPE	Case Management/Emergency housing	100,000
BBVA Compass Foundation	Affordable Housing & Pantry (new source)	20,000
John G. Duncan Trust	Nutrition - HDM	7,500
Gates Family Foundation	Capital Improvement Project for Unit #1641 Nutrition build out/new walk ins	92,000
VA Choose Home SDP*	Vet focused/Volunteer program (3 years)	417,000
<b>Total requested - September</b>		<b>636,500</b>

## Marketing

### Marketing

- Bountiful Bags project – Enewsletter, flyer, public relations, website, social media
- Capital Campaign direct mail and supporting posts on website, Enewsletter and social media
- Updated letterhead, envelope and other collateral with new logo
- Clean-up of Enewsletter address list
- Continued advertising for Home Delivered Meals in Life After 50, Senior Beacon, Pikes Peak Senior News magazine, Our Community News (Tri-Lakes area), and Tri-Lakes Tribune
- Continued advertising for Silver Key Friends Thrift Store in Life After 50
- Continued NPR Radio sponsorship messages for Silver Key Home Delivered Meals, Connections Café, and Silver Key Friends Thrift Store.
- Expanding ads placed on Google for non-profits at no cost

### Public Relations

- Silver Key mentioned in article about Local Mental Health Resources – Pikes Peak Senior News magazine, September-November 2018 edition
- Derek Wilson new hire featured in Seniors BlueBook Enewsletter 9/17/18
- Silver Key Connections Café article – Pikes Peak Courier (Teller County) Edition (page 7 of the 9/12/18 edition at <http://daily.gazette.com/Olive/ODN/PikesPeakCourier/default.aspx>)
- Silver Key Rockin' the 60's event photos and article – The Gazette, 9/15/18, Around Town, [https://gazette.com/life/around-town-they-rocked-the-s-with-sgt-pepper-and/article\\_017fc0ae-b601-11e8-82cf-f3c5afaa39f3.html](https://gazette.com/life/around-town-they-rocked-the-s-with-sgt-pepper-and/article_017fc0ae-b601-11e8-82cf-f3c5afaa39f3.html)

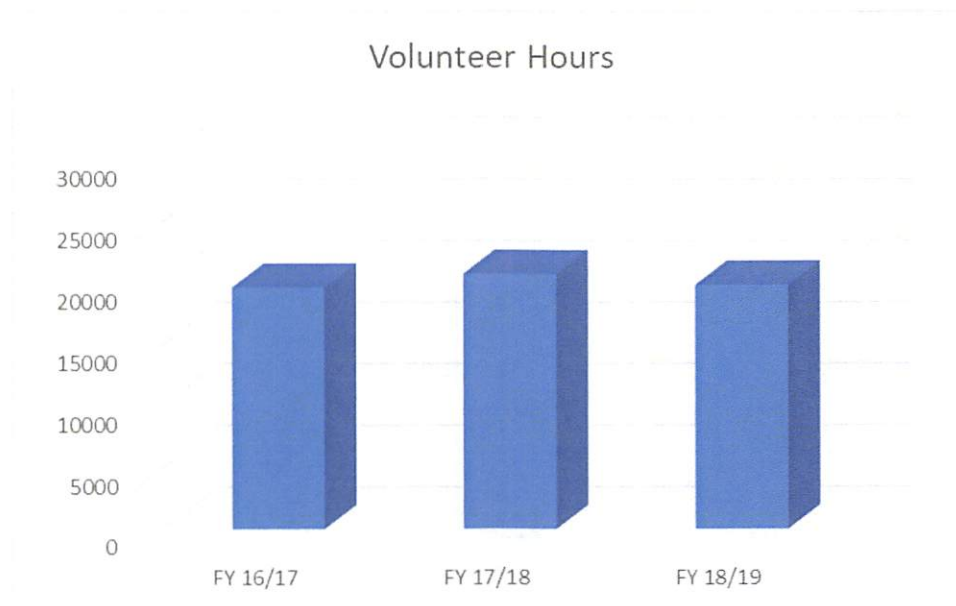


- Derek Wilson new hire announcement, The Gazette, Movers and Shakers, 9/20/18, [https://gazette.com/business/colorado-springs-movers-shakers-derek-wilson/article\\_33041216-bc45-11e8-92f7-9f894bb6d3ca.html](https://gazette.com/business/colorado-springs-movers-shakers-derek-wilson/article_33041216-bc45-11e8-92f7-9f894bb6d3ca.html)
- iHeart Radio Public Service Announcement featuring Derek Wilson and Laurie Onstott, Silver Key services, running on weekends in October at 6 am, <https://wetransfer.com/downloads/cbf9b188b29586c7738c37e4f5b78c3720181001204651/65ef59bd0f7c2674e700f34e3f7ddeb620181001204651/4696dd>
- Peggy Leidel and Dayton Romero featured in the Seniors BlueBook Enewsletter 10/2/18
- Bountiful Bags article featured in the Seniors BlueBook Enewsletter 10/3/18
- Dayton Romero featured in CSBJ in People on the Move, 9/28/18

