

**Golden Eagle Elderly Housing Corporation
(A Colorado Non-Profit Corporation and
A Component Unit of Eagle County, Colorado)**

Financial Statements

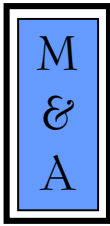
December 31, 2017 and 2016

**Golden Eagle Elderly Housing Corporation
(A Colorado Non-Profit Corporation and
A Component Unit of Eagle County, Colorado)**

**Financial Statements
December 31, 2017 and 2016**

TABLE OF CONTENTS

	Page(s)
INDEPENDENT AUDITOR'S REPORT	1 – 2
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 – 10
Supplemental Information:	
Schedule of Change in Net Assets – Budget and Actual	11
Schedule of Additional Disclosures – Management Fee Calculation	12
Schedule of Additional Disclosures – Insurance Disclosure	12



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

CHAPEL SQUARE, BLDG C
245 CHAPEL PLACE, SUITE 300
P.O. Box 5850, AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM
MAIN OFFICE: (970) 845-8800
FACSIMILE: (970) 845-8108
E-MAIL: MCMAHAN@MCMAHANCPA.COM

INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Golden Eagle Elderly Housing Corporation
Eagle, Colorado**

Report on the Financial Statements

We have audited the accompanying financial statements of Golden Eagle Elderly Housing Corporation (the "Corporation"), a Colorado non-profit corporation and a component unit of Eagle County, Colorado, which comprise the statement of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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.

Member: American Institute of Certified Public Accountants

PAUL J. BACKES, CPA, CGMA
MICHAEL N. JENKINS, CA, CPA, CGMA
DANIEL R. CUDAHY, CPA, CGMA

AVON: (970) 845-8800
ASPEN: (970) 544-3996
FRISCO: (970) 668-3481

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Golden Eagle Elderly Housing Corporation
Eagle, Colorado

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Golden Eagle Elderly Housing Corporation as of December 31, 2017 and 2016, and the changes in net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the Corporation's basic financial statements taken as a whole. The supplemental Schedule of Changes in Net Assets – Budget and Actual on page 11 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental schedules on page 12 are presented for the purpose of additional analysis, as required by the *United States Department of Agriculture RD Handbook HB-2-3560*, and is not a required part of the financial statements. Such supplemental 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 supplemental information on pages 11 – 12, except for that portion marked "unaudited", on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic 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 supplemental information on pages 11 – 12 is fairly stated in all material respects in relation to the financial statements as a whole.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
March 23, 2018

Golden Eagle Elderly Housing Corporation
(A Colorado Non-Profit Corporation and
A Component Unit of Eagle County, Colorado)
Statement of Financial Position
December 31, 2017 and 2016

	2017	2016
Assets:		
Current Assets:		
Cash and cash equivalents - Unrestricted	37,945	21,378
Accounts receivable - Rentals	587	471
Accounts receivable - Other	31,273	11,379
Investment	100	100
Total Current Assets	69,905	33,328
Restricted Assets:		
Cash and cash equivalents - Restricted	134,946	119,804
Fixed Assets, Net of Accumulated Depreciation	1,478,656	1,537,545
Total Assets	1,683,507	1,690,677
Liabilities and Net Assets:		
Liabilities:		
Current Liabilities:		
Accounts payable	5,734	8,117
Due to Eagle County	6,213	5,940
Accrued interest payable on long-term debt	2,158	2,208
Tenant security deposits	17,905	17,430
Current portion of long term debt	10,739	10,118
Total Current Liabilities	42,749	43,813
Long-term debt, net of current portion	1,319,058	1,328,491
Total Liabilities	1,361,807	1,372,304
Net Assets - Unrestricted	321,700	318,373
Total Liabilities and Net Assets	1,683,507	1,690,677

The accompanying notes are an integral part of these financial statements.

