



**Board of Director - Agenda**

**1/21/2020**

<b>1. Call to order /Establish Quorum/ Introductions</b>		Lynne Jones	Process
<b>2. Changes to the agenda</b>		Lynne Jones	
<b>3. Combined Audit Presentation</b>	Osborne, Parsons & Rosacker, CPA	Mitch Downs & Amber Stoops presenting	Vote
<b>4. Consent Agenda</b>		Lynne Jones	Vote
A. Agenda	1/21/2020		
B. Minutes	12/10/2019		
<b>5. CEO Report</b>			
A. December Report		Jason DeaBueno	Discussion
B. Additional Matters for approval			
<b>6. Committee Reports</b>			
A. Finance Committee		Valerie Anders/ Dave Bunkers	Information
Financial Packet Review		Dave Bunkers	Vote
B. Building Committee	Silver Key Senior Apts. Project	Jason DeaBueno	Information
Additional Matters for Approval			
<b>7. Old Business</b>			
A. New Board Members	DeAnne McCann & Shahera Shalabi	Lynne Jones	Vote
<b>8. New Business</b>			
A. Volunteer Orientation New/Existing		Jayme Brown	information
<b>9. Related Board Reports</b>			
A. Foundation Matters for Approval		None	
B. Silver Key Enterprise Matters for Approval		None	
C. Senior Heritage Plaza Matters for Approval		None	
<b>10. Next meeting</b>	<b>February 18, 2020</b>		

<https://www.silverkey.org/wp-login.php>

Board Member Login: skboard@silverkey.org

Password: sk-board@1625\$



*SILVER KEY SENIOR SERVICES, INC.*

*AND*

*SILVER KEY SENIOR SERVICES FOUNDATION, INC.*

*CONSOLIDATING FINANCIAL STATEMENTS*

*AND*

*ADDITIONAL INFORMATION*

*WITH*

*INDEPENDENT AUDITORS' REPORTS*

*JUNE 30, 2019*

**OSBORNE, PARSONS & ROSACKER, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Silver Key Senior Services, Inc.  
& Silver Key Senior Services Foundation, Inc.  
Colorado Springs, Colorado

**Report on the Financial Statements**

We have audited the accompanying consolidating financial statements of Silver Key Senior Services, Inc. and Silver Key Senior Services Foundation, Inc. (a nonprofit organization), which comprise the consolidating statement of financial position as of June 30, 2019, and the related consolidating statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidating financial statements.

**Management's Responsibility for the Consolidating Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Silver Key Senior Services, Inc. and Silver Key Senior Services Foundation, Inc as of June 30, 2019, and the

**INDEPENDENT AUDITORS' REPORT – Continued**  
**Page 2**

changes in its net assets, functional expense, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in the notes to the financial statements, during fiscal year 2019 the Organization adopted Financial Accounting Standards Board Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities and Financial Accounting Standards Board Accounting Standards Update (ASU) 2016-18, Statement of Cash Flows (Topic 230) – Restricted Cash. Our opinion is not modified with respect to these matters.

**Other Matters**

*Report on Summarized Comparative Information*

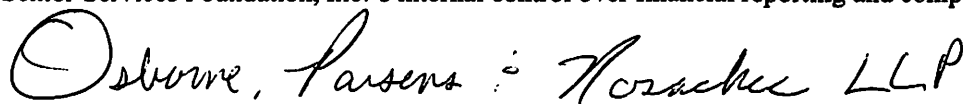
We previously audited Silver Key Senior Services, Inc. and Silver Key Senior Services Foundation, Inc.'s June 30, 2018 financial statements. In our report, dated October 17, 2018, we expressed an unmodified audit opinion on those consolidated audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2019, on our consideration of Silver Key Senior Services, Inc.'s and Silver Key Senior Services Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Silver Key Senior Services, Inc.'s and Silver Key Senior Services Foundation, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Silver Key Senior Services, Inc.'s and Silver Key Senior Services Foundation, Inc.'s internal control over financial reporting and compliance.



Colorado Springs, Colorado  
December 31, 2019

**SILVER KEY SENIOR SERVICES, INC.  
AND SILVER KEY SENIOR SERVICES FOUNDATION, INC.  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2019  
With Comparative Totals for 2018**

**ASSETS**

	<u>Silver Key</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>2019</u>	<u>2018</u>
<b>Current Assets</b>					
Cash and Cash Equivalents	\$ 123,535	\$ -	\$ -	\$ 123,535	\$ 268,834
Accounts Receivable	568,168	-	-	568,168	477,116
Bequests Receivable	186,784	-	-	186,784	30,000
Pledges Receivable - Related Party, Net	5,940	-	-	5,940	11,352
Due from Related Party	78,414	-	(78,414)	-	-
Other Current Assets	87,054	-	-	87,054	125,007
<b>Total Current Assets</b>	<u>1,049,895</u>	<u>-</u>	<u>(78,414)</u>	<u>971,481</u>	<u>912,309</u>
<b>Non-current Assets</b>					
Foundation, Investments	-	7,067,234	-	7,067,234	7,169,366
Silver Key, Board Designated Investments					
Operating Reserve	1,128,613	-	-	1,128,613	1,098,144
Beneficial Interest in Charitable Trusts	4,431,255	-	-	4,431,255	4,422,540
Cash restricted for property and equipment	-	-	-	-	156,515
Property and Equipment, Net	5,406,539	-	-	5,406,539	5,493,123
Intangibles, net	-	-	-	-	68,304
Other Assets	19,973	-	(2,554)	17,419	40,568
<b>Total Non-current Assets</b>	<u>10,986,380</u>	<u>7,067,234</u>	<u>(2,554)</u>	<u>18,051,060</u>	<u>18,448,560</u>
<b>Total Assets</b>	<u>\$ 12,036,275</u>	<u>\$ 7,067,234</u>	<u>\$ (80,968)</u>	<u>\$ 19,022,541</u>	<u>\$ 19,360,869</u>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities</b>					
Accounts Payable	\$ 180,455	\$ 1,853	\$ -	\$ 182,308	\$ 156,042
Accrued Liabilities	156,998	-	-	156,998	171,393
Deferred Revenue	-	-	-	-	39,500
Notes Payable, Due Within a Year	16,064	-	-	16,064	54,461
Line of Credit	420,000	-	-	420,000	-
Due to Silver Key	-	78,414	(78,414)	-	-
<b>Total Current Liabilities</b>	<u>773,517</u>	<u>80,267</u>	<u>(78,414)</u>	<u>775,370</u>	<u>421,396</u>
<b>Non-current Liabilities</b>					
Notes Payable, Less Current Portion	308,801	-	(49,850)	258,951	633,696
<b>Total Liabilities</b>	<u>1,082,318</u>	<u>80,267</u>	<u>(128,264)</u>	<u>1,034,321</u>	<u>633,696</u>
<b>Net Assets</b>					
Without Donor Restrictions	6,216,291	15,000	47,296	6,278,587	6,244,796
With Donor Restrictions	4,737,666	6,971,967	-	11,709,633	12,060,981
<b>Total Net Assets</b>	<u>10,953,957</u>	<u>6,986,967</u>	<u>47,296</u>	<u>17,988,220</u>	<u>18,305,777</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 12,036,275</u>	<u>\$ 7,067,234</u>	<u>\$ (80,968)</u>	<u>\$ 19,022,541</u>	<u>\$ 19,360,869</u>

See Notes to Consolidating Financial Statements

**SILVER KEY SENIOR SERVICES, INC.  
AND SILVER KEY SENIOR SERVICES FOUNDATION, INC.  
CONSOLIDATING STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2019  
With Comparative Totals for 2018**

	Silver Key			Foundation			Eliminations	2019	2018
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total			
<b>Revenue and Support</b>									
Contributions and Grants	\$ 1,017,996	\$ 244,486	\$ 1,262,482	\$ -	\$ -	\$ -	\$ (1,500)	\$ 1,260,982	\$ 1,693,218
Capital Campaign	336,244	-	336,244	-	-	-	-	336,244	462,545
Contributions from Foundation	328,368	-	328,368	-	-	-	(328,368)	-	-
Contract Services	2,169,504	-	2,169,504	-	-	-	-	2,169,504	2,038,139
Program Service Fees	618,855	-	618,855	-	-	-	-	618,855	605,693
Investment Income, Net	176,365	-	176,365	-	227,147	227,147	-	403,512	732,619
In-kind Contributions	1,157,543	-	1,157,543	-	-	-	-	1,157,543	968,460
Change in Value of Beneficial Interest in Charitable Trusts	-	8,716	8,716	-	-	-	-	8,716	136,666
Other Income	293,966	-	293,966	-	-	-	622	294,588	224,055
Net Assets Released from Restrictions									
Satisfaction of Purpose Restrictions	501,829	(501,829)	-	329,868	(329,868)	-	-	-	-
<b>Total Revenue and Support</b>	<b>6,600,670</b>	<b>(248,627)</b>	<b>6,352,043</b>	<b>329,868</b>	<b>(102,721)</b>	<b>227,147</b>	<b>(329,246)</b>	<b>6,249,944</b>	<b>6,861,395</b>
<b>Expenses</b>									
Program Services:									
Transportation	1,193,851	-	1,193,851	-	-	-	-	1,193,851	1,221,083
Nutrition	2,012,527	-	2,012,527	-	-	-	-	2,012,527	1,862,907
Senior Assistance	2,127,515	-	2,127,515	-	-	-	-	2,127,515	1,610,681
Thrift Store	268,089	-	268,089	-	-	-	-	268,089	237,092
Contributions to Silver Key	-	-	-	329,868	-	329,868	(329,868)	-	-
<b>Total Program Services</b>	<b>5,601,982</b>	<b>-</b>	<b>5,601,982</b>	<b>329,868</b>	<b>-</b>	<b>329,868</b>	<b>(329,868)</b>	<b>5,601,982</b>	<b>4,931,763</b>
Supporting Services:									
General and Administrative	548,122	-	548,122	-	-	-	-	548,122	531,901
Fundraising	417,397	-	417,397	-	-	-	-	417,397	316,269
<b>Total Supporting Services</b>	<b>965,519</b>	<b>-</b>	<b>965,519</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>965,519</b>	<b>848,170</b>
<b>Total Expenses</b>	<b>6,567,501</b>	<b>-</b>	<b>6,567,501</b>	<b>329,868</b>	<b>-</b>	<b>329,868</b>	<b>(329,868)</b>	<b>6,567,501</b>	<b>5,779,933</b>
<b>Change in Net Assets</b>	<b>33,169</b>	<b>(248,627)</b>	<b>(215,458)</b>	<b>-</b>	<b>(102,721)</b>	<b>(102,721)</b>	<b>622</b>	<b>(317,557)</b>	<b>1,081,462</b>
<b>Net Assets at Beginning of Year</b>	<b>6,183,122</b>	<b>4,986,293</b>	<b>11,169,415</b>	<b>15,000</b>	<b>7,074,688</b>	<b>7,089,688</b>	<b>46,674</b>	<b>18,305,777</b>	<b>17,224,315</b>
<b>Net Assets at End of Year</b>	<b>\$ 6,216,291</b>	<b>\$ 4,737,666</b>	<b>\$ 10,953,957</b>	<b>\$ 15,000</b>	<b>\$ 6,971,967</b>	<b>\$ 6,986,967</b>	<b>\$ 47,296</b>	<b>\$ 17,988,220</b>	<b>\$ 18,305,777</b>