## General Operations

### Volunteers

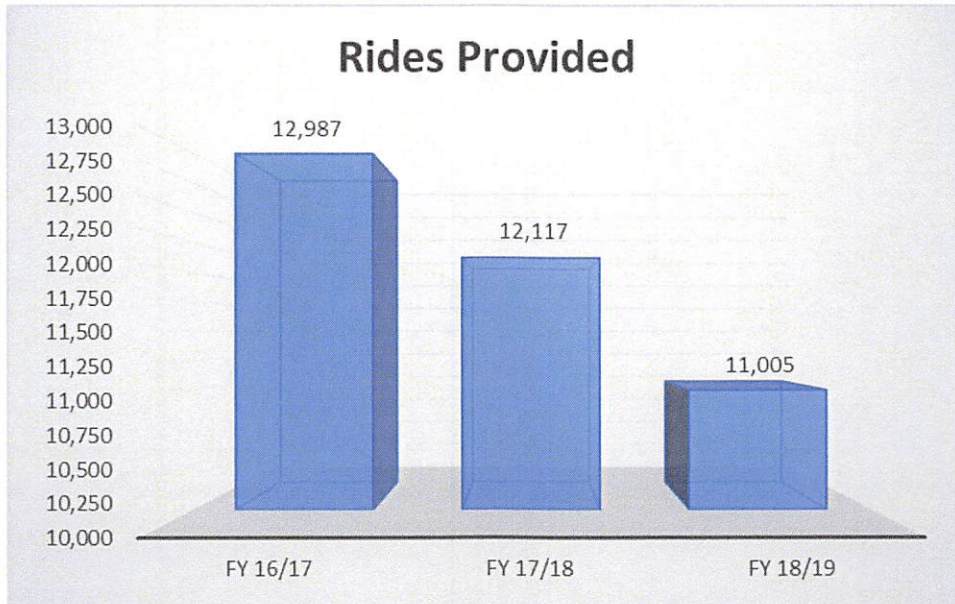
466 volunteers provided services in September for a total of 6,164 hours. Last year we recorded 6,936 volunteer hours in September. FY to date hours total 19,855 compared to 20,736 last year. The new VA grant is focused on recruiting veteran volunteers to assist veterans in their homes for companionship, delivery of meals on wheels and transportation. The grant requires that the veteran volunteers for this program be paid a stipend for services.



### Reserve and Ride (Transportation)

As mentioned in previous reports, the Mountain Metro call center officially began operations in July. All rides that are funded through the City/PPRTA are required to go through their reservationists. The software that was intended to interface between our software and the Mountain Metro software is not going to be developed due to the expense. Unfortunately much of the process has increased the workload on the transportation staff. The only way we will eliminate this increase in workload is by changing software from RouteMatch to the program the City uses. We are continuing to gather information regarding the implications of this type of change for the future. At the December meeting, I will provide details of the impact.