Golden Eagle Elderly Housing Corporation
(A Colorado Non-Profit Corporation and
A Component Unit of Eagle County, Colorado)
Statement of Activities
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues:		
Tenant rents	107,653	111,013
Tenant assistance payments	137,254	133,339
Total - Rental Revenues	<u>244,907</u>	<u>244,352</u>
Miscellaneous	1,208	1,145
Total Revenues	<u>246,115</u>	<u>245,497</u>
Expenses:		
Repairs and maintenance	45,275	51,771
Utilities	45,442	42,179
General and administration	48,304	72,108
Management fees	8,076	8,076
Insurance	6,180	6,000
Total Operating Expenses	<u>153,277</u>	<u>180,134</u>
Income (Loss) from Operations	92,838	65,363
Other Revenue (Expense):		
Interest income	152	95
Grant awards and contributions	20,500	-
Depreciation	(84,181)	(82,916)
Interest subsidy	52,534	51,612
Interest expense	<u>(78,516)</u>	<u>(82,479)</u>
Change in Net Assets	3,327	(48,325)
Unrestricted Net Assets - Beginning	<u>318,373</u>	<u>366,698</u>
Unrestricted Net Assets - Ending	<u><u>321,700</u></u>	<u><u>318,373</u></u>

The accompanying notes are an integral part of these financial statements.

Golden Eagle Elderly Housing Corporation
(A Colorado Non-Profit Corporation and
A Component Unit of Eagle County, Colorado)
Statement of Cash Flows
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities:		
Cash received for rent	245,872	244,614
Other cash receipts	1,208	1,145
Cash paid for staffing	(39,068)	(62,097)
Cash paid for goods and services	(116,320)	(110,392)
Net Cash Provided (Used) By Operating Activities	<u>91,692</u>	<u>73,270</u>
Cash Flows From Financing Activities:		
Cash received from interest subsidy	52,534	51,612
Principal repaid on long-term debt	(8,812)	(9,533)
Interest paid	(78,565)	(82,530)
Net Cash Provided (Used) By Financing Activities	<u>(34,843)</u>	<u>(40,451)</u>
Cash Flows From Investing Activities:		
Interest income received	152	95
Cash paid to purchase capital assets	(25,292)	-
Net Cash Provided (Used) By Investing Activities	<u>(25,140)</u>	<u>95</u>
Net Increase (Decrease) in Cash and Cash Equivalents	31,709	32,914
Cash and Cash Equivalents - Beginning	<u>141,182</u>	<u>108,268</u>
Cash and Cash Equivalents - Ending	<u><u>172,891</u></u>	<u><u>141,182</u></u>
Cash and Cash Equivalents - Ending is comprised of:		
Cash and cash equivalents - Unrestricted	37,945	21,378
Cash and cash equivalents - Restricted	134,946	119,804
	<u>172,891</u>	<u>141,182</u>
Reconciliation of Income (Loss) from Operations to Net Cash Provided (Used) by Operating Activities:		
Income (loss) from operations	<u>92,838</u>	<u>65,363</u>
Adjustments to reconcile:		
(Increase) decrease in accounts receivable - Rentals	(116)	(241)
(Increase) decrease in accounts receivable - Other	606	(1,252)
Increase (decrease) in accounts payable	(2,384)	3,066
Increase (decrease) in due to Eagle County	273	5,834
Increase (decrease) in tenant security deposits	475	500
Total Adjustments	<u>(1,146)</u>	<u>7,907</u>
Net Cash Provided (Used) By Operating Activities	<u><u>91,692</u></u>	<u><u>73,270</u></u>

The accompanying notes are an integral part of these financial statements

**Golden Eagle Elderly Housing Corporation
(A Colorado Non-Profit Corporation and
A Component Unit of Eagle County, Colorado)
Notes to the Financial Statements
December 31, 2017 and 2016**

1. Organization

Golden Eagle Elderly Housing Corporation (the "Corporation") was incorporated on May 3, 2002 as a Colorado non-profit corporation for the operation, maintenance, and development of decent, safe and sanitary housing for the handicapped, aged, and individuals who meet certain living requirements in Eagle County, Colorado (the "County"). The Corporation owns and operates, exclusively on behalf of and for the benefit of the County, a 36-unit elderly housing project in Eagle, Colorado known as Golden Eagle Apartments (the "Project").

The formation of the Corporation was approved by the County, and its operations are governed by a Board of Directors (the "Board") appointed by the County's Board of County Commissioners. The Corporation is considered to be a component unit of the County, and its financial position, activities, and cash flow are included in the County's separate 2017 and 2016 financial statements.