See Notes to Consolidating Financial Statements

**SILVER KEY SENIOR SERVICES, INC.  
AND SILVER KEY SENIOR SERVICES FOUNDATION, INC.  
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSE  
YEAR ENDED DECEMBER 31, 2019  
With Comparative Totals for 2018**

	Program Services					Supporting Services			2019	2018
	Transportation	Nutrition	Senior Assistance	Thrift Store	Total	General and Administrative	Fundraising	Total		
<b>Silver Key</b>										
Salaries	\$ 473,128	\$ 678,428	\$ 585,199	\$ 61,578	\$ 1,798,333	\$ 258,949	\$ 173,896	\$ 432,845	\$ 2,231,178	\$ 1,969,913
Payroll Taxes and Fees	51,682	71,541	52,378	6,487	182,088	22,445	14,681	37,126	219,214	197,581
Fringe Benefits	58,598	72,423	74,754	9,084	214,859	22,175	20,848	43,023	257,882	190,737
<b>Total Personnel Costs</b>	<b>583,408</b>	<b>822,392</b>	<b>712,331</b>	<b>77,149</b>	<b>2,195,280</b>	<b>303,569</b>	<b>209,425</b>	<b>512,994</b>	<b>2,708,274</b>	<b>2,358,231</b>
Client Assistance	-	65,788	1,027,523	2,622	1,095,933	-	-	-	1,095,933	964,412
Food and Packaging	-	747,265	6,272	-	753,537	-	-	-	753,537	674,562
Depreciation and Amortization	201,588	121,731	136,713	28,211	488,243	68,623	12,850	81,473	569,716	524,748
Vehicle Related Expenses	249,539	38,920	1,701	117	290,277	281	47	328	290,605	305,295
Occupancy	31,340	97,429	98,449	31,853	259,071	85,267	12,983	98,250	357,321	274,664
Professional Fees	30,715	41,939	37,592	9,395	119,641	53,806	18,961	72,767	192,408	208,808
Program Supplies	1,587	12,690	38,357	108,393	161,027	-	-	-	161,027	112,257
Dues and Subscriptions	66,293	8,755	12,425	385	87,858	8,450	8,730	17,180	105,038	96,179
Public Relations and Marketing	1,635	4,634	5,618	3,826	15,713	9,030	126,489	135,519	151,232	87,992
Insurance	9,777	10,694	11,086	445	32,002	2,138	1,668	3,806	35,808	35,010
Printing, Copying and Postage	2,366	7,481	8,018	429	18,294	3,099	14,302	17,401	35,695	33,919
Interest	1,350	3,450	4,499	1,500	10,799	6,477	600	7,077	17,876	33,424
Meetings, Travel and Training	5,183	5,779	15,110	161	26,233	1,512	6,085	7,597	33,830	33,101
Recognition and Volunteers	5,225	8,497	5,364	469	19,555	1,712	1,221	2,933	22,488	12,044
Equipment and Office Supplies	2,497	5,327	6,383	749	14,956	2,187	2,782	4,969	19,925	10,140
Bank and Credit Card Fees	1,267	1,825	5	2,503	5,600	1,889	(1,299)	590	6,190	9,023
Miscellaneous	81	7,931	69	(118)	7,963	82	2,553	2,635	10,598	6,124
<b>Total Expenses</b>	<b>1,193,851</b>	<b>2,012,527</b>	<b>2,127,515</b>	<b>268,089</b>	<b>5,601,982</b>	<b>548,122</b>	<b>417,397</b>	<b>965,519</b>	<b>6,567,501</b>	<b>5,779,933</b>
<b>Foundation</b>										
Contributions to Silver Key	-	-	-	-	329,868	-	-	-	329,868	330,245
Eliminations	-	-	-	-	(329,868)	-	-	-	(329,868)	(330,245)
<b>Total Expense - 2019</b>	<b>\$ 1,193,851</b>	<b>\$ 2,012,527</b>	<b>\$ 2,127,515</b>	<b>\$ 268,089</b>	<b>\$ 5,601,982</b>	<b>\$ 548,122</b>	<b>\$ 417,397</b>	<b>\$ 965,519</b>	<b>\$ 6,567,501</b>	
<b>Percent of Total - 2019</b>	<b>18%</b>	<b>31%</b>	<b>32%</b>	<b>4%</b>	<b>85%</b>	<b>8%</b>	<b>7%</b>	<b>15%</b>	<b>100%</b>	
<b>Total Expense - 2018</b>	<b>\$ 1,221,083</b>	<b>\$ 1,862,907</b>	<b>\$ 1,610,681</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>Percent of Total - 2018</b>	<b>21%</b>	<b>32%</b>	<b>28%</b>	<b>4%</b>	<b>85%</b>	<b>9%</b>	<b>6%</b>	<b>15%</b>		<b>100%</b>

See Notes to Consolidating Financial Statements



**SILVER KEY SENIOR SERVICES, INC.  
AND SILVER KEY SENIOR SERVICES FOUNDATION, INC.  
CONSOLIDATING STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2019  
With Comparative Totals for 2018**

	<u>Silver Key</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>2019</u>	<u>2018</u>
<b>Cash Flows from Operations</b>					
Change in Net Assets	\$ (215,458)	\$ (102,721)	\$ 622	\$ (317,557)	\$ 1,081,462
Adjustments to Arrive at Net Cash Provided (Used) by Operating Activities:					
Depreciation and Amortization	569,716	-	-	569,716	524,748
Loss (Gain) on Disposal of Property and Equipment	8,855	-	-	8,855	(1,503)
Change in Beneficial Interest in Charitable Trusts	(8,716)	-	-	(8,716)	(136,666)
Net Realized and Unrealized (Gain) Loss on Investments	(94)	14,010	(622)	13,294	(412,028)
Contribution of Bequests	-	-	-	-	(457,370)
Contribution of Stock	(10,203)	-	-	(10,203)	(110,495)
Decrease (Increase) in Operating Assets:					
Accounts Receivable	(91,052)	-	-	(91,052)	(313,517)
Bequests Receivable	(156,784)	-	-	(156,784)	880,600
Pledges Receivable - Related Party, Net	5,412	-	-	5,412	59,719
Due from Related Party	1,264	-	(1,264)	-	-
Other Current Assets	61,572	-	-	61,572	6,466
Other Assets	23,921	-	-	23,921	24,918
Increase (Decrease) in Operating Liabilities:					
Accounts Payable	24,413	1,853	-	26,266	70,379
Accrued Liabilities	(14,395)	-	-	(14,395)	(15,524)
Deferred Revenue	(39,500)	-	-	(39,500)	14,950
Due to Silver Key	-	(1,264)	1,264	-	-
Net Cash Provided (Used) by Operations	<u>158,951</u>	<u>(88,122)</u>	<u>-</u>	<u>70,829</u>	<u>1,216,139</u>
<b>Cash Flows from Investing Activities</b>					
Purchase of Property and Equipment	(447,301)	-	-	(447,301)	(962,549)
Proceeds of Disposition of Property and Equipment	-	-	-	-	1,503
Proceeds from Sale of Investments	10,203	329,632	-	339,835	1,065,870
Purchase of Investments	(30,375)	(241,510)	-	(271,885)	(928,104)
Proceeds from Distribution of Charitable Remainder Trust	-	-	-	-	160,218
Net Change in Cash and Equivalents					
Board Designated Operating Reserve	-	-	-	-	9,902
Net Cash (Used) Provided by Investing Activities	<u>(467,473)</u>	<u>88,122</u>	<u>-</u>	<u>(379,351)</u>	<u>(653,160)</u>
<b>Cash Flows from Financing Activities</b>					
Repayment of Line of Credit	-	-	-	-	(40,000)
Proceeds from Line of Credit	420,000	-	-	420,000	-
Proceeds from Note Payable	-	-	-	-	900,000
Payments on Note Payable	(413,292)	-	-	(413,292)	(1,377,213)
Net Cash Provided (Used) by Financing Activities	<u>6,708</u>	<u>-</u>	<u>-</u>	<u>6,708</u>	<u>(517,213)</u>
<b>Net Change in Cash, Cash Equivalents and Restricted Cash</b>	(301,814)	-	-	(301,814)	45,766
<b>Beginning Cash, Cash Equivalents and Restricted Cash</b>	<u>425,349</u>	<u>-</u>	<u>-</u>	<u>425,349</u>	<u>379,583</u>
<b>Ending Cash, Cash Equivalents and Restricted Cash</b>	<u>\$ 123,535</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,535</u>	<u>\$ 425,349</u>

See Notes to Consolidating Financial Statements

**SILVER KEY SENIOR SERVICES, INC.  
AND SILVER KEY SENIOR SERVICES FOUNDATION, INC.  
CONSOLIDATING STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2019**

Continued from Previous Page

**SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES**

Cash Paid for Interest	<u>\$ 17,876</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,876</u>
In-kind Contributions	<u>\$ 1,157,543</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,157,543</u>

**SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES OPERATING AND INVESTING ACTIVITIES**

Non-cash investing activity consisted of the conversion of \$23,618 of capitalized hosting fees to prepaid expense.

**SILVER KEY SENIOR SERVICES, INC.  
AND SILVER KEY SENIOR SERVICES FOUNDATION, INC.  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significance accounting policies of Silver Key Senior Services, Inc. is presented to assist in understanding the financial statements.

**Nature of Activities** – 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 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, 2019, Silver Key provided 72,703 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, 2019, Silver Key provided 119,491 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, 2019, Silver Key provided 38,479 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, 2019, Silver Key Case Managers served 1,768 clients and the information and referral helpline received over 23,442 calls.

**SILVER KEY SENIOR SERVICES, INC.  
AND SILVER KEY SENIOR SERVICES FOUNDATION, INC.  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**

**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, 2019, Silver Key provided Guardianship care for 31 clients.

*Silver Key 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, 2019, Silver Key provided 24,343 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, 2019, Silver Key provided 171 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, 2019, Silver Key Friends Thrift Store sales were \$110,206.

**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 interorganizational transactions are eliminated to present the consolidated total amounts.

**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.  
AND SILVER KEY SENIOR SERVICES FOUNDATION, INC.  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Cash and Cash Equivalents** – For purposes of the consolidating statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents held in the Foundation are retained for long term purposes and are classified as investments.

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.

**Investments** – Investments in marketable securities with readily determinable fair values are reported at their fair values in the consolidating statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increase in net assets without restrictions 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. Short-term investments consist of securities, mutual funds, and bonds with original maturities of twelve months or less.

**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, 2019. Accordingly, no allowance for doubtful accounts is required. Accounts receivable are anticipated to be received within a year.

**Contributions and Pledges Receivable** – Unconditional pledges that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the pledges are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

The Organization uses the allowance method to determine uncollectible pledges receivable. The allowance is based on prior years' experience and management analysis of specific pledges made.

**Property and Equipment** – The Organization capitalizes property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with restrictions to net assets without restrictions at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from three to thirty-nine years.