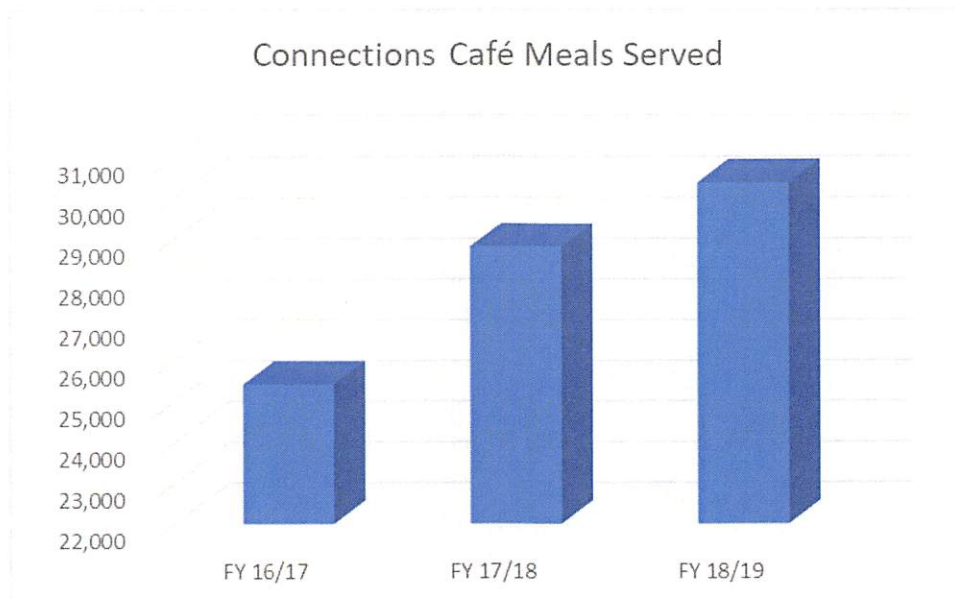
We provided an average of 209 rides per day in September, with a total of 3,315 rides, 61% being assisted. During the month we were unable to meet the request of 663 rides. 1,463 rides were medical/dialysis and 667 for groceries. A total of 482 people participated in the transportation program. Transportation volunteers provided 41% of the rides in September.



### Nutrition

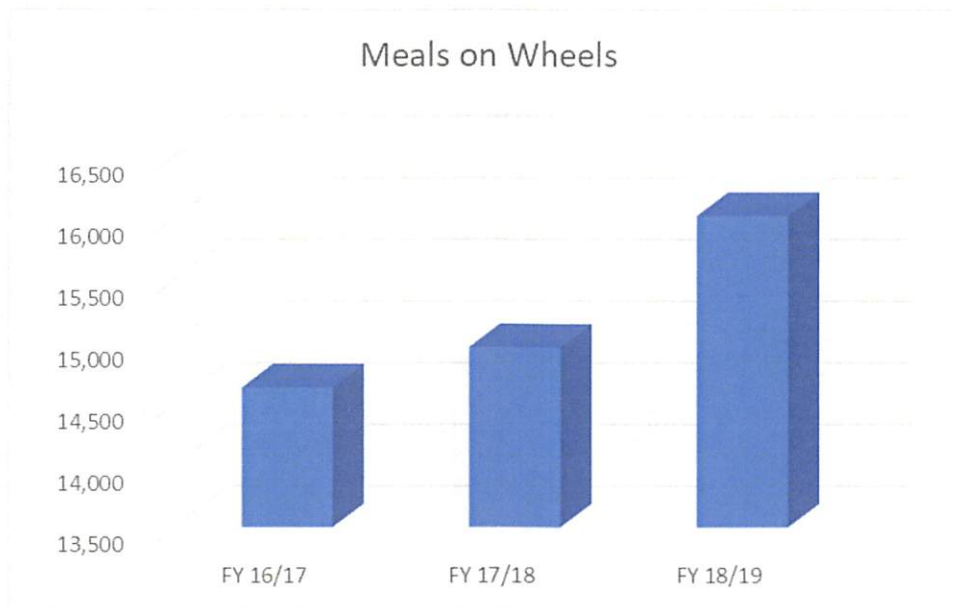
#### Connections Café (Golden Circle)

The Connections Café program continues to grow. During the month of September, we served 9,265 meals compared to 9,160 last September with one less service day this year. Fiscal YTD 30,365 meals were provided.