The Corporation began operations in 2003. The acquisition of the Project was financed by a promissory note from Rural Housing Service ("RHS"); a division of the U.S. Department of Agriculture. The note is secured by a pledge of revenues and assets from the Project. The County has no financial obligation for the debt or the operations of the Corporation.

Rents of qualified tenants within the Project are subsidized by RHS, pursuant to a Rental Assistance Agreement.

2. Summary of Significant Accounting Policies

A. Reporting Entity

The Corporation was formed under the laws of the State of Colorado and operates under the direction of the Board. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of Corporation. No additional separate governmental units, agencies, or non-profit corporations are included in the financial statements of the Corporation since none were discovered to fall within the oversight responsibility based upon the application of the following criteria: financial accountability, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency. The Corporation does not exercise oversight responsibility over any other entity. However, the Corporation is a component unit of the County.

B. Basis of Accounting

The Corporation utilizes the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

C. Cash Equivalents

For the purposes of the Statement of Cash Flows, the Corporation defines cash equivalents as all cash, money market, and savings accounts, plus all investments with original maturities of three months or less.

D. Restricted Assets

Certain of the Corporation's assets are classified as restricted assets because their use is restricted to specific purposes by RHS or other legally binding commitments.

Golden Eagle Elderly Housing Corporation
(A Colorado Non-Profit Corporation and
A Component Unit of Eagle County, Colorado)
Notes to the Financial Statements
December 31, 2017 and 2016
(Continued)

2. Summary of Significant Accounting Policies (continued)

E. Allowance for Uncollectible Accounts

The Corporation uses the allowance method to recognize the potential uncollectibility of receivables. No allowance for uncollectible accounts was recorded at December 31, 2017 and 2016, since all such amounts were considered collectible.

F. Fixed Assets

Fixed assets are recorded at cost and are depreciated using the straight-line method over the following estimated useful lives of the underlying assets:

	<u>Years</u>
Buildings and improvements	20 - 30
Furniture and equipment	3 - 5

Land is reported at cost and is not subject to depreciation.

G. Income Taxes

The Corporation was formed in accordance with Internal Revenue Service Revenue Procedure 95-48, which provides that an "affiliate of a governmental unit" is exempt from federal income tax filing requirements. As a result, the Corporation is also exempt from Colorado state income tax.

H. Subsequent Events

Management has evaluated subsequent events through March 23, 2018; the date these financial statements were available to be issued.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Golden Eagle Elderly Housing Corporation
(A Colorado Non-Profit Corporation and
A Component Unit of Eagle County, Colorado)
Notes to the Financial Statements
December 31, 2017 and 2016
(Continued)

3. Cash and Cash Equivalents

	2017	2016
Cash and Cash Equivalents - Unrestricted:		
Cash in bank - Checking	\$ 37,945	\$ 21,378
Total - Cash and Cash Equivalents - Unrestricted	\$ 37,945	\$ 21,378
Cash and Cash Equivalents - Restricted:		
Tenant security deposits - Checking	\$ 17,905	\$ 17,430
Reserve account - Checking	117,041	102,374
Total - Cash and Cash Equivalents - Restricted	\$ 134,946	\$ 119,804

Under the terms of the financing from RHS, the Corporation is required to make annual transfers to a Reserve account, until the account balance reaches \$142,647. Funds in the Reserve account may only be expended upon approval of RHS for specified purposes.

4. Investment

The Corporation is the sole member of Seniors on Broadway LLC (the "LLC"), which is the general partner (0.01% interest) in Seniors on Broadway LP (the "LP"). The LP developed and operates a senior housing facility adjacent to the Project. The Corporation's investment in the LLC is carried at cost, which approximates its consolidated value at year-end. The Corporation has provided an unconditional guaranty to the LP's limited partners with respect to the LLC's obligations under the LP's Partnership Agreement, including guaranty of certain tax credits anticipated by the LP's limited partners. However, the Corporation has no financial obligation for the debt of the LP.