**SILVER KEY SENIOR SERVICES, INC.  
AND SILVER KEY SENIOR SERVICES FOUNDATION, INC.  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Silver Key participates in the Colorado Department of Transportation ("CDOT") program to provide transportation services to the elderly. In total, Silver Key has 30 vehicles in service under this program with a cost of \$1,137,453 and accumulated depreciation of \$878,236 as of June 30, 2019.

**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** – Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

*Net Assets with Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**Revenue and Revenue Recognition** – Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

**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.  
AND SILVER KEY SENIOR SERVICES FOUNDATION, INC.  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Donated materials and services received by Silver Key for the year ended June 30, 2019 consist of the following:

Food	\$ 956,377
Thrift Store Items	110,259
Holiday Project	20,000
Advertising	6,000
Professional Fees	18,031
Other	46,876
	<u>\$ 1,157,543</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 78,301 hours of donated services for the year ended June 30, 2019, with an estimated value of approximately \$2,096,901 which was not recognized in the accompanying consolidating financial statements because they did not meet the criteria for recognition under current US GAAP.

**Contributions** – Contributions received are recorded as with donor restrictions or without donor restrictions depending on the existence or nature of any donor restrictions.

**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, 2019, the Organization had no unrelated business income. Accordingly, no provision for income taxes has been recorded. In addition, the Organization qualifies for 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, 2019. 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, 2019, the informational tax returns for the three prior years are considered open for Internal Revenue Service examination.

**SILVER KEY SENIOR SERVICES, INC.  
AND SILVER KEY SENIOR SERVICES FOUNDATION, INC.  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

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

**Functional Allocation of Expenses** – The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**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, 2019, the Organization received approximately 25% of its total support and revenue from the Pikes Peak Area Council of Government ("PPACG"). As of June 30, 2019, the Organization had approximately 39% of its accounts receivable balance due from the PPACG.

**Comparative Financial Information** – The accompanying 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 principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended June 30, 2018, from which the summarized information was derived.

**Reclassifications** – Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**New Accounting Pronouncement** – On August 18, 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return.

On November 17, 2016, FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230) – *Restricted Cash*. The update addressed the diversity that exists in the classification and presentation of changes in restricted cash on the statement of cash flows. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.



**SILVER KEY SENIOR SERVICES, INC.  
AND SILVER KEY SENIOR SERVICES FOUNDATION, INC.  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**

**NOTE 1 – AVAILABILITY AND LIQUIDITY**

The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

The Organization has \$687,680 of financial assets available within one year of the balance sheet date. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The receivables are subject to time restrictions, but will be collected within one year. The Organization has a goal to maintain financial assets, which consist of cash on hand to meet 90 days of normal operating expenses, which are, on average, approximately \$1.1 million.

The Organization’s goal is generally to maintain financial assets to meet 90 days of operating expenses, approximately \$1.1 million. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit. The Organization has a \$750,000 line of credit available to meet cash flow needs.

The following reflects the Organization’s financial assets as of June 30, 2019, reduced by amounts not available to meet general expenditures within one year of the statement of financial position date because of internal board designations, contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available include a board-designated operating reserve not considered in the annual operating budget. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution. Amounts not available to meet general expenditures within one year also include net assets with donor restrictions.

**Financial Assets at Year End:**

Cash and Cash Equivalents	\$ 123,535
Accounts Receivable	568,168
Bequests Receivable	186,784
Pledges Receivable - Related Party, Net	5,940
Trusts Receivable (Other Assets)	14,397
Foundation Investments	7,067,234
Board Designated Investments Operating Reserve	1,128,613
Beneficial Interest in Charitable Trusts	4,431,255
<b>Total Financial Assets</b>	<u>13,525,926</u>

**Less Amounts Not Available to be Used Within One Year:**

Net Assets with Donor Restrictions	11,709,633
Board Designated Net Assets Without Donor Restrictions	1,128,613
	<u>12,838,246</u>

**Financial Assets Available to Meet General Expenditures  
over the Next Twelve Months**

\$ 687,680

**SILVER KEY SENIOR SERVICES, INC.  
AND SILVER KEY SENIOR SERVICES FOUNDATION, INC.  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**

**NOTE 2 - INVESTMENTS**

Investments are made in accordance with the Organization's investment policy and consist of the following at June 30, 2019:

	<u>Silver Key</u>	<u>Foundation</u>	<u>Total</u>
Cash and Equivalents	\$ 61,989	\$ 193,481	\$ 255,470
Stock	168,525	1,047,647	1,216,172
Exchange Traded Funds	74,878	716,767	791,645
Mutual Funds	708,853	4,150,088	4,858,941
Corporate Bonds	79,674	926,757	1,006,431
U.S. Government and Municipal Bonds	30,605	-	30,605
Other	4,089	32,494	36,583
	<u>\$ 1,128,613</u>	<u>\$ 7,067,234</u>	<u>\$ 8,195,847</u>

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

For the year ended June 30, 2019, investment income is summarized as follows:

	<u>Silver Key</u>	<u>Foundation</u>
Interest Income Earned on Cash at		
Financial Institutions and Other Interest Income	\$ 2,837	\$ 17
Interest and Dividend Income and Investments	36,560	254,916
Net Realized and Unrealized Gain on Investments	(94)	14,010
Investment Income from Beneficial		
Interest in Charitable Trusts	143,047	-
Investment fees	(5,985)	(41,796)
	<u>\$ 176,365</u>	<u>\$ 227,147</u>

**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 \$4,431,255 as of June 30, 2019.

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 SENIOR SERVICES, INC.  
AND SILVER KEY SENIOR SERVICES FOUNDATION, INC.  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**

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

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 \$247,014 as of June 30, 2019.

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 \$103,652 as of June 30, 2019.

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 \$8,570 as of June 30, 2019.

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 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 \$177,493 as of June 30, 2019.

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 \$491,219 as of June 30, 2019.

Silver Key received \$143,047 of investment income from these trusts for the year ended June 30, 2019.

**SILVER KEY SENIOR SERVICES, INC.  
AND SILVER KEY SENIOR SERVICES FOUNDATION, INC.  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**

**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, 2019.

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.

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.

**SILVER KEY SENIOR SERVICES, INC.  
AND SILVER KEY SENIOR SERVICES FOUNDATION, INC.  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**

**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, 2019:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>Silver Key</b>				
Cash and Equivalents	\$ 61,989	\$ 61,989	\$ -	\$ -
Stocks	168,525	168,525	-	-
Exchange Traded Funds	74,878	74,878	-	-
Mutual Funds	708,853	708,853	-	-
Corporate Bonds	79,674	-	79,674	-
U.S. Government and Municipal Bonds	30,605	-	30,605	-
Other	4,089	-	4,089	-
Beneficial Interest in Charitable Trusts	4,431,255	-	4,431,255	-
<b>Total</b>	<u>\$ 5,559,868</u>	<u>\$ 1,014,245</u>	<u>\$ 4,545,623</u>	<u>\$ -</u>
<b>Foundation</b>				
Cash and Equivalents	\$ 193,481	\$ 193,481	\$ -	\$ -
Stocks	1,047,647	1,047,647	-	-
Exchange Traded Funds	716,767	716,767	-	-
Mutual Funds	4,150,088	4,150,088	-	-
Corporate Bonds	926,757	-	926,757	-
U.S. Government and Municipal Bonds	-	-	-	-
Other	32,494	-	32,494	-
<b>Total</b>	<u>\$ 7,067,234</u>	<u>\$ 6,107,983</u>	<u>\$ 959,251</u>	<u>\$ -</u>
<b>Silver Key and Foundation Totals</b>				
Cash and Equivalents	\$ 255,470	\$ 255,470	\$ -	\$ -
Stocks	1,216,172	1,216,172	-	-
Exchange Traded Funds	791,645	791,645	-	-
Mutual Funds	4,858,941	4,858,941	-	-
Corporate Bonds	1,006,431	-	1,006,431	-
U.S. Government and Municipal Bonds	30,605	-	30,605	-
Other	36,583	-	36,583	-
Beneficial Interest in Charitable Trusts	4,431,255	-	4,431,255	-
<b>Total</b>	<u>\$ 12,627,102</u>	<u>\$ 7,122,228</u>	<u>\$ 5,504,874</u>	<u>\$ -</u>

**SILVER KEY SENIOR SERVICES, INC.  
AND SILVER KEY SENIOR SERVICES FOUNDATION, INC.  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**

**NOTE 5 - PROPERTY AND EQUIPMENT**

Silver Key's property and equipment consists of the following as of June 30, 2019:

Land	\$ 716,799
Building and Improvements	4,490,741
Construction in Progress	31,500
Vehicles	1,417,696
Office and Other Equipment	1,052,148
	<u>7,708,884</u>
Less Accumulated Depreciation	<u>(2,302,345)</u>
	<u><u>\$ 5,406,539</u></u>

Depreciation expense for the year ended June 30, 2019, totaled \$569,716.

**NOTE 6 - LINE OF CREDIT**

On June 20, 2019, Silver Key entered into a line of credit agreement with a local credit union in the amount of \$750,000. 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, 2019, the outstanding balance on the line of credit was \$420,000.

**NOTE 7 - NOTE PAYABLE**

Silver Key has a note payable to a financial institution with a balance of \$275,015 as of June 30, 2019. The note bears a variable interest ranging from 3.125% to 4.500% 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>
2020	\$ 16,064	\$ 8,361	\$ 24,425
2021	16,865	7,843	24,708
2022	17,399	7,309	24,708
2023	17,767	7,190	24,957
2024	17,863	7,841	25,704
2024-2033	189,057	36,245	225,302
	<u>\$ 275,015</u>	<u>\$ 74,789</u>	<u>\$ 349,804</u>

Interest expense for the year ended June 30, 2019, totaled \$17,874.

**SILVER KEY SENIOR SERVICES, INC.  
AND SILVER KEY SENIOR SERVICES FOUNDATION, INC.  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**

**NOTE 8 - BOARD DESIGNATED NET ASSETS WITHOUT DONOR RESTRICTIONS**

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 net assets without donor restrictions. The balances can be transferred to the undesignated portion of net assets without donor restrictions at the boards' discretion. As of June 30, 2019, Silver Key had \$1,128,613 of net assets without donor restrictions designated for operating reserve.

**NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions that are temporary in nature consist of the following as of June 30, 2019:

	<u>Silver Key</u>	<u>Foundation</u>	<u>Total</u>
Beneficial Interest in Charitable Trusts	\$ 1,027,949	\$ -	\$ 1,027,949
Capital Campaign	5,940	-	5,940
Other	300,470	-	300,470
UPMIFA Restrictions	-	285,950	285,950
	<u>\$ 1,334,359</u>	<u>\$ 285,950</u>	<u>\$ 1,620,309</u>

Net assets with donor restrictions that are perpetual in nature consist of the following as of June 30, 2019:

	<u>Silver Key</u>	<u>Foundation</u>	<u>Total</u>
Beneficial Interest in Charitable Trusts	\$ 3,403,307	\$ -	\$ 3,403,307
Endowment for Future Operations	-	3,780,757	3,780,757
Endowment for Emergency	-	2,905,260	2,905,260
	<u>\$ 3,403,307</u>	<u>\$ 6,686,017</u>	<u>\$ 10,089,324</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 net assets with donor restrictions that are perpetual in nature (a) the original value of gifts donated to the permanent endowment, and (b) accumulations

**SILVER KEY SENIOR SERVICES, INC.  
AND SILVER KEY SENIOR SERVICES FOUNDATION, INC.  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**

**NOTE 10 - ENDOWMENT FUNDS - Continued**

to the 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 net assets with donor restrictions that are perpetual in nature is classified as net assets with donor restrictions that are temporary in nature 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



**SILVER KEY SENIOR SERVICES, INC.  
AND SILVER KEY SENIOR SERVICES FOUNDATION, INC.  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**

**NOTE 10 - ENDOWMENT FUNDS - Continued**

Endowment net asset composition by type of fund as of June 30, 2019, is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Silver Key</b>			
Board Designated Endowment	<u>\$ 1,128,613</u>	<u>\$ -</u>	<u>\$ 1,128,613</u>
<b>Foundation</b>			
Donor-restricted			
Endowment Funds	\$ -	\$ 6,686,015	\$ 6,686,015
UPMIFA - Restricted	-	285,950	285,950
Unrestricted Endowment Funds	<u>15,000</u>	<u>-</u>	<u>15,000</u>
	<u>\$ 15,000</u>	<u>\$ 6,971,965</u>	<u>\$ 6,986,965</u>
<b>Total</b>			
Board Designated Endowment	\$ 1,128,613	\$ -	\$ 1,128,613
Donor-restricted Endowment Funds	-	6,686,015	6,686,015
UPMIFA - Restricted	-	285,950	285,950
Unrestricted Endowment Funds	<u>15,000</u>	<u>-</u>	<u>15,000</u>
	<u>\$ 1,143,613</u>	<u>\$ 6,971,965</u>	<u>\$ 8,115,578</u>

**SILVER KEY SENIOR SERVICES, INC.  
AND SILVER KEY SENIOR SERVICES FOUNDATION, INC.  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**

**NOTE 10 - ENDOWMENT FUNDS - Continued**

Changes in endowment net assets for the year ended June 30, 2019, were as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Silver Key</b>			
Board Designated			
Endowment Net Assets - Beginning of Period	\$ 1,098,144	\$ -	\$ 1,098,144
Investment Return:			
Investment Income	36,548	-	36,548
Net Appreciation (Realized and Unrealized)	(94)	-	(94)
Investment Fees	(5,985)	-	(5,985)
Total Investment Return	<u>30,469</u>	<u>-</u>	<u>30,469</u>
Contribution	10,203	-	10,203
Amounts Appropriated to Expenditures	<u>(10,203)</u>	<u>-</u>	<u>(10,203)</u>
	<u>-</u>	<u>-</u>	<u>-</u>
Endowment Net Assets - End of Period	<u>\$ 1,128,613</u>	<u>\$ -</u>	<u>\$ 1,128,613</u>
<b>Foundation</b>			
Endowment Net Assets - Beginning of Period	\$ 15,000	\$ 7,074,688	\$ 7,089,688
Investment Return:			
Investment Income	-	254,933	254,933
Net Appreciation (Realized and Unrealized)	-	14,010	14,010
Investment Fees	<u>-</u>	<u>(41,796)</u>	<u>(41,796)</u>
Total Investment Return	<u>-</u>	<u>227,147</u>	<u>227,147</u>
Amounts Appropriated to Expenditures	<u>-</u>	<u>(329,868)</u>	<u>(329,868)</u>
	<u>-</u>	<u>(329,868)</u>	<u>(329,868)</u>
Endowment Net Assets - End of Period	<u>\$ 15,000</u>	<u>\$ 6,971,967</u>	<u>\$ 6,986,967</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.  
AND SILVER KEY SENIOR SERVICES FOUNDATION, INC.  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**

**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% of the endowment fund's monthly average market value over the preceding three years. The distributable income is paid quarterly.

**NOTE 11 – ALLOCATION OF FUNCTIONAL EXPENSE**

The financial statements report certain categories of expense that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, interest, and office and occupancy, which are allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

**NOTE 12 – DONATED PROFESSIONAL SERVICES AND MATERIALS**

The Organization received donated professional services and materials as follows during the year ended June 30, 2019:

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Professional Fees	\$ 12,759	\$ 4,701	\$ 571	\$ 18,031
Program Supplies	128,721	-	-	128,721
Client Assistance	959,074	-	-	959,074
Vehicle Related Expenses	2,469	-	-	2,469
Public Relations and Marketing	1,653	846	46,749	49,248
	<u>\$ 1,104,676</u>	<u>\$ 5,547</u>	<u>\$ 47,320</u>	<u>\$ 1,157,543</u>

**NOTE 13 - 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, 2019, the Organization made contributions to the Plan in the amount of \$36,186.

**SILVER KEY SENIOR SERVICES, INC.  
AND SILVER KEY SENIOR SERVICES FOUNDATION, INC.  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**

**NOTE 14 - 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>
2020	\$ 116,424
2021	95,484
Total	<u>\$ 211,908</u>

**NOTE 15 - RELATED PARTY TRANSACTIONS**

As of June 30, 2019, Silver Key has a distribution receivable from the Foundation totaling \$78,414. During the year ended June 30, 2019, distributions from the Foundation to Silver Key totaled \$329,368. These balances and amounts are eliminated as a result of the consolidating of the two entities.

As of June 30, 2019, Silver Key has a net pledge receivable due from a related party in the amount of \$5,940.

As of June 30, 2019, Silver Key has a receivable due from a related for-profit corporation in the amount of \$49,850. This balance is eliminated as a result of the consolidating of the two entities.

For the year ended June 30, 2019, the Organization received contributions from board members and officers totaling \$129,285.

**NOTE 16 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 31, 2019, the date on which the consolidating financial statements were available to be issued.

On August 20, 2019, Silver Key entered into a twenty-eight-month distribution agreement. Silver Key agrees to purchase 80% of their dollar volume purchase requirements for specified categories from the distributor.

On August 30, 2019, Silver Key entered into a five-year software subscription. The subscription includes escalating annual fees ranging from \$24,016 to \$26,725.

***ADDITIONAL INFORMATION***

**SILVER KEY SENIOR SERVICES, INC.  
AND SILVER KEY SENIOR SERVICES FOUNDATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2019**

<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>Department of Health and Human Services</b>					
<b>Passthrough from Pikes Peak Area Council of Governments</b>					
<b>Aging Cluster</b>					
Special programs for the aging - Title III, part B, grants for supportive services and senior centers	93.044	SK1819	\$ -	\$ 211,942	\$ 211,942
Special programs for the aging - Title III, part C, nutrition services	93.045	SK1819	-	770,803	770,803
Nutrition services incentive program	93.053	SK1819	-	89,724	89,724
<b>Total Aging Cluster</b>			-	1,072,469	1,072,469
<b>United States Department of Agriculture</b>					
<b>Passthrough from Care and Share</b>					
<b>Food Distribution Cluster (Noncash)</b>					
Commodity Supplemental Food Program	10.565	n/a	-	277,176	277,176
The Emergency Food Assistance Program	10.569	n/a	-	248,913	248,913
<b>Total United States Department of Food Distribution Cluster</b>			-	526,089	526,089
<b>Department of Housing and Urban Development</b>					
El Paso County and City of Colorado Springs- Community development block grants/entitlement grants	14.218		-	59,652	59,652
<b>Total Department of Housing and Urban Development</b>			-	59,652	59,652
<b>Corporation for National and Community Service (CNCS)</b>					
	94.017	18SDWCO002	-	21,213	21,213
<b>Total CNCS</b>			-	21,213	21,213
<b>Total Expenditures of Federal Awards</b>			<b>\$ -</b>	<b>\$ 1,679,423</b>	<b>\$ 1,679,423</b>

**SILVER KEY SENIOR SERVICES, INC.  
AND SILVER KEY SENIOR SERVICES FOUNDATION, INC.  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2019**

**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, 2019. 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.

**OSBORNE, PARSONS & ROSACKER, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

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JEFFREY S. ROSACKER, CPA – PARTNER  
MITCHELL K. DOWNS, CPA, ABV – PARTNER  
—  
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
Silver Key Senior Services, Inc.  
& Silver Key Senior Services Foundation, Inc.  
Colorado Springs, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidating financial statements of Silver Key Senior Services, Inc. and Silver Key Senior Services Foundation, Inc. (a nonprofit organization) (collectively the “Organization”) which comprise the consolidating statement of financial position as of June 30, 2019, and the related consolidating statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to consolidating financial statements, and have issued our report thereon dated December 31, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the consolidating financial statements, we considered the Organization’s internal control over financial reporting (internal control) to determine audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidating financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

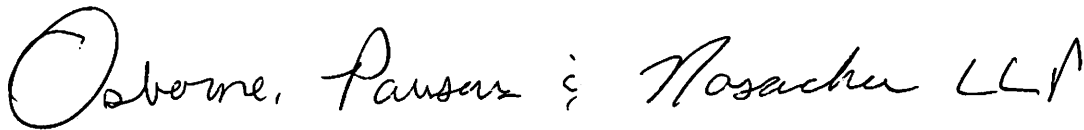


**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's consolidating financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Osborne, Pansar & Mosacher LLP". The signature is written in black ink and is positioned above the typed name and date.

Colorado Springs, Colorado  
December 31, 2019

**OSBORNE, PARSONS & ROSACKER, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED  
BY THE UNIFORM GUIDANCE**

Board of Directors  
Silver Key Senior Services, Inc.  
& Silver Key Senior Services Foundation, Inc.  
Colorado Springs, Colorado

**Report on Compliance for Each Major Federal Program**

We have audited Silver Key Senior Services, Inc.'s and Silver Key Senior Services Foundation, Inc.'s (collectively the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2019. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

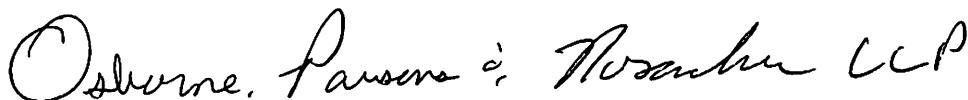
**Report on Internal Control Over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Colorado Springs, Colorado  
December 31, 2019

**SILVER KEY SENIOR SERVICES, INC.  
AND SILVER KEY SENIOR SERVICES FOUNDATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2019**

**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
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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
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Auditee qualified as a low-risk auditee?	Yes
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**2. FINANCIAL STATEMENT FINDINGS**

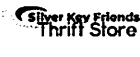
The audit disclosed no findings required to be reported.