## Meals on Wheels

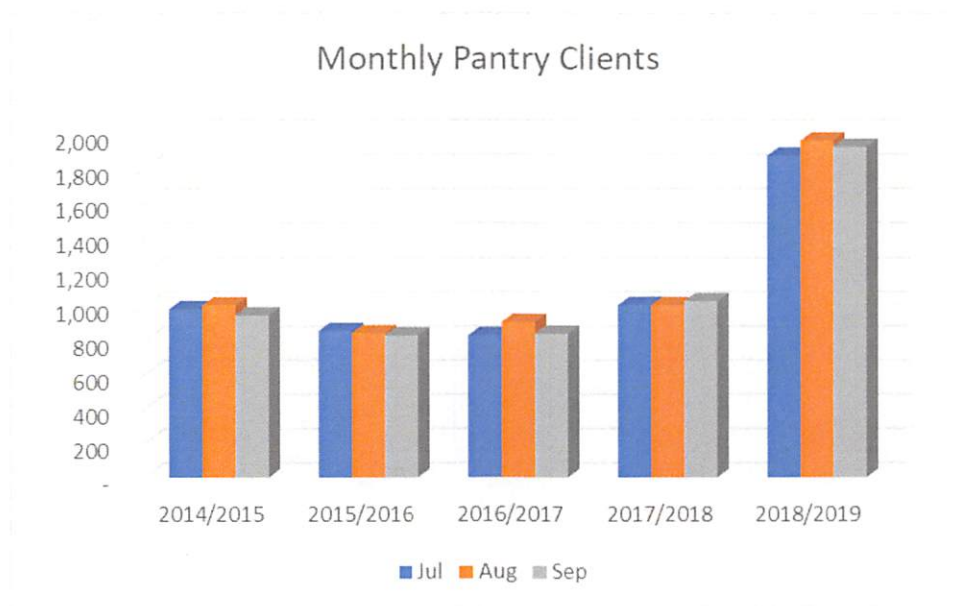
5,126 meals were delivered in September – an increase of 267 meals over last September. 309 people are enrolled in the program, 25 new in September.



## Senior Assistance Services

### Pantry

During the month of September 919 commodities boxes and 28 emergency food bags were distributed. A total of 1,928 clients are enrolled in Pantry programs.



## Case Management

The case managers provided services to 63 unduplicated new clients and 205 total clients during the month of September. In addition, they received 59 SOS calls resulting in 35 home visits.

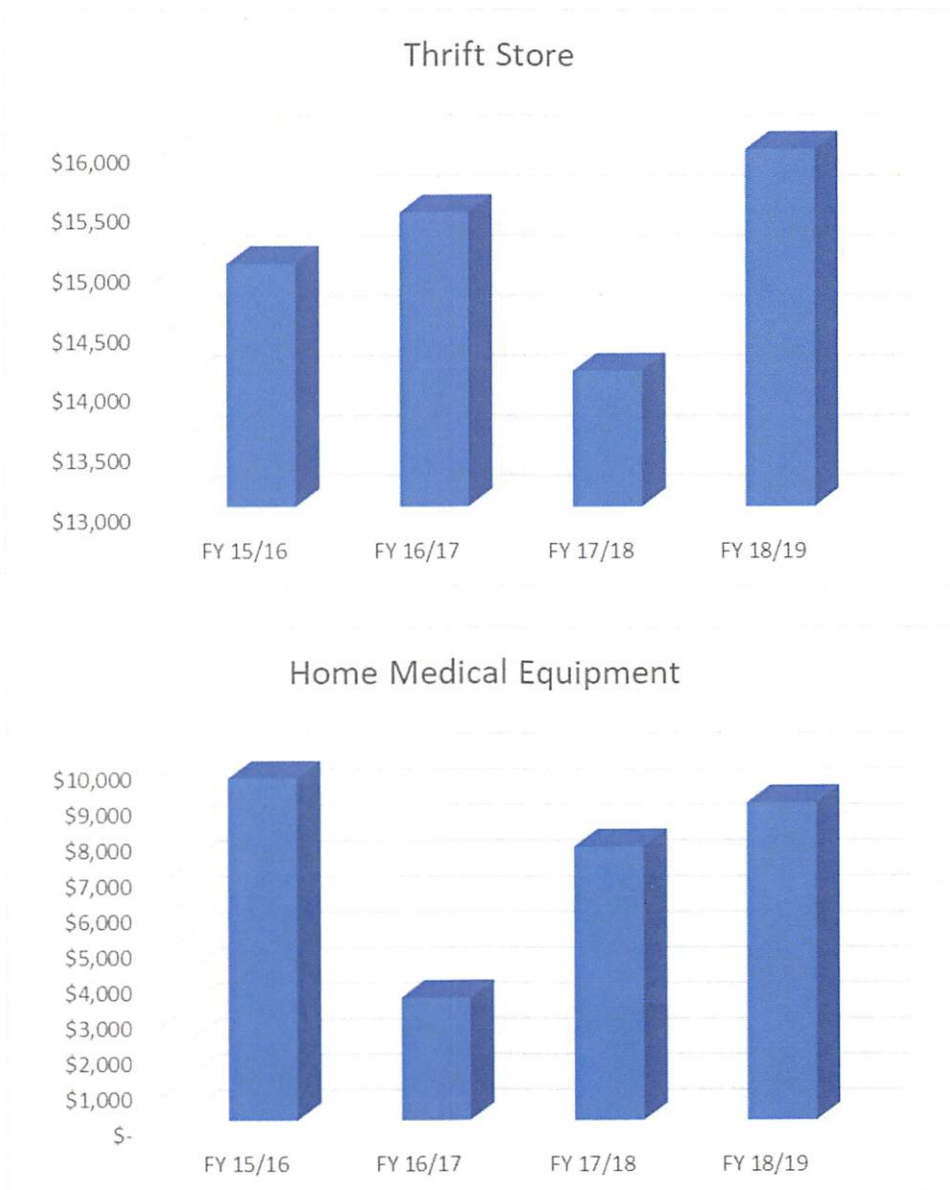
The Information and Referral team responded to 1,667 calls for information and support.