5. Capital Assets

For 2017, the Corporation had the following activity related to capital assets:

	Balance 12/31/16	Additions	Disposals	Balance 12/31/17
Capital assets not being depreciated:				
Land	\$ 126,000	\$ -	\$ -	\$ 126,000
Total capital assets not being depreciated	126,000	-	-	126,000
Capital assets being depreciated:				
Buildings and improvements	2,344,405	25,292	-	2,369,697
Furniture and equipment	21,765	-	-	21,765
Total capital assets being depreciated	2,366,170	25,292	-	2,391,462
Less accumulated depreciation for:				
Buildings and improvements	(932,860)	(84,181)	-	(1,017,041)
Furniture and equipment	(21,765)	-	-	(21,765)
Total accumulated depreciation	(954,625)	(84,181)	-	(1,038,806)
Total capital assets being depreciated, net	1,411,545	(58,889)	-	1,352,656
Total Capital Assets, Net	\$ 1,537,545	\$ (58,889)	\$ -	\$ 1,478,656

Golden Eagle Elderly Housing Corporation
(A Colorado Non-Profit Corporation and
A Component Unit of Eagle County, Colorado)
Notes to the Financial Statements
December 31, 2017 and 2016
(Continued)

6. Long-term Debt

In connection with the Corporation's acquisition of the Project on March 14, 2003, the Corporation assumed \$1,063,478 of promissory notes payable to RHS (the "2003 Note"). The 2003 Note is secured by the Project, and other assets and revenues of the Corporation. The 2003 Note bears interest at 6% per annum and is due in monthly blended installments of \$5,600. The Corporation receives varying monthly interest subsidies from RHS. During 2017, these subsidies totaled \$39,199 (2016 – \$38,274). The 2003 Note is amortized over 50 years, with a balloon payment of unpaid principal and accrued interest due March 14, 2033. The outstanding principal balance on the 2003 Note at December 31, 2017 was \$984,121 (2016 – \$992,011).

On December 8, 2006, the Corporation executed another promissory note for \$362,870 with RHS (the "2006 Note"); the proceeds of which were used to fund capital improvements. The 2006 Note is secured by the Project, and other assets and revenues of the Corporation. The 2006 Note bears interest at 5.875% per annum and is due in monthly blended installments of \$773. The Corporation receives a monthly interest subsidy of \$1,111 from the RHS. During 2017, these subsidies totaled \$13,337 (2016 – \$13,337). Monthly payments are due beginning February 1, 2007, with a balloon payment of unpaid principal and accrued interest due January 1, 2037. The outstanding principal balance on the 2006 Note at December 31, 2017 was \$345,676 (2016 – \$346,598).

For 2017, the Corporation had the following activity related to long-term debt:

	Balance 12/31/16	Principal Payments	Balance 12/31/17	Due Within One Year
2003 USDA promissory note	\$ 992,011	\$ (7,890)	\$ 984,121	\$ 8,377
2006 USDA promissory note	346,598	(922)	345,676	2,362
	<u>\$ 1,338,609</u>	<u>\$ (8,812)</u>	<u>\$ 1,329,797</u>	<u>\$ 10,739</u>

The following is a schedule of the Corporation's aggregate future debt service requirements at December 31, 2017 to maturity:

	Principal	Interest	Total
2018	\$ 10,739	\$ 65,272	\$ 76,011
2019	11,399	65,068	76,467
2020	12,098	64,368	76,466
2021	12,841	63,626	76,467
2022	13,629	62,837	76,466
2023 - 2027	81,772	300,560	382,332
2028 - 2032	110,150	272,183	382,333
2033 - 2037	1,077,169	24,139	1,101,308
	<u>\$ 1,329,797</u>	<u>\$ 918,053</u>	<u>\$ 2,247,850</u>

Golden Eagle Elderly Housing Corporation
(A Colorado Non-Profit Corporation and
A Component Unit of Eagle County, Colorado)
Notes to the Financial Statements
December 31, 2017 and 2016
(Continued)

7. Related Party Transactions

Effective January 1, 2010, the Corporation entered into a three-year agreement with Eagle County Housing and Development Authority ("ECHDA"; a component unit of the County), pursuant to which ECHDA is to provide management of the day-to-day operations of the Project. This agreement was extended, by amendment, to June 30, 2015. A new three-year agreement was executed July 1, 2015 with ECHDA. As with the original agreement, ECHDA is to be reimbursed for all charges, including staffing, incurred on behalf of the Corporation in managing the Project. Additionally, ECHDA is to be paid an initial management fee of \$673 per unit, with annual increases as allowed.