**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 Director - Minutes 12/10/2019**

**Scribe: Paula Humber**

<b>Board Members:</b>	<b>Present</b>	<b>Absent</b>
Jan Martin, Chair	X	
Lynne Jones, Vice Chair	X	
Greg Broeckelman, Secretary	X	
Dave Bunkers, Treasurer	X	
Carla Hartsell, Imd. Past Chair	X	
David Lord	X	
Steve Hunsinger	X	
Cmdr. Scott Whittington		X
Mike Rowe	X	
Gary Geiser		X
Cari Karns	X	
<b>Leadership Team:</b>		
Jason DeaBueno	X	
Paula Humber	X	
Valerie Anders	X	
Derek Wilson	X	
Dayton Romero	X	
Victoria Salser	X	

	<u>Yes</u>	<u>No</u>	<u>Additional notes</u>	<u>Action required</u>
<b>1. Call to order</b>				called to order @4:05 pm by Jan Martin, Chair
A. Establish Quorum	X			
B. Introductions	X			

<b>2. Changes to the agenda</b>		X		
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<b>3. Consent Items</b>				
A. Agenda	1/21/2020	X		Agenda unanimously approved in conjunction with the minutes David Lord moved to approve the agenda and minutes; Steve Hunsinger seconded; motion was unanimously approved.
B. Minutes	12/10/2019	X		

<b>4. A. CEO Report</b>				Jason DeaBueno reviewed report and noted 2 significant donations that were received. Also discussed the Mental Health rate decrease petition. Jason presented the SilverKey Playbook for 2020; centralized phone system is in the works and should be launched in January.
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<p><b>B. SK Policies;</b> <b>C. Vision &amp; Mission</b></p>	<p>Cari Karns moved to approve the 4 SK polices with the notation made in the At-Will Employment policy regarding progressive disciplinary action; Mike Rowe seconded the motion. Also, Steve Hunsinger moved to approve the revised Vision &amp; Mission Statements with a second from Carla Hartsell. Both motions were unanimously approved.</p>
<p><b>5. Committee Reports</b> <b>A. Finance Committee</b></p>	<p>Cari Karns moved to approve the financials as presented; Lynne Jones seconded motion; unanimously passed.</p>
<p>Financial Packet Review</p>	<p>Valerie Anders reviewed the Executive Summary The Developers Agreement is currently in draft</p>
<p><b>B. Building Committee</b></p>	<p>50th Gala -</p>
<p><b>C. Event Planning Committee</b></p>	<p>June 6 Boot Barn</p>
<p><b>6. Old Business</b> <b>A. Executive Charter</b></p>	
<p><b>7. New Business</b>  <b>A. Slate of Officers</b></p>	<p>Mike Rowe moved to approved the 2020 Slate of Officers; Greg Broeckelman seconded the motion; motion unanimously approved</p>
<p><b>8. Related Board Reports</b></p>	
<p><b>A. Foundation</b></p>	<p>none no meeting until January 23</p>
<p><b>B. Silver Key Enterprise</b></p>	<p>none did not meet; no new information</p>
<p><b>C. Senior Heritage Plaza</b></p>	<p>none no meeting until April, 2020</p>
<p><b>9. Next meeting</b></p>	<p>January 21, 2020</p>

Adjourned: 5:15 PM

Secretary/Chair :



**Dember 2019**

## **CEO Report**

Dear Board Members,

There are many times issues that face seniors that constitute possible discrimination and agism. One issue that has been discovered related to senior care and the state of Colorado Medicaid system is the direct result of Silver Key starting to deliver Medicaid behavioral health care.

I will have a handout to include in your packets that outlines the issue more completely. Let me caveat my comments with the acknowledgement that every person at all levels linked to Medicaid have been engaging to help to try to fix the situation. To summarize, there is a cohort of seniors that qualify for full state Medicaid benefits by being extremely low-income, but those seniors are not being evaluated for the full state benefit. Instead, the understanding at many levels from various systems is that seniors over 65 qualify for Medicare and the supplemental benefits that Medicaid is ample to meet their needs.

Without the client being approved for the full state Medicaid benefit or long-term care Medicaid, we are unable to capture the Medicaid resource for the behavioral health care we are delivering. One person at the state shared with me that this is a situation that is handled case by case and “there is no one making this an issue.” Until now. The good news is that I have assurance the state will work to fix the review and eligibility system; the bad news is the timing may be extended so we need to support seniors on a case-by-case process to procure the full state benefit so that we can bill for the Medicaid services we are delivering.

I have full faith that the system will be mended to appropriate allocate the approvals to seniors in need and know that Silver Key is the entity that is taking this issue forward and will work to completion. More conversation will occur at the board meeting related to this unfortunate issue.

Respectfully submitted,

Jason DeaBueno

## **Governance Decisions, Monitoring & Accountability**

### **1. Current Significant Issues & Opportunities**

#### **a. Nutrition Program**

- A new Director of Nutrition has been hired and she is in the process of being on-boarded to the role and department (and Silver Key overall).

**Board Dialogue/Consultation**

- The Home Delivered Meal program has been continuing to grow even with the increase in charge. Now that the Silver Line is active, we are positioned to begin promoting the product and service. Do the board members have ideas on how best to promote the expansion?

**b. Transportation**

- Left Hand Management (our practice management team for behavioral health services) has assessed the process that Victoria has been working through to procure designation as an NEMT provider for Medicaid. There feedback was that Victoria is doing a great job thus far and LHM will be the billing team for the NEMT.

**Board Dialogue/Consultation**

- Are there any questions from the board about this effort?

**c. Silver Line**

- The Silver Line 719.884.2300 is now fully operational thanks to many led by Dayton Romero.

**Board Dialogue/Consultation**

- The process and system are elegant but requires some fine tuning. Time allowed, Dayton will demonstrate the updates to the board.

**2. Matters for Approval**

- None

**3. Risk and Compliance – Issues that Board needs visibility to and expected updates to conclusion.**

**3.1. Risk and Compliance Management**

Issue	Level of Risk (1 Low; 2 Medium; 3 High)	Comments
1. Whitaker Claim – No update	2	Reported to employment practices liability insurance (ELPI) and case has been assigned to our representative attorney: Attorney



		Raymond Deeny (Sherman & Howard).
2. Bernhardt Claim – No update	2	Assigned to insurance. This was a direct claim by plaintiff for an accident that may have occurred on 5/23/18. No details at this point related to liability – coverage

### 3.2. Risk and Compliance Updates or Incidents

N/A.

### 3.3. Funder Obligation Concerns

<b>Funder</b>	<b>Level of Risk</b> (1 Low; 2 Medium; 3 High)	<b>Details &amp; Comments</b>
1. AAA	1	State program audit passed with a verbal reprimand that we must notify the state of any change in program decisions as soon as possible. This is related to the reduction of programs at the Connection Café sites. We did not require any response as the state concluded this is not a contractual requirement but a partner expectation. DeaBueno agreed and shared that we were not in the position to notify until we had learned what the carryover allocation would be which was very late in the year. In the event, we need to re-evaluate reductions, DeaBueno will

		notify state folks through the AAA.
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### 2.3. Funder Obligation Concerns Updates

1. AAA	2	At this time we do not know the level of carryover allocation which is going to be less than what are costs are to deliver programming.
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## Informational

### 4. Update on Operational Activities

#### (Four Focus Areas)

Please see the attached: Silver Key Playbook Page.

#### Key Accomplishments

- a. Thrift Store is in the running to be a Gazette “Best of...”
- b. Silver Line implementation has resulted in promotion opportunities for all programs
- c. Decision regarding affordable housing has been reached at this point
- d. Blackbaud and Razors Edge implementation has begun
- e. UpKeep is in the process of being implemented
- f. Medicaid has been billed at \$1700 for December
- g. Pillars Grandparent Training program launched
- h. Engaged 50<sup>th</sup> Event is advancing well
- i. Hired a new Director of Nutrition
- j. Donations has far exceeded expectations at this point and grants are aligned to budget
- k. Continue to be cash flow positive and line of credit is currently at \$0

### 5. Matters for Noting

- a. Staffing update:
  - Nutrition  
New Hire: Erica Carter (Director of Nutrition)  
Opening Home Delivered Meals Coordinator
  - Transportation
  - Openings: Fleet Maintenance & Driver
  - Human Resources & Volunteer Engagement  
New Hire: John Garrett (Manager of HR and Volunteer Engagement)

- Development  
New Hire: Larissa Bottenfield (Resource Development Coordinator)  
Opening: V.E.T.S. Coordinator
  - Case Management  
New Hires: Counselors (Hilary Doyle, Maria Berger, Emily Brady)  
Opening: Administrative Specialist
  - Food Pantry  
Opening: Food Pantry Receptionist
- b. Potential tenant options are emerging



Silver Key Playbook  
January 1, 2020

Vision	The value, worth and needs of all seniors are identified and honored.							
Mission	To serve in partnership with our stakeholders to support a healthy quality of life for seniors, allowing them to age safely with dignity and independence.							
<b>OUR THEMATIC GOAL</b>								
Silver Key's Rallying Cry	Our Services Have Value and Require Appropriate Support to Thrive!							
<b>OUR DEFINING OBJECTIVES</b>								
Silver Key's qualitative focus areas to meet the thematic goal (also known as the Silver Key Rallying Cry)	<b>Broaden Resources</b>	Implement Facility Master Plan	Expand and Enhance Volunteer Experience	Centralize Phone System - Implement "Silver Line"				
	●	●	●	●				
<b>OUR STANDARD OPERATING OBJECTIVES</b>								
Silver Key's ongoing priorities; shared by all staff and volunteers.	Cash Flow / Budget	Capital Management	Program / Financial Audits	Human Resource Satisfaction				
	●	●	●	●				
<b>Playbook Criteria and Commitments</b>								
Why does Silver Key exist?	To Ensure Seniors are Seen, Heard, Valued, Cared For and Cherished.							
How do we behave?	We Are Holding Each Other Accountable to Achieve a Healthy Culture, Effective Communication, Brand Excellence and Financial Prudence.							
What do we do?	Personalized Transportation, Nutritional and Behavioral Healthcare, Guardianship, Thrift Store Services and Volunteerism.							
How will we succeed?	Revitalize Our Systems, Policies & Processes to Create an Effective & Efficient Infrastructure to Support Key Functions and Position for the Future.							
What's most important now...	The Medicaid Implementation Across All Areas of the Organization.							
Who must do what?	Dayton	Derek	Paula	Jason	Jayne	Erica	Valerie	Victoria
	Behavioral Health Notes	Pillars and Tri-Care Support	Schedule Meetings with Officials	Implement Rate Campaign	Hire and Credential Providers	Learn Operations and Nutrition	Evaluate Operations' Support	Implement Medicaid NEMT



Presenter: Jason DeaBueno, LCSW, MBA  
 President and CEO  
 Contact: jdeabueno@silverkey.org  
 (719) 352.2103 cell

