

December 26, 2015

Cynthia Coffman, Esq.
Attorney General of the State of Colorado
Ralph L. Carr Colorado Judicial Center
1300 Broadway, 10th Floor
Denver, Colorado 80203

Re: Plan of Conversion – InnovAge

Dear Attorney General Coffman:

We greatly appreciate you attending the public hearing held on December 17, 2015, and the ongoing work by your staff on this matter. Your presence enhanced the value of the hearing and its focus on the issues at hand. This letter is designed to supplement the Master Plan of Conversion filed on October 30, 2015 (the “Plan of Conversion”), by Total Community Options, Inc. (doing business as “InnovAge”), and its non-profit affiliates. Its purpose is to respond to a number of questions your office has raised, and to address certain issues that have been raised by commenters either in written comments or which were raised in the public hearing held on December 17, 2015. This letter also provides some additional information to you with respect to the proposed conversion transaction (the “Conversion”), The InnovAge team would be pleased to meet with you, your staff, or your designated representative, Troy Eid, to discuss the information provided in this letter, or to address any other issues which may have arisen during the course of your review of the Plan of Conversion.

I. Introduction

A. The InnovAge Structure and Program

InnovAge is an organization dedicated to helping seniors and disabled individuals continue living as independently as possible in their homes and communities. Commencing with the creation of its affiliate Seniors Inc!, which began to provide home care in 1969, InnovAge has been a leader in providing a broad spectrum of support services and a continuum of care to aging individuals in Colorado, New Mexico, and more recently in California through a team of approximately 1000 employees and over 100 volunteers.

Through the successful implementation and pursuit of the mission and vision of the organization under the stewardship of its Board of Directors (the “Board”), and currently guided by a management team lead by Maureen Hewitt as the President and Chief Operating Officer, InnovAge has been able to expand its reach and services over time to currently serve over 29,000 seniors annually, and provide a range of services from senior housing to medical care to

assistance with the needs for daily living in their homes. A copy of the most recent annual report detailing the organization and operations of InnovAge and its affiliates is attached as Attachment 1. This means that seniors can lead more rewarding and sustained lives, without the need for residence in a nursing facility, and can stay in their homes. InnovAge also allows seniors to conserve scarce financial resources, and results in the governmental agencies who fund major portions of senior care, the Medicare and Medicaid programs, to save significant amounts of money.

The key to InnovAge's success is its participation in the Program of All-Inclusive Care for the Elderly ("PACE") program (described below) through its affiliates, Total Longterm Care, Inc. operating InnovAge Greater Colorado PACE and InnovAge Greater California PACE and Total Community Care, LLC, operating InnovAge Greater New Mexico PACE. The first InnovAge PACE center opened in Colorado in 1990. This was followed in 2004 with participation in the PACE program in New Mexico, and in 2014, in California. Following the Conversion, InnovAge intends to continue to operate of its three PACE programs, and hopes to expand its operations through the establishment of new PACE programs.

In terms of corporate structure, attached as Attachment 2 is a diagram indicating the relevant corporate entities and their relationship to the parent, InnovAge. The Plan of Conversion sets forth the entities which will be converting to for profit status, and which will become direct, wholly-owned subsidiaries of InnovAge following the completion of the proposed Conversion.

B. The PACE Program and Post-Conversion Monitoring

The focal point of the InnovAge delivery model is its participation in the PACE program. This program is a unique combination of the Medicare and Medicaid programs specifically focused on helping "people meet their health care needs in the community instead of going to a nursing home or other care facility." See Medicare.Gov, PACE. Through participation in a PACE program, qualifying individuals work with a care team, and receive all the care and services covered by Medicare and Medicaid (or potentially more services, even if not covered by those programs but medically necessary). In addition to services such as medical specialty services, PACE programs also provide such things as dental care, hospital care, occupational and physician therapy, nutritional counselling, and all Medicare Part D covered drugs. There are no deductibles or co-payments for any approved drug, service or care. To be a qualifying individual, a PACE plan member must be 55 or older, live in the service area of the PACE organization, need a nursing home level of care (as certified by the State of residence) and be able to live safely in the community. PACE programs have no flexibility in making decisions about who is or is not qualified to participate.