## Guardianship

There are currently 27 active wards enrolled in our Guardianship Program.

## Retail

Thrift revenues in September were \$5,119. For the first 3 months of the fiscal year, sales totaled \$15,979 which is \$1,844 higher than the previous year. Durable Medical sales ended at \$2,336, with YTD sales at \$8,916.





**Financial Package  
FY 2018 - 2019  
Three Months Ending September 30, 2018**

**Board of Directors**



## Executive Summary

YTD September 2018 Results: \$187k vs. \$33k budget...Net Operating loss before depreciation (19k) vs. (\$102k) budget.

### OPERATING RESULTS:

>Donations and Support - September donations and support came in \$64k, 9.6% over budget. Rockin' Net \$103k (sponsorships \$71k, donations \$60k, and expenses \$28k)

>Grants - September came in \$164k, or (15.5%) under budget. Government Grants below budget by \$1k or (.9%) - Other Grants below budget (73%) - NextFifty grant of \$250k reclassified to previous fiscal year causing a decrease in September of (\$100k). Awarded \$20k CDBG MOW Grant and VA Grant awarded \$417k three year grant in October 2018.

>Program Revenues - September program revenues \$55k just below budget (\$2k). Thrift Store sales right at projections for September.

>Other Revenue - September came in \$45k above budget due to a insurance hail claim. Murray lease income and property expenses netting an additional \$5k.

>Payroll & Related Expenses - September came in (\$3k) under budget 1.5% due to open positions. Current employment opportunities: 3 positions in the Nutrition Department, Driver, Housing Navigator, and Resource Development Coordinator.

>Operating Expenses - September expenses under budget \$15k due to timing of marketing projects.

>Capital Campaign - YTD income \$213,886 - Ent Credit Union \$100k Sterring Committee Pledge \$95k Community Gift/Pledge \$19k. Remaining amount to raise is \$273k. Monthly principal and interest payments are \$6k per month, outstanding loan amount \$620k.

## Silver Key Senior Services

Statement of Revenues and Expenditures

FY 2018-2019 (Summary)