**Agenda:**

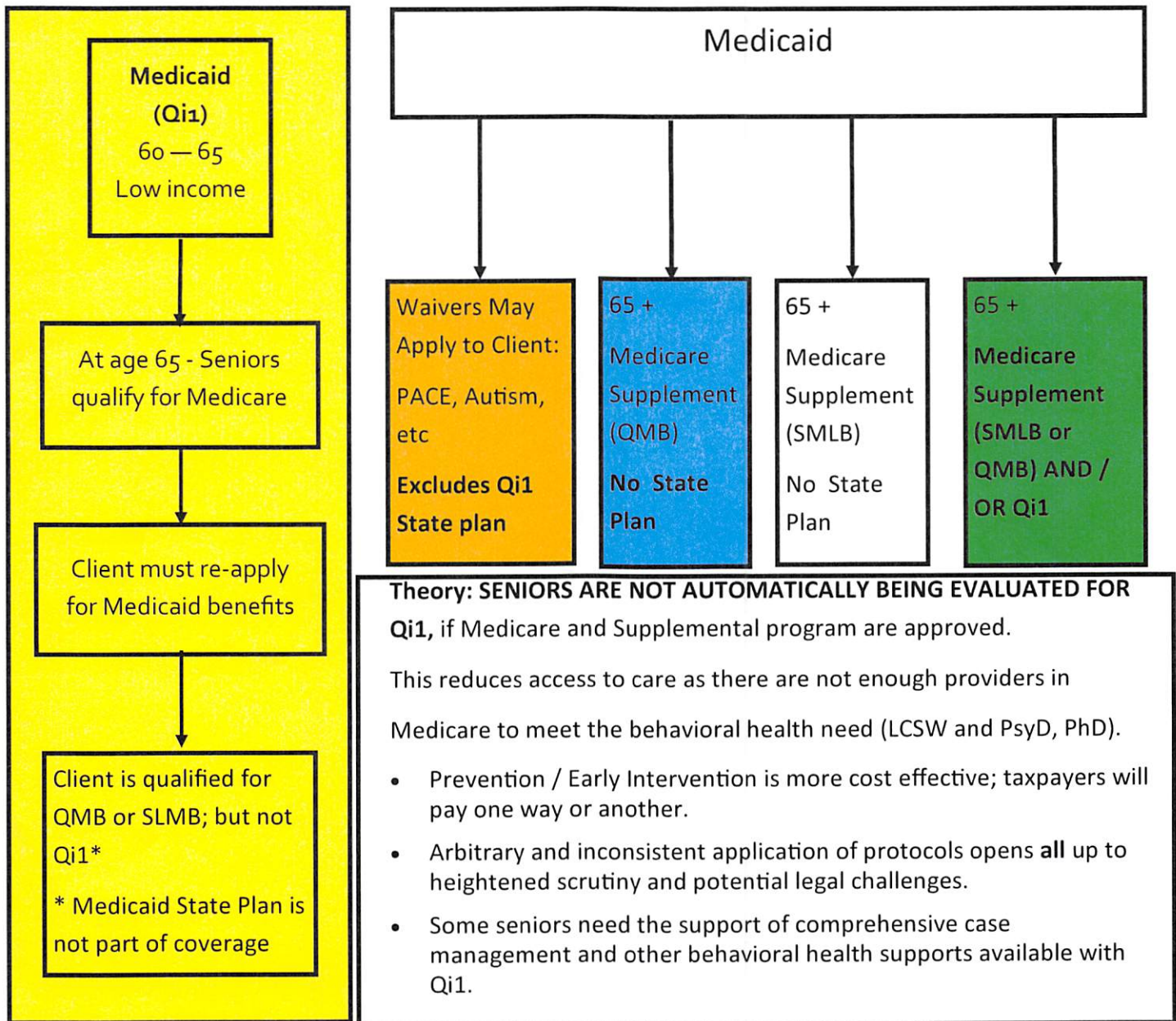
- 1) Colorado Community Health Alliance 20% reduction in rates
- 2) Seniors 65 or better (Medicare and Medicaid Qi1 Eligible)

**Definitions:**

QMB — Qualified Medicare Beneficiary (Pays Medicare A & B premium)

SLMB — Specified Low-Income Medicare Beneficiary (Pays Medicare Part B premium)

Qi1 — Qualified Individual—Full State Plan Benefit (includes Behavioral Health Care Benefit)



**Bill Amending Existing Law**

**A BILL FOR AN ACT**

**CONCERNING REGULATING MEDICAID MENTAL HEALTH PROVIDER  
REIMBURSEMENT TO CREATE STABILITY IN OPERATIONS, ASSURE CAPACITY,  
AND ATTRACT PROVIDERS**

Bill Topic: Medicaid behavioral health providers - minimum reimbursement

**Bill Summary - December 3, 2019 (draft #3)**

Adds to CRS § 25.5-5-401 to provide a minimum reimbursement rate for non-facility Medicaid mental health providers.

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Whereas mental health challenges in Colorado are myriad and impact the economy and quality of life of Coloradans. Colorado offers coverage to over one million people through the federal Medicaid program, administered by HCPF and MCOs (managed care organizations) in geographic regions.

Whereas CRS §25.5-5-411 (“Medicaid community mental health services--legislative declaration--administration--rules”) states, “(2) The general assembly further finds and declares that, to improve the quality of life for the citizens of Colorado, strengthen the economy, and continue the responsible management of the state's resources, the leadership of the three branches of Colorado's state government and the stakeholders most affected by mental health and substance use disorders must collaborate to build on the progress of past efforts and to sustain a focus on the improvement of behavioral health services.”

Whereas in 2018 Colorado’s Medicaid budget was over \$7 billion dollars and some MCOs received over \$14 million per month to provide mental health services for their members.

Whereas treatment by qualified providers of the most common mental health diagnoses; ptsd, anxiety, depression, substance use disorders are proven effective.

Whereas capacity for mental health services depends on a qualified workforce, either locally educated or otherwise. Attracting providers into Colorado’s Medicaid program requires adequate reimbursements to operate businesses including leases, professional and administrative staff, insurances, supervision, training, health

records software, etc. Educating therapists has additional expenses. The reimbursement rate, regardless of the credential of the provider, funds operations.

Whereas Colorado established Resolution 19-1269 assuring parity between mental health and medical health. The Northern District of California in *Smith v United Health* determined that provider reimbursement was a parity concern, and that changes to provider reimbursement to mental health providers must meet parity requirements.

Whereas the RAE structure created parity challenges for medical and mental health provision for Colorado's Medicaid members, related to pre-authorizations for services, assignment of members to a 'medical home', and provider reimbursement, among other concerns.

Whereas Colorado, through CRS § 25.5-4-401.5, has an established "Health First Colorado Fee Schedule" for Medicaid covered procedures. The schedule indicates reimbursement rates for all various mental health and medical procedures. While various factors are included in the law to guide the determination of fees, there is no mention of credentials in 401.5. Each code has limits on provider types that may perform the service. In this way, reimbursement is based on what service was provided, properly. Rewarding for credentials is built into this Schedule, as MDs do not perform the services provided by MA level clinicians (professional counselors, clinical social workers, addiction counselors).

Whereas CRS § 25.5-4-401.5 creates standards and processes for the review of provider rates, in (2)(a) as, "the state department shall compare the rates paid with available benchmarks, including medicare rates and usual and customary rates paid by private pay parties, and use qualitative tools to assess whether payments are sufficient to allow for provider retention and client access and to support appropriate reimbursement of high-value services."

Whereas the 2019 Colorado Medicaid Fee Schedule rate for typical counseling sessions (CPT 90837) is 76% (\$104.26) of the 2019 Colorado Medicare Fee Schedule rate (\$137.56, non facility price). As retrieved November 16, 2019, <https://www.cms.gov/apps/physician-fee-schedule/search/search-results.aspx?Y=0&T=0&HT=0&CT=1&H1=90837&C=16&M=5>

Whereas Colorado has an established standard for qualifying mental health providers, as described in Colorado's Uniform Standard Coding Manual. Providers include a range of licensees, pre-licensure supervised counselors, and supervised university intern counselors.

Whereas Medicaid mental health provision is capitated (CRS § 25.5-5-408) and payments are made to MCOs, managed care organizations. The MCOs are currently unrestricted in their reimbursement policies and have set rates variously, including reducing rates to 80% based on credential after reimbursing at 100% of the rates, without regard to parity. Regulation of provider rates is necessary to create stability in operations, assure capacity, and attract providers, as well as avoiding parity concerns.

Whereas HCPF is responsible for setting provider reimbursement rates, as CRS § 25.5-4-401 “(1)(a) The state department shall establish rules for the payment of providers under this article and articles 5 and 6 of this title. Within the limits of available funds, such rules shall provide reasonable compensation to such providers,”

Whereas federal law empowers Colorado’s HCPF to set minimum fees as 42 CFR § 438.6(c)(1) - “Special contract provisions related to payment” states “(iii) The State may require the MCO, PIHP or PAHP to: (A) Adopt a minimum fee schedule for network providers that provide a particular service under the contract;”

Whereas fiscal audit of MCO reports show sufficient appropriations for mental health care providers to receive 100% of the Medicaid Schedule Rate as they already have in two regions in 2019. Variably reduced rates by the MCOs result in savings for the MCO that are not necessarily spent on Colorado Medicaid members’ care. As funds are appropriated sufficiently, there is no fiscal impact.

*Be it enacted by the General Assembly of the State of Colorado:*

**SECTION 1.** In Colorado Revised Statutes § 25.5-4-401, add (1)(b)(III) as follows:

25.5-4-401. (1)(b)(III) THE STATE DEPARTMENT SHALL REQUIRE THE PAYMENT OF NON-FACILITY QUALIFIED MEDICAID BEHAVIORAL HEALTH PROVIDERS ACCORDING TO THE STATE DEPARTMENT’S HEALTH FIRST COLORADO FEE SCHEDULE, UNLESS THE RATE EXCEEDS THE LIMITS IN (1)(B)(I), IN WHICH CASE (1)(B)(I) DETERMINES THE REIMBURSEMENT RATE.

Capital letters indicate new material to be added to existing statute.

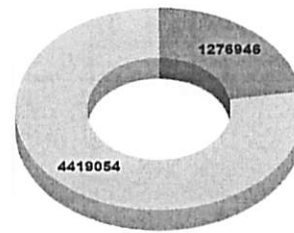


# REGULATE COLORADO MEDICAID MENTAL HEALTH PROVIDERS' REIMBURSEMENT

- ASSURE STABILITY IN OPERATIONS
- MAINTAIN CAPACITY
- ATTRACT PROVIDERS

Medicaid covers 22% of the 5,700,000 Coloradans

● 1.2 million Medicaid members ● Not Medicaid



Colorado's Medicaid agency (HCPF) sets reimbursement rates for all medical and mental health services. Then private organizations that are contracted to manage mental health care can cut those rates. Rates may be cut without regard for clinic operations, state parity laws, or network adequacy requirements. This decreases access to care for patients and creates instability and uncertainty for providers. HCPF must mandate that HCPF fee schedules be followed.

Medicaid is a \$7 billion per year program. Colorado pays CCHA to provide mental health services for over 300,000 Medicaid members in Boulder, Broomfield, Clear Creek, Gilpin, Jefferson, El Paso, Park and Teller counties.

Last October, CCHA announced a 10% reduction in reimbursement for independent psychologists and a 20% reduction for other mental health providers (addiction counselors, marriage and family therapists, professional counselors, and social workers).

**80% of the fee schedule is not sufficient to provide services to the Medicaid population. Providers will drop out of the program, affecting access to care.**

Providers had been paid at 100% of the HCPF Medicaid Fee Schedule and these reductions take effect January 1, 2020. Other Medicaid managed care organizations could make cuts at any time. Savings from these cuts might not be directed toward other Medicaid services.

The cuts violate federal parity laws (MHPAEA) which were incorporated into Colorado law in 2019. Managed care organizations are also required to spend at least 85% of capitated funds on direct services, and this cut may reduce the "medical loss ratio" below that threshold.

Amending the Medicaid statute to state, "HCPF shall require the payment of qualified Medicaid behavioral health providers according to HCPF's fee schedule," will properly place the responsibility to set rates with HCPF, not with contractors.

What will it cost? **\$0.00** The appropriations for Medicaid are sufficient.