At its outset in 1997, when the PACE program become a permanent part of the Medicare program and a state option, only non-profit entities could operate PACE programs. Congress, however, recognized that the need for capital and other issues suggested that for-profit PACE programs would be valuable contributors to PACE program goals, and authorized a small number of for-profit demonstration programs to be conducted by for-profit entities. In addition, Congress determined that the Secretary of Health and Human Services ("DHHS") would report to Congress on the impact of the demonstration on quality and cost of services. If the report determined that: (a) allowing for-profit entities to operate in the PACE program did not result in

services to a less frail population than the non-profit participants; (b) that access to or quality of care was not lower than non-profit participants; (c) that there was an increase in expenditures; (d) or there was enrollment at levels lower than necessary to reach a determination on these issues, then Congress mandated that the requirement that a PACE organization be a not-for-profit entity would not apply.

In June of 2015, the Secretary of DHHS delivered her Report to Congress (“the Report”). A copy of that report is enclosed. In summary, the Report concluded that for-profit entities did not see less frail individuals, did not result in adverse differences in quality or access, and that expenditures were equal. Thus, in accordance with the provisions of the applicable law, after the delivery of the Report, the requirement that a PACE organization be a not-for-profit entity would no longer apply.

This meant that for-profit entities could now be PACE program participants, subject to the same regulatory oversight and requirements of the program, as well as the need to enter into a PACE Program Agreement with CMS and the State administering agency for operation of the program under Medicare and Medicaid. See generally 42 CFR Part 460. The contents of that PACE program agreement is set forth in applicable regulations, and includes, among other things, a commitment to meet the requirements of all applicable laws, whether Federal, State or local, a participant bill of rights, a statement of the organization policies on eligibility, enrollment, disenrollment, and a statement of the levels of performance required by CMS on standard quality measures. A failure to adhere to these requirements can lead to a contract termination, as well as sanctions and enforcement actions. The regulatory requirements are comprehensive, and include detailed specifications in a number of areas of program operations, including:

- a. Staff qualifications, oversight of direct participant care and fiscal soundness;
- b. Required services, the nature of the care team (interdisciplinary in scope) and plans of care;
- c. Quality assessment and improvement, with minimum requirements, as well as internal quality assessment and performance improvement activities;
- d. Participant qualification, enrollment and disenrollment; and
- e. Monthly monitoring meetings with CMS

The plenary regulatory scheme also includes provisions for federal/state monitoring, as well as the potential, as noted above, for sanctions, enforcement actions and program termination for failures to live up to the contractual and regulatory requirements.

Thus, on an ongoing and comprehensive basis, InnovAge, like other PACE program contractors, is subject to ongoing and detailed oversight in virtually all areas of its operations. In this regard, such a contractual and regulatory scheme, dictated by CMS and implemented by both CMS and the States in which the PACE centers deliver care, creates a monitoring scheme that is more than sufficient to ensure quality patient care will continue to be provided, under a fiscally sound regime, with ample inquiries with respect to access, enrollment, and overall patient care delivery issues. An attempt to create a different or alternative set of standards would both be inconsistent with the program requirements, but also would create an unnecessary and duplicative enforcement and oversight regime, and should be rejected.

Furthermore, we note that there are no requirements in the governing conversion statute for this particular type of conversion, C.R.S. §25.5-5-412 that require that an independent post-conversion agency be appointed to support those served, or that following the conversion there is legal authority for any oversight of the converted assets, i.e. the post-conversion corporate activity.

Notwithstanding the foregoing, we acknowledge that concerns were raised that the influence of for-profit “elements” would likely result in a diminution of the quality of service or some type of “cherry picking” or selection criteria for beneficiaries which would not be in the public interest. While these allegations were wholly unsupported, we think it important to point out that this hypothesis was thoroughly tested. The CMS evaluation of for-profit PACE programs under Section 4808(b) of the Balanced Budget Act of 1997 which was provided to Congress on May 19, 2015 is attached hereto as Attachment 3. The study highlights the fact that the actual experience of for-profit PACE programs demonstrated that for-profit PACE programs are as successful in the provision of care and maintenance of quality as their not-for-profit counterparts. Thus the claimed adverse results have simply not been borne out. Thus, there is no demonstrated need for special or supplemental post-conversion regulatory monitoring, and the existing regulatory oversight framework is quite sufficient.