Total expenses, including reimbursements to ECHDA and the County, incurred for management of the Project in 2017 and 2016 were as follows:

	2017	2016
Salaries and wages - Administration	\$ 39,068	\$ 62,097
Repairs and maintenance	219	765
Office and administrative	931	651
Management fees	8,076	8,076
Property insurance	6,180	6,000
Total	\$ 54,474	\$ 77,589

The Corporation had a balance of \$6,213 payable to ECHDA and the County at December 31, 2017 (2016 – \$5,940 payable to ECHDA and the County).

8. Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Corporation expects such amounts, if any, to be immaterial.

9. Rental Assistance Agreement

Effective April 1, 2003, the Corporation entered into a Rental Assistance Agreement with RHS that provides subsidy payments for rent on 33 of the 36 units in the Project. The subsidized rent totaled \$137,254 for 2017 (2016 – \$133,339) and represented 56% of the Corporation's operating revenues for the year (2016 – 54%).

Golden Eagle Elderly Housing Corporation
(A Colorado Non-Profit Corporation and
A Component Unit of Eagle County, Colorado)
Schedule of Changes in Net Assets - Budget and Actual
For the Year Ended December 31, 2017
(With Comparative Actual Amounts for 2016)

	<u>2017</u>		<u>Variance Positive (Negative)</u>	<u>2016</u>
	<u>Budget (Unaudited)</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Tenant rents	107,336	107,653	317	111,013
Tenant assistance payments	134,244	137,254	3,010	133,339
Total - Rental revenues	<u>241,580</u>	<u>244,907</u>	<u>3,327</u>	<u>244,352</u>
Miscellaneous	22,272	1,208	(21,064)	1,145
Total Revenues	<u>263,852</u>	<u>246,115</u>	<u>(17,737)</u>	<u>245,497</u>
Expenses:				
Repairs and maintenance:				
Repairs	75,654	28,404	47,250	32,507
Grounds and landscaping	26,450	16,871	9,579	19,264
Total repairs and maintenance	<u>102,104</u>	<u>45,275</u>	<u>56,829</u>	<u>51,771</u>
Utilities:				
Utilities	45,268	45,442	(174)	42,179
General and administration:				
Salaries and wages	37,648	39,068	(1,420)	62,097
Professional services	7,210	7,000	210	7,000
Travel and training	1,140	247	893	688
Office expense	2,347	1,989	358	2,323
Total general and administration	<u>48,345</u>	<u>48,304</u>	<u>41</u>	<u>72,108</u>
Management fees:				
Management fees	8,076	8,076	-	8,076
Insurance:				
Insurance	6,000	6,180	(180)	6,000
Total Operating Expenses	<u>209,793</u>	<u>153,277</u>	<u>56,516</u>	<u>180,134</u>
Income (Loss) from Operations	54,059	92,838	38,779	65,363
Other Income (Expenses):				
Interest income	72	152	80	95
Grant awards and contributions	-	20,500	20,500	-
Depreciation	(80,681)	(84,181)	3,500	(82,916)
Interest subsidy	-	52,534	52,534	51,612
Interest expense	(28,620)	(78,516)	(49,896)	(82,479)
Change in Net Assets	<u>(55,170)</u>	<u>3,327</u>	<u>58,497</u>	<u>(48,325)</u>

The accompanying notes are an integral part of these financial statements.

Golden Eagle Elderly Housing Corporation
(A Colorado Non-Profit Corporation and
A Component Unit of Eagle County, Colorado)
Schedule of Additional Disclosures
For the Year Ended December 31, 2017

Management Fee Calculation

	Total Qualified Units:	<u>36</u>	@ 12 months	432
	Less: Rent-free unit vacancies			<u>-</u>
	Total Occupied Units			<u><u>432</u></u>
	Fee per unit	effective	July 1, 2015	<u><u>\$18.69</u></u>
	Total Management Fee			<u><u>\$8,076</u></u>

Insurance Disclosure

	<u>Deductible</u>	<u>Coverage</u>
Property Coverage on Buildings	\$500	\$150,000 / occurrence
Comprehensive Building Liability	\$500	\$250,000 / occurrence
Crime	\$500	\$150,000 / occurrence

The accompanying notes are an integral part of these financial statements.