See <https://www.coloradocounselingassociation.org/cca/medicaid.asp>

Proposed statutory revision : <https://coammhp.org/medicaid-act/>

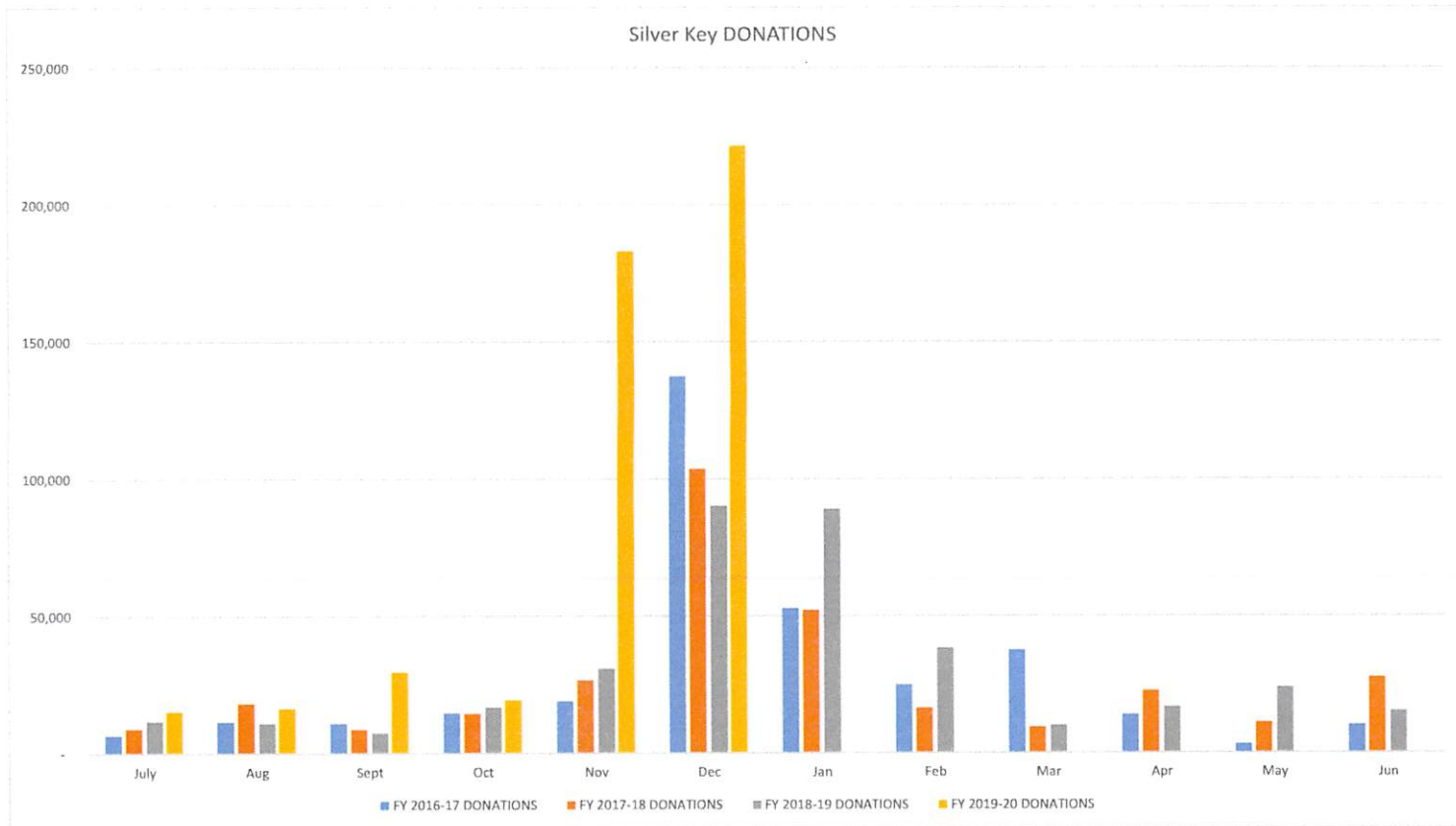


**Financial Package  
FY 2019 - 2020  
Six Months Ending December 31, 2019**

**Board of Directors**

Silver Key Senior Services  
Development Data

Silver Key Donations	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total FY	Budget
FY 2016-17 DONATIONS	6,525	11,467	10,881	14,837	19,140	137,377	52,777	25,050	37,660	14,078	3,180	10,256	343,227	332,885
FY 2017-18 DONATIONS	8,913	18,406	8,733	14,632	26,770	103,656	52,142	16,500	9,350	22,878	11,112	27,673	320,765	253,500
FY 2018-19 DONATIONS	11,665	10,933	7,316	16,808	30,846	90,192	89,067	38,397	9,998	16,831	23,993	15,362	361,407	374,500
FY 2019-20 DONATIONS	15,334	16,535	29,782	19,586	183,090	221,524							485,851	419,600





## Executive Summary

### **CURRENT:**

Six months ending December 31, 2019 Results: year to date net income \$323k vs \$16k budgeted...net operating income before depreciation \$606k vs \$267k budgeted income.

### **LAG-OPERATING RESULTS:**

>**Donations and Support** - December donations, bequests, and foundation support \$275k vs. \$179k, total year to date donations exceed budget by \$276k. During November & December received \$138k Capital Campaign gifts through Enterprise Zone.

>**Government Grants** - the month of December \$192k billed, which is over budget by \$18k. PPACG-AAA services provided over monthly budget by \$23k. City of Colorado transportation contract billed \$13k, City CDBG Connection Cafe billed \$8k, and City CDBG Housing Navigation billed \$8k. Received City-CDBG Public Facilities award notice of \$455k for building improvements.

>**Other Grants** - Received \$37k - Chapman Charitable Grant \$25k, Joslyn Trust \$10k, and \$1k from the Trimble Fund, all to support programs.

>**Program Revenues** - \$39k vs budget of \$93k below budget by (\$54k), Medicaid case management below budget by (\$57k) and Home Delivered Meals continue to exceeded projections, December exceeded budget by \$4k = 456 meals.

>**Other Revenue** - net income of \$26k for December; current value of Operating Reserve account \$1,198,286; Murray property behind budget year to date (\$39k) caused by property insurance, heat/air conditioning repairs and snow removal exceeding budget. 1645 S Murray (8,300 sq ft) space vacated as of 7-1-2019 previous monthly income \$3,921.

>**Payroll & Related Expenses** - December salaries and benefits over budget by \$2k...year to date under budget by \$19k. Current number of employees 66, filled Direct of Nutrition and Human Resource Manager positions, currently recruiting for a Nutrition Coordinator.

>**Total Operating Expenses:** December \$130k vs \$135k, under budget by \$5k, total year to date operating expenses under budget by \$73k.

>**YTD Program Overview:** Reserve and Ride provided 23,481 rides, revenue \$563K, expenses \$489k, net income \$74k; Nutrition provided 67,575 meals, revenue \$788k, expenses \$767k, net income \$21k; Senior Assistance provided over 11,000 contacts/units, revenue \$301k, expenses \$372k, net loss (\$71k); Pantry distributed 12,133 boxes of food, revenue \$46k, expenses \$53k, net loss (\$7k); Active Living revenue of \$250k booked FY 2017-2019, expenses to date \$44k; Thrift Store revenue \$64k, expenses \$43k, net income \$21k; General & Administrative net expense (\$132k) after allocation to programs; Development & Marketing revenue \$632k, expenses \$182k, net income \$450k.

>**Cash Flow** - Silver Key Foundation advanced \$90k during July 2019. Ent Line of Credit balance as of December 31, 2019 zero. Cash flow has improved due to end of the years gifts exceeding expectations and a large IT \$160k grant received. Ent line of credit increased to \$750k during June 2019, predict cash challenges during fiscal year unless 1645 Murray rented and additional sustainable funding sources are located and implemented.

>**LEAD - PROJECTED 2019-20 FISCAL YEAR:** - estimate annual revenue \$4.5m, expenses projected at \$4.3m with net income before depreciation \$24k. Projecting a negative cash flow through out the year with the continued use of the Ent Line of Credit. Implementation of Medicaid funding for senior assistance (case management services) with the goal to be operational by first quarter of 2020. Original estimated Medicaid net income for nine months \$482k. Received notice that Medicaid rates reduced by 45% effective 7-1-2019, implementing this program continues to be slow. Estimate a total of \$418k less Medicaid revenue than approved budget. Currently projecting net loss of (\$387k) during 2019-20. Other unknown 2019-20 factors: Home Delivered Meals numbers - budgeted a 75% decrease and currently exceeding income projection by 73%, PPACG-AAA carryover funds released RFP in December (2018-19 received \$141k), continue researching Medicaid funding for nutrition and non-emergent medical transportation.

**Silver Key Senior Services**

Statement of Revenues and Expenditures

FY 2019-2020 (Summary)