II. Rationale For the Transaction and the Selection Process

The health care delivery system is in a period of rapid change. The increasing needs for capital investment for information technology, as well as the value that size brings in creating infrastructure, developing a strong management team, and the increasing need for the integration of care delivery along the lines of the PACE program model, dictate that careful consideration must be given by Boards of Directors of health care delivery organizations as to how they are going to meet that challenge going forward. The conclusion for non-profit entities has, in many cases nationally, with representative examples in Colorado, been that access to the opportunities provided by for-profit health care delivery is the optimal approach for both survival and an ability to maintain and grow health care delivery systems and services in the current environment.

Over the past five years, the InnovAge Board has been carefully following these trends and the increasing challenges of operating at its current size and scope. It has done so through many discussions and long term planning and evaluative processes. As a result of those discussions, it concluded that the path most likely to allow the organization to sustain itself, as well as create the opportunity for it to enhance its unique ability to provide care consistent with its mission, was to partner with another party who shared its care delivery vision, and who could provide needed capital, enhanced relationships, and would operate in a manner consistent with the mission of the organization to provide integrated health care to the frail elderly qualifying to be PACE participants.

The InnovAge Board considered a number of opportunities in its decision to find a partner. Initially, the Board approached numerous potential strategic partners, including insurers, health maintenance organizations, and comprehensive health care service providers, both not-for-profit and for-profit entities, to assess the possibility of creating new business development alliances or joint ventures as a means for expansion. The only potentially viable partner was an organization

based in Massachusetts, and the Board decided it was important to it that the strategic partner be willing to operate InnovAge from its existing operational base in Colorado, where InnovAge has most of its employees. The Board was unable to identify any other strategic partner, given the nature of the business of InnovAge, which is part provider and part risk bearing entity, with complementary business activity in low-income housing and other areas.

The Board then approached other non-profit organizations in the space to discuss a merger or potential affiliation. InnovAge also considered acquisition of a health plan. While some of the contacted parties were interested in pursuing a discussion, none were interested in being a capital partner with a non-profit entity, continuing the distinct and important mission of the organization as the focal point of their operations, and continuing the overall organization as an integrated operation, which has been a critical part of the InnovAge success.

Having pursued these avenues unsuccessfully, in December of 2013, the Board concluded both that its conclusion of the need for a capital partner with a compatible vision and focus remained correct, and that it would need to turn to another vibrant part of the health care industry, capital partners in the form of private equity. To that end, it engaged an investment banker, Zeigler Healthcare Corporate Finance, to assist in the partner selection process, through which InnovAge could consider a sale. The investment banker orchestrated a targeted process, reaching out to health services centric financial sponsors. After a review of all potential acquirers, the Board underwent a selection process which included consideration of capital strength, history, potential to assist the organization going forward, experience in the political environment of health care, commitment to the PACE and more particularly the InnovAge vision, willingness to pay a market price, and other factors. Ultimately, this led to a Letter of Intent with Welsh, Carson, Anderson & Stowe ("Welsh") in December of 2014. After intensive negotiations and continued investigation of the process to complete a Conversion, the parties executed a Stock Purchase Agreement on November 25, 2015.

The Board chose Welsh for a number of reasons. Welsh has significant expertise in the elder care and PACE space, and will be prepared to hit the ground running at closing, understanding the nuances of the business and its served population. This will allow for InnovAge to expand quickly following the Conversion, as there will be limited need for a ramp-up period. Welsh also has significant political expertise and has demonstrated an ability to work with CMS and various state governmental health agencies across the country, which will be necessary as InnovAge begins to create new PACE programs in states other than Colorado, New Mexico, and California, where it already has relationships.