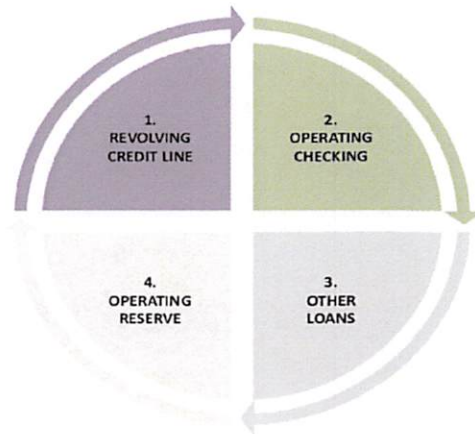
	Actual YTD 3 Months Sep. 2018	Budget YTD 3 Months Sep. 2018	\$ Variance	% Variance	YTD Annual Budget
<b>OPERATING REVENUE</b>					
DONATIONS	29,914	44,500	(14,587)	-32.8%	374,500
BEQUESTS	119,458	12,000	107,458	895.5%	48,000
SPONSORSHIPS - OTHER	5,300	6,780	(1,480)	-21.8%	27,120
SPECIAL EVENTS/SPONSORSHIPS, NET	102,555	124,000	(21,445)	-17.3%	124,000
FOUNDATION SUPPORT	78,896	78,000	896	1.1%	330,000
DISTRIBUTIONS FROM TRUSTS	36,019	32,400	3,619	11.2%	129,600
IN-KIND DONATIONS	-	-	-	n/a	-
<b>TOTAL DONATIONS/SUPPORT</b>	<b>372,142</b>	<b>297,680</b>	<b>74,462</b>	<b>25.0%</b>	<b>1,033,220</b>
GOVERNMENT GRANTS	462,939	481,425	(18,486)	-3.8%	2,002,534
OTHER GRANTS	15,750	216,700	(200,950)	-92.7%	855,400
<b>TOTAL GRANTS</b>	<b>478,689</b>	<b>698,125</b>	<b>(219,436)</b>	<b>-31.4%</b>	<b>2,857,934</b>
PROGRAM FEES	146,220	153,745	(7,525)	-4.9%	708,250
THRIFT STORE SALES	24,394	25,400	(1,006)	-4.0%	103,700
<b>TOTAL PROGRAM REVENUE</b>	<b>170,614</b>	<b>179,145</b>	<b>(8,531)</b>	<b>-4.8%</b>	<b>811,950</b>
<b>OTHER REVENUE</b>					
BENEFICIAL INT IN TRUSTS - CHANGE	-	3,000	(3,000)	-100.0%	12,000
INVESTMENT INCOME - OPER INV, NET OF FEES	26,291	3,875	22,416	578.5%	24,000
INVESTMENT INCOME - OTHER (Social Enterprise)	235	750	(515)	-68.7%	3,000
MURRAY LEASE INCOME, NET	42,827	29,790	13,037	43.8%	129,550
DISPOSAL OF FIXED ASSETS	-	-	-	n/a	-
MISCELLANEOUS INCOME	107,022	-	107,022	n/a	-
<b>TOTAL OTHER REVENUE</b>	<b>176,376</b>	<b>37,415</b>	<b>138,961</b>	<b>371.4%</b>	<b>168,550</b>
<b>TOTAL OPERATING REVENUE</b>	<b>1,197,820</b>	<b>1,212,365</b>	<b>(14,545)</b>	<b>-1.2%</b>	<b>4,871,654</b>
<b>OPERATING EXPENSES</b>					
SALARIES, TAXES AND BENEFITS	626,221	674,248	(48,027)	-7.1%	2,714,142
CASE MANAGEMENT/EMERGENCY ASST	29,808	34,200	(4,392)	-12.8%	140,550
TRANSPORTATION	87,540	107,885	(20,345)	-18.9%	415,560
MEALS ON WHEELS / GOLDEN CIRCLE	196,974	198,940	(1,966)	-1.0%	755,460
DEVELOPMENT & MARKETING	3,625	21,445	(17,820)	-83.1%	68,904
PROGRAM SUPPLIES	11,477	14,127	(2,650)	-18.8%	56,508
OFFICE EXPENSES/SUPPLIES	12,934	11,325	1,609	14.2%	45,300
OCCUPANCY EXPENSES	52,666	60,136	(7,470)	-12.4%	246,544
OTHER GENERAL AND ADMINISTRATIVE	53,379	61,460	(8,081)	-13.1%	235,990
<b>TOTAL OPERATING EXPENSES</b>	<b>1,074,624</b>	<b>1,183,766</b>	<b>(109,142)</b>	<b>-9.2%</b>	<b>4,678,958</b>
<b>NET OPERATING INCOME BEFORE DEPRECIATION</b>	<b>123,197</b>	<b>28,599</b>	<b>94,598</b>	<b>330.8%</b>	<b>192,696</b>
<b>DEPRECIATION AND AMORITIZATION</b>	<b>142,109</b>	<b>130,250</b>	<b>11,859</b>	<b>9.1%</b>	<b>519,545</b>
<b>NET OPERATING INCOME/(LOSS)</b>	<b>(18,913)</b>	<b>(101,651)</b>	<b>82,738</b>	<b>-81.4%</b>	<b>(326,849)</b>
CAPITAL CAMPAIGN, NET	206,578	135,000	71,578	53.0%	541,800
<b>TOTAL CAPITAL CAMPAIGN, NET</b>	<b>206,578</b>	<b>135,000</b>	<b>71,578</b>	<b>53.0%</b>	<b>541,800</b>
<b>TOTAL REVENUE OVER/(UNDER) EXPENSE</b>	<b>187,665</b>	<b>33,349</b>	<b>154,316</b>	<b>462.7%</b>	<b>214,951</b>