	Actual Mo Dec. 2019	Budget Mo Dec. 2019	\$ Variance	Actual 6 Months Dec. 2019	Budget 6 Months Dec. 2019	\$ Variance	% Variance	Annual Budget
<b>OPERATING REVENUE</b>								
DONATIONS	219,258	134,933	84,325	468,388	196,812	271,576	138.0%	375,600
BEQUESTS	-	5,000	(5,000)	1,213	30,000	(28,787)	-96.0%	60,000
SPONSORSHIPS - OTHER	2,267	3,667	(1,400)	16,250	22,002	(5,752)	-26.1%	44,000
SPECIAL EVENTS/SPONSORSHIPS, NET	5,855	-	5,855	23,753	-	23,753	n/a	85,000
FOUNDATION SUPPORT	37,174	24,591	12,583	163,227	147,546	15,681	10.6%	295,089
DISTRIBUTIONS FROM TRUSTS	11,160	11,667	(507)	69,653	70,002	(349)	-0.5%	140,000
IN-KIND DONATIONS	-	-	-	-	-	-	n/a	-
<b>TOTAL DONATIONS/SUPPORT</b>	<b>275,713</b>	<b>179,858</b>	<b>95,855</b>	<b>742,484</b>	<b>466,362</b>	<b>276,122</b>	<b>59.2%</b>	<b>999,689</b>
GOVERNMENT GRANTS	192,805	174,484	18,321	1,249,226	1,371,904	(122,678)	-8.9%	2,178,312
OTHER GRANTS	37,758	24,650	13,108	118,434	147,900	(29,466)	-19.9%	295,800
<b>TOTAL GRANTS</b>	<b>230,563</b>	<b>199,134</b>	<b>31,429</b>	<b>1,367,660</b>	<b>1,519,804</b>	<b>(152,144)</b>	<b>-10.0%</b>	<b>2,474,112</b>
PROGRAM FEES	29,395	82,760	(53,365)	190,128	291,560	(101,432)	-34.8%	788,100
THRIFT STORE SALES	10,085	10,729	(644)	63,643	64,374	(731)	-1.1%	128,754
<b>TOTAL PROGRAM REVENUE</b>	<b>39,480</b>	<b>93,489</b>	<b>(54,009)</b>	<b>253,771</b>	<b>355,934</b>	<b>(102,163)</b>	<b>-28.7%</b>	<b>916,854</b>
<b>OTHER REVENUE</b>								
BENEFICIAL INT IN TRUSTS - CHANGE	-	-	-	-	-	-	n/a	-
INVESTMENT INC - OPER INV, NET OF FEES	30,464	5,600	24,864	69,679	30,100	39,579	131.5%	60,200
INVESTMENT INC - OTHER (Social Enterprise)	-	-	-	-	-	-	n/a	-
MURRAY LEASE INCOME, NET	(3,656)	10,118	(13,774)	20,977	60,709	(39,732)	-65.4%	121,423
DISPOSAL OF FIXED ASSETS	-	-	-	-	-	-	n/a	-
MISCELLANEOUS INCOME	-	-	-	-	-	-	n/a	-
<b>TOTAL OTHER REVENUE</b>	<b>26,808</b>	<b>15,718</b>	<b>11,090</b>	<b>90,655</b>	<b>90,809</b>	<b>(153)</b>	<b>-0.2%</b>	<b>181,623</b>
<b>TOTAL OPERATING REVENUE</b>	<b>572,565</b>	<b>488,199</b>	<b>84,366</b>	<b>2,454,569</b>	<b>2,432,909</b>	<b>21,661</b>	<b>0.9%</b>	<b>4,572,278</b>
<b>OPERATING EXPENSES</b>								
SALARIES, TAXES AND BENEFITS	242,610	240,203	2,408	1,320,545	1,339,766	(19,222)	-1.4%	2,704,929
SENIOR ASSISTANCE	6,748	9,064	(2,316)	41,217	54,385	(13,168)	-24.2%	108,770
TRANSPORTATION	26,940	28,814	(1,874)	134,271	172,882	(38,611)	-22.3%	345,765
NUTRITION	48,342	33,059	15,283	256,496	198,354	58,142	29.3%	396,708
DEVELOPMENT & MARKETING	1,760	5,401	(3,641)	12,079	32,408	(20,328)	-62.7%	64,815
PROGRAM SUPPLIES	2,021	6,433	(4,412)	17,560	38,599	(21,039)	-54.5%	77,197
OFFICE EXPENSES/SUPPLIES	5,230	4,986	244	24,351	29,916	(5,565)	-18.6%	59,831
OCCUPANCY EXPENSES	20,088	23,431	(3,343)	119,232	140,583	(21,351)	-15.2%	281,166
OTHER GENERAL AND ADMINISTRATIVE	19,222	23,891	(4,669)	131,978	143,348	(11,370)	-7.9%	286,695
<b>TOTAL OPERATING EXPENSES</b>	<b>372,962</b>	<b>375,282</b>	<b>(2,320)</b>	<b>2,057,729</b>	<b>2,150,240</b>	<b>(92,511)</b>	<b>-4.3%</b>	<b>4,325,876</b>
<b>NET OPERATING INCOME (LOSS) BEFORE DEPRECIATION</b>	<b>199,603</b>	<b>112,917</b>	<b>86,685</b>	<b>396,840</b>	<b>282,669</b>	<b>114,172</b>	<b>40.4%</b>	<b>246,401</b>
DEPRECIATION AND AMORITIZATION	46,907	44,507	2,400	283,430	267,041	16,389	6.1%	534,081
MISC GRANT INCOME - CAPITAL	-	-	-	209,770	-	209,770	n/a	-
<b>NET OPERATING INCOME/(LOSS)</b>	<b>152,696</b>	<b>68,410</b>	<b>84,285</b>	<b>323,180</b>	<b>15,628</b>	<b>307,552</b>	<b>1968.0%</b>	<b>(287,680)</b>

**Silver Key Senior Services  
Balance Sheet**

	as of 12/31/2019 Current Year	11/30/2019 Previous Month	6/30/2019 Prior Year	6/30/2018 Previous Year
<b>ASSETS</b>				
<b>CURRENT</b>				
CASH - OPERATING	147,356	124,629	120,851	155,356
CASH - CAPITAL CAMPAIGN	-	-	-	156,515
OPERATING RESERVE	99,078	74	129	110,153
Total CASH	<u>246,434</u>	<u>124,703</u>	<u>120,981</u>	<u>422,024</u>
ACCOUNTS RECEIVABLE	459,112	475,009	660,979	582,508
PLEDGES RECEIVABLE	6,240	6,240	5,940	11,352
PREPAID EXPENSES	74,793	77,069	72,658	105,322
OTHER CURRENT ASSETS (Estate/Bequests)	115,000	115,000	186,784	37,571
Total Receivables	<u>655,145</u>	<u>673,318</u>	<u>926,360</u>	<u>736,753</u>
Total CURRENT	<u>901,579</u>	<u>798,021</u>	<u>1,047,341</u>	<u>1,158,777</u>
<b>FIXED</b>				
LAND & BUILDINGS	5,246,540	5,244,040	5,239,040	5,114,284
FURNITURE, FIXTURES & EQUIPMENT	1,079,580	1,071,815	1,052,148	1,303,188
VEHICLES	1,373,272	1,373,272	1,417,696	1,347,879
ACCUMULATED DEPR & AMORT	<u>(2,438,043)</u>	<u>(2,391,136)</u>	<u>(2,302,345)</u>	<u>(2,203,925)</u>
Total FIXED	<u>5,261,349</u>	<u>5,297,991</u>	<u>5,406,539</u>	<u>5,561,426</u>
<b>OTHER ASSETS</b>				
BENEFICIAL INTEREST IN TRUSTS	4,431,255	4,431,255	4,431,255	4,422,540
INVESTMENTS (OPER RESERVE)	1,198,286	1,167,827	1,128,613	1,098,144
OTHER ASSETS	31,229	29,045	19,973	43,894
Total OTHER ASSETS	<u>5,660,771</u>	<u>5,628,128</u>	<u>5,579,841</u>	<u>5,564,578</u>
Total ASSETS	<u>11,823,699</u>	<u>11,724,139</u>	<u>12,033,722</u>	<u>12,284,781</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
ACCOUNTS PAYABLE	116,498	93,830	215,040	213,013
SALARIES PAYABLE	106,437	97,679	108,987	101,001
ENT CREDIT UNION - RLOC	-	81,000	420,000	0
NOTE PAYABLE CURRENT - ENT CREDIT UNION	16,064	16,064	16,064	54,461
SECURITY DEPOSITS - MURRAY TENANTS	11,574	11,574	13,425	13,420
DEFERRED REVENUE	-	2,267	0	53,100
OTHER LIABILITIES	<u>(48)</u>	<u>(48)</u>	<u>0</u>	<u>0</u>
Total CURRENT LIABILITIES	<u>250,525</u>	<u>302,366</u>	<u>773,517</u>	<u>434,995</u>
<b>LONG-TERM LIABILITIES</b>				
N/P - ENT CREDIT UNION	248,739	250,034	258,951	633,696
LOC - ENT CREDIT UNION	-	-	0	-
Total LONG-TERM LIABILITIES	<u>248,739</u>	<u>250,034</u>	<u>258,951</u>	<u>633,696</u>
Total LIABILITIES	<u>499,264</u>	<u>552,400</u>	<u>1,032,467</u>	<u>1,068,691</u>
<b>NET ASSETS</b>				
NET ASSETS BEGINNING BALANCE	11,001,254	11,001,254	11,216,090	10,316,732
REVENUE OVER (UNDER) EXPENSES	323,180	170,485	<u>(214,835)</u>	899,358
Total NET ASSETS	<u>11,324,435</u>	<u>11,171,739</u>	<u>11,001,254</u>	<u>11,216,090</u>
TOTAL LIABILITIES & NET ASSETS	<u>11,823,699</u>	<u>11,724,139</u>	<u>12,033,722</u>	<u>12,284,781</u>

2017-18 Notes:  
Estates \$470,826  
Capital Campaign \$426,649  
NextFifty Grant \$250,000

**SILVER KEY**

BUDGET FY 2019-2020

CASH FLOW PROJECTIONS

	BUDGET 2019-20	UPDATED 8/2019 PROJECTION 2019-20	ACTUAL 6 Months Dec. 2019
Net Income (loss)	(287,680)	(287,680)	323,180
Depreciation and Amortization	534,081	534,081	283,430
PPACG-AAA funds exhausted 3/2019 (4 months = \$726k) Medicaid expected revenue \$100k			
Other Cash Activity:			
NextFifty payment (received)	150,000	150,000	150,000
RNR Foundation - payment expected 1-2020	50,000	50,000	
CDOT Reimbursement estimate (\$46k revenue booked 6/2019)	98,000	94,000	46,000
CDOT Reimbursement estimate - 60-90 days after delivery		163,000	
Capital Expenditures (1700-1770)			
Murray Building & Grounds	(40,000)	(40,000)	
Senior Housing Project		(42,000)	(7,500)
Technology Assets	(130,000)	(170,000)	(59,389)
2019 Elkhart Coach ECII Bus (CDOT Awarded...SK portion 20% = 12,309)	(73,852)	(61,543)	(62,251)
Invertors (PPACG-AAA funded previous fiscal year)		(10,321)	(10,321)
4 Vehicles (CDOT awarded) - SK portion 20% = 40,843		(204,211)	
Active Living - Community Rooms furniture		(5,000)	(2,708)
Misc. Capital Expenditures	(24,000)	(24,000)	
Ent Principal Payment - Mortgage (		(16,100)	(10,211)
Ent Principal Payment - LOC			(420,000)
<b>Estimated Net increase (decrease) in cash</b>	<b>276,549</b>	<b>130,227</b>	<b>230,230</b>
	6/30/2019		Dec. 2019
Operating Cash on Hand	120,981		246,434
Investment Operating Reserves -			
Board Reserved \$400k Capital, balance operating	1,128,613		1,198,286
Outstanding Ent Line of Credit Balance	420,000		-
<b>Estimated Ent Line of Credit balance at end of year 6-30-2020</b>		<b>430,351</b>	



**2020 Meeting Schedule**  
Board of Directors  
Executive Committee  
Finance Committee  
Foundation Board of Directors  
Senior Heritage Plaza

**Board of Directors**

4-5:00 PM 3<sup>rd</sup> Tuesday/Monthly  
Silver Key Campus/David Lord Room  
*(Exceptions in May/July/November/December)*

January 21  
February 18  
March 17  
April 21  
June 16  
**July – No Meeting**  
August 18  
September 15  
October 20  
**November – No Meeting**  
**\*December 8 (2<sup>nd</sup> Tuesday)**

**\*May 19– Board Retreat**  
9 AM- 2PM  
Penrose House

**Finance Committee**

3-4:00 PM 3<sup>rd</sup> Tuesday/Monthly  
Silver Key Campus/Small Conference Room

January 21  
February 18  
March 17  
April 21  
May 19  
June 16  
July 21  
August 18  
September 15  
October 20  
November 17  
December 15

**Executive Committee**

9AM-10AM 2<sup>nd</sup> Friday/Monthly  
Olive Real Estate Group  
(102 N. Cascade 2<sup>nd</sup>Floor- Ste. 250)

January 10  
February 14  
March 13  
April 10  
May 8  
June 12  
July 10  
August 14  
September 11  
October 9  
November 13  
December 11

**Foundation Board of Directors**

4-5:00 PM 4<sup>th</sup> Thursday/Quarterly  
Silver Key Campus/David Lord Room

January 23  
April 23  
July 23  
October 22

**Senior Heritage Plaza**

4-5:00 PM 4<sup>th</sup> Tuesday-Annually  
Silver Key Campus/Small Conference Room

April 23