In choosing Welsh, the Board recognized that the pure financial consideration to be delivered at closing was both within the range of fair market value for such an organization, but may not have been the absolute highest potential dollar value of the assets to be conveyed. In the view of the Board, there were a series of intangibles which supported this decision. In particular, Welsh agreed to make valuable post-closing commitments which were important to the InnovAge Board. These include: (i) a commitment to maintain the headquarters in Colorado for at least 5 years, (ii) a commitment to maintain the current number of employees of InnovAge and its affiliates for at least 18 months, (iii) a commitment to retain InnovAge's current management, who has been very effective in serving the senior population, following the closing, and, most importantly, (iv) a commitment to make significant additional capital investments in InnovAge

following the closing. In addition, Welsh was prepared to give the Foundation a carried interest which may, in the view of the Board, have very significant future value. Finally, Welsh was prepared to eliminate the potential for any material reduction in the purchase price as the result of changing performance parameters and EBITDA results between that used for the LOI and the closing. Notwithstanding all of the foregoing, the consideration being delivered at closing is fairly valued within approximately 2% of the highest bid, which was from an organization with no history in the PACE arena, and whose culture was not as compatible with that of the organization. InnovAge is prepared to disclose the values of the additional bids on a confidential basis if that would be useful.

III. Description of the Transaction

InnovAge, the Foundation, and Welsh (through two newly formed subsidiaries, TCO Group Holdings, Inc. (“Parent”), a holding company, and TCO Acquisition Corporation (“Buyer”), the entity that will hold the stock of InnovAge following the Conversion) have entered into a Stock Purchase Agreement (“SPA”) dated November 25, 2015, under which Welsh, through its affiliates, will purchase 100% of the outstanding stock of InnovAge upon the Conversion. Subject to the receipt of the necessary regulatory and other approvals (including approval of the Colorado Attorney General, the FTC with respect to anti-trust matters, and other state and federal regulatory agencies), and the fulfillment of any additional requirements set forth in the SPA, InnovAge and its subsidiaries who are not-for profit corporations and limited liability companies, will convert to Colorado for-profit entities in accordance with the Plan of Conversion. At the moment of Conversion, InnovAge will issue 100% of the shares of its outstanding stock directly to the Buyer.

Following the Conversion and the closing of the transactions contemplated by the SPA, InnovAge’s management team and employees will remain in place in order to continue the operation of the business of InnovAge and its affiliates. Welsh has also committed to maintain the headquarters of InnovAge in Colorado following the Conversion for a period of at least five (5) years. Subject to the approval of the Board, Welsh has indicated in the SPA its intent to infuse additional capital into InnovAge in the three (3) years following the closing in order to expand InnovAge, including the acquisition of new PACE program sites and expansion of the existing sites. InnovAge will continue its operations as is, with the following two exceptions: (i) the Foundation will cease to be affiliated with InnovAge and will continue operating as an independent Foundation, to be known as NextFifty Initiative, and (ii) Johnson Adult Day Program will become an affiliate of the Foundation, operated independently from InnovAge. InnovAge and each of the Foundation and Johnson Adult Day Program will enter into Management Services Agreements with InnovAge for a transitional period following the Conversion. The consideration for services provided under these agreements will be validated as being consistent with fair market value.

As contemplated by the SPA, Welsh will transfer to the Foundation the fair value of the InnovAge assets. The Foundation will continue as an independent entity and will provide funding for continued support of the frail elderly community served by InnovAge using the proceeds of the Conversion. As consideration for the acquisition of the stock of InnovAge, the Buyer will pay \$186,378,000 to the Foundation, subject to certain adjustments for expenses, cash and net working capital at closing, and payment of any debt. The calculation of net working

capital and closing cash are addressed in Annexes II and III and Section 2.5 of the SPA. In addition to the purchase price, any cash left in InnovAge (following the defeasance of the outstanding bonds and payment of any additional debt) in excess of statutory amount required to be held by InnovAge for operations, will be distributed to the Foundation as well. The Chief Financial Officer of InnovAge has prepared a summary of InnovAge's cash on hand requirements, which is attached hereto for reference as Attachment 4. Such requirements were considered by VMG in performing its valuation (for additional details on the valuation, see Section IV below).