**Silver Key Senior Services**  
**Balance Sheet**  
**As of 9/30/2018**  
**(In Whole Numbers)**

	Current Year	Prior Year
<b>ASSETS</b>		
<b>CURRENT</b>		
CASH - OPERATING	131,916	147,983
CASH - CAPITAL CAMPAIGN	150,619	381,590
OPERATING RESERVE	762	0
ACCOUNTS RECEIVABLE	524,692	389,968
PLEDGES RECEIVABLE	167,394	39,216
PREPAID EXPENSES	99,382	129,961
OTHER CURRENT ASSETS	<u>114,506</u>	<u>52,646</u>
<b>Total CURRENT</b>	<b>1,189,271</b>	<b>1,141,364</b>
<b>FIXED</b>		
LAND & BUILDINGS	5,145,394	4,889,355
FURNITURE, FIXTURES & EQUIPMENT	1,330,381	1,221,993
VEHICLES	1,301,268	1,189,380
ACCUMULATED DEPR & AMORT	<u>(2,299,423)</u>	<u>(1,974,605)</u>
<b>Total FIXED</b>	<b>5,477,621</b>	<b>5,326,123</b>
<b>OTHER ASSETS</b>		
BENEFICIAL INTEREST IN TRUSTS	4,422,540	4,518,156
INVESTMENTS (OPER RESERVE)	1,123,514	1,361,526
OTHER ASSETS	<u>48,767</u>	<u>41,176</u>
<b>Total OTHER ASSETS</b>	<b>5,594,821</b>	<b>5,920,858</b>
<b>Total ASSETS</b>	<b><u>12,261,712</u></b>	<b><u>12,388,344</u></b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
ACCOUNTS PAYABLE	117,727	146,072
SALARIES PAYABLE	100,008	117,120
ENT CREDIT UNION - RLOC	0	100,000
NOTE PAYABLE CURRENT - ENT CREDIT UNION	56,654	1,115,370
SECURITY DEPOSITS - MURRAY TENANTS	13,420	14,629
DEFERRED REVENUE	6,800	6,750
OTHER LIABILITIES	<u>0</u>	<u>0</u>
<b>Total CURRENT LIABILITIES</b>	<b>294,609</b>	<b>1,499,940</b>
<b>LONG-TERM LIABILITIES</b>		
N/P - ENT CREDIT UNION	563,348	0
LOC - ENT CREDIT UNION	<u>0</u>	<u>0</u>
<b>Total LONG-TERM LIABILITIES</b>	<b>563,348</b>	<b>0</b>
<b>Total LIABILITIES</b>	<b><u>857,957</u></b>	<b><u>1,499,940</u></b>
<b>NET ASSETS</b>		
<b>NET ASSETS BEGINNING BALANCE</b>		
	<u>11,216,090</u>	<u>10,316,732</u>
<b>Total NET ASSETS BEGINNING BALANCE</b>	<b>11,216,090</b>	<b>10,316,732</b>
<b>REVENUE OVER (UNDER) EXPENSES</b>		
	<u>187,665</u>	<u>571,672</u>
<b>Total REVENUE OVER (UNDER) EXPENSES</b>	<b>187,665</b>	<b>571,672</b>
<b>Total NET ASSETS</b>	<b><u>11,403,755</u></b>	<b><u>10,888,404</u></b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b><u>12,261,712</u></b>	<b><u>12,388,344</u></b>



## Silver Key - Operating Reserve Tracking



Month	RLOC Balance (paid off)		Operating Cash (\$250k bal)		Other Loans (paid off)		Operating Reserve (Inv) (\$2.5M bal)	
Jun 2017	40,000	X	122,914	X	1,215,370	X	1,628,676	X
Jul 2017	65,000	X	36,891	X	1,215,370	X	1,331,555	X
Aug 2017	-	✓	97,439	X	1,215,370	X	1,335,746	X
Sep 2017	100,000	X	147,983	X	1,115,370	X	1,361,526	X
Oct 2017	-	✓	179,728	X	1,115,370	X	1,074,619	X
Nov 2017	-	✓	228,442	X	1,152,269	X	1,091,270	X
Dec 2017	-	✓	365,666	✓	1,050,000	X	1,117,832	X
Jan 2018	-	✓	424,524	✓	1,050,000	X	1,140,486	X
Feb 2018	-	✓	350,358	✓	900,000	X	1,099,552	X
Mar 2018	-	✓	395,422	✓	900,000	X	1,095,077	X
Apr 2018	-	✓	262,132	✓	896,210	X	1,099,190	X
May 2018	-	✓	311,236	✓	692,254	X	1,100,230	X
Jun 2018	-	✓	252,110	✓	688,157	X	1,098,144	X
Jul 2018	-	✓	251,690	✓	683,659	X	1,117,753	X
Aug 2018	-	✓	162,272	X	674,687	X	1,125,593	X
Sep 2018	-	✓	130,534	X	620,002	X	1,123,514	X