IV. Valuation

In order to ensure that fair and reasonable compensation was being received for the value of the charitable enterprise, InnovAge retained a respected health care valuation firm, VMG Health ("VMG"). VMG had no prior relationship with InnovAge, and was selected based on research to determine a firm that had appropriate expertise and could render an independent assessment. The approach used by VMG is detailed in its initial (and final) valuation reports, which are attached hereto as Attachment 5. As the reports indicate, the methodology was consistent with standard approaches used in the valuation of health care assets such as those involved in this transaction. VMG has also prepared a summary of its valuation, including an explanation of why the income approach was used and why it is the most appropriate for the business model and how the real estate was considered in the valuation. The summary is attached hereto as well as Attachment 6.

The results of the valuation indicate that it may be anticipated that at closing the consideration paid will be within the reasonable range of values determined by VMG. InnovAge believes that when consideration is given to the intangible factors which led to the selection of Welsh, the transaction is a very good result for both the benefitting foundation, and the State of Colorado.

V. Selection of the Foundation

The InnovAge Board has selected the Total Community Options Foundation (the "Foundation") as the recipient of the proceeds of the transaction to follow approval of the Conversion. This determination has been the product of an extensive and thoughtful process, designed to ensure that the value of the charitable assets created by InnovAge continue to be focused specifically on the same charitable purposes as have driven the organization since its inception, mission-driven senior care and other related initiatives that improve community services directed toward the frail elderly population and associated caregivers. This is best accomplished by funding a foundation dedicated solely to this population, and with a Board and leadership consisting of those individuals single-mindedly focused on this goal. Indeed, this approach is consistent with the application of the cy pres doctrine in Colorado, as your office has pointed out on its website citing *In Re: State of Vallery*, 883 P.2d 24 (1993) indicating the role of the doctrine is to have charitable assets engaged in the use which "comes closest to fulfilling the initial interest of the donor".

In doing so, consistent with the requirements of CRS 25.5-5-42(14)(a)(I)(B), significant due diligence has been conducted by the Board regarding the work of other local and national charities in meeting the needs of the aging population. Following careful review, an informed decision was made by the InnovAge Board that distributing the Conversion proceeds to the

existing, but renamed, Foundation, would have the maximum beneficial impact in a highly focused manner, with great potential to promote the best interests of the under-served aging population historically served by InnovAge. This will be accomplished through a Foundation Board with a broad, community-based body which reasonably represents its diverse constituency taking into account geographic, cultural and other relevant considerations, and directors will be well-qualified to oversee and advance the Foundation's charitable purposes. To this end, the Foundation has provided you with more specific information with respect to its Mission, Board, distribution approach, and related processes.

In the view of the InnovAge Board, the selection of the Foundation is the superior approach for a variety of reasons. First, it will allow the good will and community recognition created by InnovAge to be most easily retained. Second, it funds an organization most focused on the use of the charitable value on the same beneficiaries as benefitted from InnovAge's historical charitable activities.

The InnovAge Board has also, however, required that there be no conflicts of interest between the interests of the for-profit InnovAge entity and the Foundation. There will be no overlap of management. Neither InnovAge management, nor any Welsh representative will serve on the Foundation Board. Following a limited transition period designed to create a physical and operational separation, where services will be provided at fair market value, the Foundation will be operated in a completely segregated fashion from InnovAge's business operations.

InnovAge notes that there is no legal requirement that would either prevent the reconstituted Foundation from serving as the recipient of the funds generated by the Conversion, nor which would require that the funds go to more than one non-profit entity. Instead, InnovAge believes that the value of the assets which it, its Board and its management have created through outstanding performance, should continue to be dedicated to the population which is currently being served, and not another organization with a more diffuse mission, or which is not singly focused on this population.

Finally, we noted the request made by some at the public hearing that the assets created by the transaction should go to an existing non-profit organization which might in some fashion provide support to the elderly. We point out that while the objectors all agreed that there was a need in the frail elderly community for more commitment, none of the organizations were focused solely on the frail elderly, which is the population currently being served.