**SILVER KEY SENIOR SERVICES, INC.**  
**CAPITAL CAMPAIGN - OVERVIEW**

Source of Funds:		3/31/2018	6/30/2018	7/31/2018	8/31/2018	9/30/2018
Acct 1030	Cash - Capital Campaign Account - Kirkpatrick	199,093	156,515	157,082	156,897	150,619
Detail below	Pledges Receivable*	31,930	29,352	22,364	22,464	187,394
	Left to Raise	690,889	487,001	484,991	486,981	273,116
<b>TOTAL SOURCES</b>		<b>921,912</b>	<b>672,868</b>	<b>664,437</b>	<b>666,342</b>	<b>611,128</b>

Use of Funds:		3/31/2018	6/30/2018	7/31/2018	8/31/2018	9/30/2018
Estimate	Donor appreciation signage, case management, flooring, furniture etc	(40,000)	(25,000)	(15,000)	(15,000)	(15,000)
Estimate	HVAC units (x3) est. - to be used as current units fail	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)
Acct 2295 & 2300	ENT Loan - Principal Balance	(900,000)	(688,157)	(683,659)	(674,687)	(620,002)
<b>TOTAL USES</b>		<b>(976,000)</b>	<b>(749,157)</b>	<b>(734,659)</b>	<b>(725,687)</b>	<b>(671,002)</b>
<b>NET OVER/(UNDER)</b>		<b>(54,088)</b>	<b>(76,289)</b>	<b>(70,222)</b>	<b>(59,345)</b>	<b>(59,874)</b>

**\*Pledges Receivable**

Acct 1345	Pledges Receivable per books	16,930	14,352	7,364	7,464	172,394
Acct 1370	Bequest receivable: Fleenor estate	5,000	5,000	5,000	5,000	5,000
Acct 1370	Bequest receivable: Fordyce estate	10,000	10,000	10,000	10,000	10,000
<b>Pledges Receivable*</b>		<b>31,930</b>	<b>29,352</b>	<b>22,364</b>	<b>22,464</b>	<b>187,394</b>

<b>2018/2019 Silver Key Strategy Plan</b>	
<b>Silver Key serves in partnership with our stakeholders to support quality of life for seniors -- allowing them the choice of safely aging in place with dignity and independence</b>	
<b>Short Term</b>	<b>Progress</b>
Capital Campaign: Complete by December 31, 2018	100%
Develop a plan	
Succession Plan: Complete by August 2018 Board Meeting	100%
<b>Strategic Initiatives</b>	
<b>Affordable Senior Housing: Joint Initiative/Collaborative Project</b>	<b>100%</b>
Identify type of partnership	
Define Silver Key role	
<b>Community Engagement: Engage the Senior Community in Identification of Needs</b>	<b>60%</b>
Develop an advisory group representative of SE Colorado Springs	
Develop board orientation	
Utilize focus groups to increase senior community input	
<b>Social Enterprise: Diversification of Revenues for the Future</b>	<b>83%</b>
Identify new initiatives	
Seek grants to support new initiatives	
<b>Marketing: Increase Brand Awareness</b>	<b>100%</b>
Develop and implement a comprehensive marketing plan	
<b>Core Services: Expand and Develop Innovative Approaches</b>	<b>48%</b>
Volunteer driver feasibility study	
MOW expansion plan	
Plan and timeline for volunteer guardianship program	
Needs assessment for new social program	
Case Management housing navigator role	
<b>Volunteers: Continue to Recruit and Train to Meet the Growing Need for Service</b>	<b>88%</b>
Enhanced computer based training for all areas to include testing	
<b>Sustainability: Increase Sustainability to be Less Dependent on Government Funding</b>	<b>50%</b>
Identify new grant opportunities	
Implement plan giving program	
Legacy society	
Endowment Policy	
Fundraising Plan	

## CEO Evaluation Policy

The board monitors the chief executive to ensure that he or she is competent and effective, including conducting an annual review and appraisal of the chief executive's performance.

The annual goals and objectives should be mutually discussed and agreed upon, and should serve as the basis for performance evaluations. The executive committee and chief executive should mutually agree on the process of formal performance reviews. The primary purpose of performance evaluations is to help the chief executive perform more effectively. Compensation increases and contract renewal decisions should not be the primary purpose for conducting the evaluation. The executive committee also makes recommendations for compensation increases and contract renewal to the board.