VI. Distribution of Charitable Assets

One of the issues raised by the commenters is whether the funds of the Foundation should be solely, or almost entirely dedicated to grants or projects in Colorado. InnovAge strongly believes that the Foundation should have the opportunity to distribute the charitable assets of InnovAge in a manner that best meets its mission and supports the target population, regardless of where the proposals may originate. Although the Foundation will give due consideration to the role that Colorado has played in the organization's development and success, the Foundation should be allowed to seek to harness and support development of the best ideas, wherever they are located. If all the charitable assets were required to stay in their place of origin, the New Mexico and California operations (and the value of those assets) would not exist, as those programs were

funded based on proceeds that came out of InnovAge's Colorado operations. Furthermore, the majority of the funds received by InnovAge for operation of the PACE programs did not originate in Colorado. PACE programs are funded overwhelmingly by Medicare (a federal program) and Medicaid. Furthermore, Medicaid support is not entirely from the State of Colorado, but is split between the state and the federal government. The tax free bonds used to finance the facilities were also part of a national market. Thus, it cannot be said that Colorado funded the organization, or even the majority of its funding. The charitable funds should be free to be used to support the same population that supported the PACE Programs; that is to say, the frail and elderly and should have the opportunity to seek creativity and innovation without being specifically limited to use of funds for charitable activities solely located in Colorado.

VII. Lack of Private Inurement

The contemplated Conversion and resulting transaction with Welsh have been free from issues related to any potential private inurement. First, no Board member is receiving any benefits of any kind, and will not be receiving any interest in the converted InnovAge or any Welsh related entity. Second, management, which will be retained, has not been incentivized by InnovAge to close or complete any sale transaction. While there are compensation requirements in existing contracts which must be honored, and which were established prior to the initiation of any negotiations with Welsh, there are no bonuses, or enhanced compensation, due to any member of management as the result of the pending transaction. Third, InnovAge Board of Directors played no role in the negotiation of compensation arrangements post-closing for management with Welsh. That has been an independent discussion and with no overlap of counsel, i.e. the management was separately represented.

VII. Benefit to the State of Colorado

The proposed conversion and related transaction with Welsh will bring significant benefits to the State of Colorado. First and foremost, it will provide the necessary support and resources for InnovAge to continue its mission in a turbulent and changing time in the health care delivery world. By finding a committed capital resource, and a complementary organization, InnovAge fully anticipates being able to more than sustain its ongoing programs in Colorado and the other markets in which it now operates. Importantly, that organization will be headquartered in Colorado (unlike some other conversions which have occurred in Colorado), and its employees and management will remain in Colorado in accordance with the Stock Purchase Agreement. Second, in addition to its own continuing presence in Colorado, there will be created a Foundation which is well funded and committed to benefitting the frail elderly. That Foundation will remain in Colorado, and as a charity in Colorado, subject to the Colorado laws and reporting obligations which apply to such organizations. Third, by marrying capital and expertise, with a successful track record, the stage is set for the development of a major health care company in Colorado, one focused on innovation for a very important population segment in Colorado and elsewhere.

In conclusion, the Board of Directors of InnovAge believes that approval of the Plan of Conversion is in the best interests of the population that it serves and the public interests of the State of Colorado. It looks forward to addressing any additional issues that may arise.

Yours truly,

A handwritten signature in cursive script that reads "Maureen L. Hewitt".

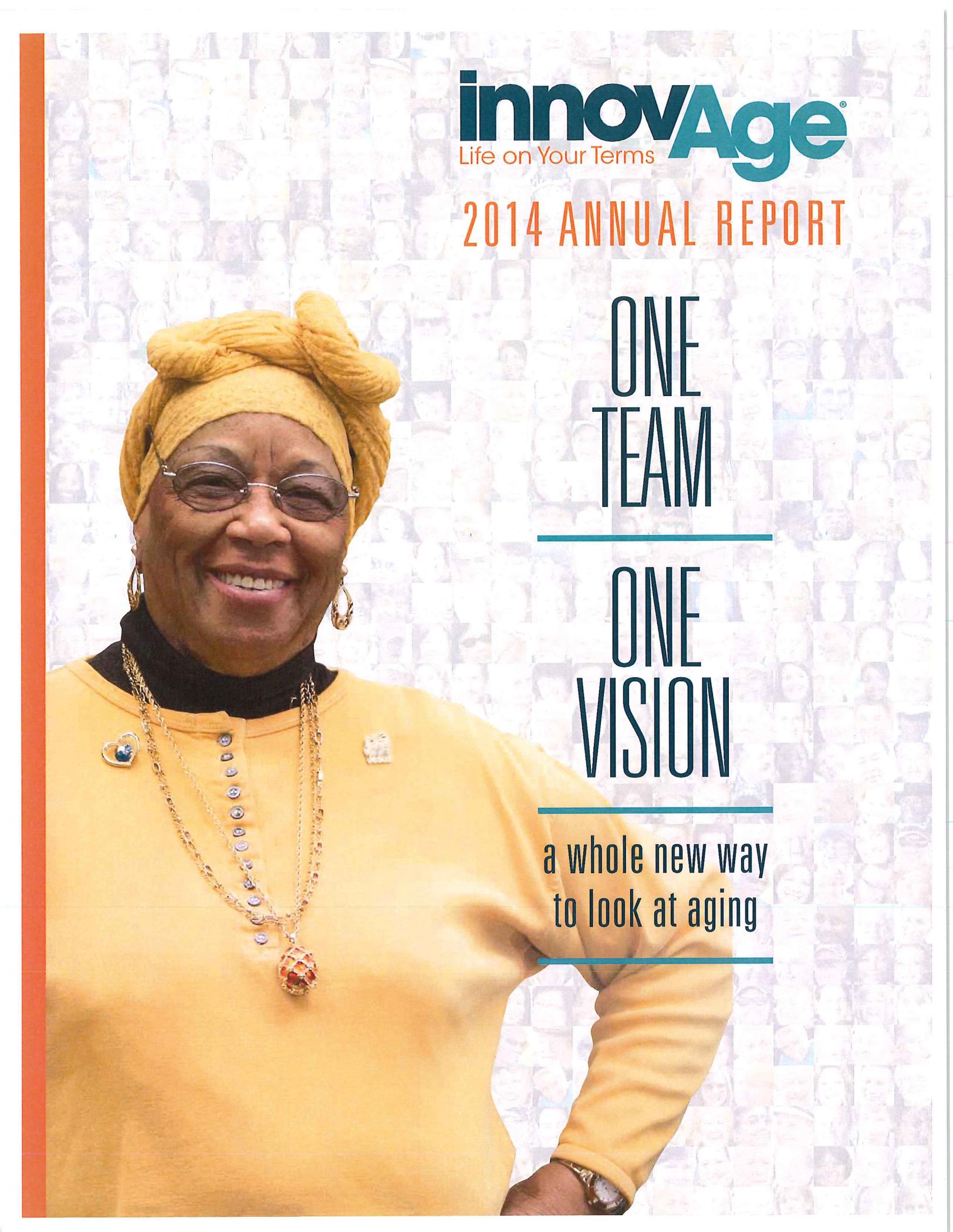
Maureen L. Hewitt
President and Chief Executive Officer of Total Community Options, Inc.

Enclosures

Copy:

W. Eric Kuhn, Esq.
David C. Blake, Esq.
Mr. Troy Eid, Esq.
Jenn Anderson

Attachment 1



innovAge[®]
Life on Your Terms

2014 ANNUAL REPORT

ONE
TEAM

ONE
VISION

a whole new way
to look at aging

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ONE VISION, ONE STORY: Virginia



Virginia, right, with her mother Maria

Virginia Gallegos knew that her career would probably take a backseat to her role as her mother’s caregiver, when her mother was diagnosed in 1997 with the early stages of Alzheimer’s disease. At the time, Virginia worked 60 hours a week for a state legislator and was away from her Albuquerque home two to three months each year to be at the State Capitol. So in 2001 as her mother’s condition worsened, Virginia’s mother came to live with her.

Eventually Virginia landed a new job and started on a whole new career path at the Albuquerque office of United Healthcare; but when that office closed in 2007, she was offered the opportunity to work from her home, which she continues to do today. This gives Virginia a chance to address her mother’s needs during her daily coffee or lunch breaks as needed. In addition, her mother is a participant in the InnovAge Greater New Mexico PACE program. Virginia says she is blessed with her working situation now.

She also acknowledges that the PACE program has helped her deal with the many and unending challenges of caregiving, in addition to providing quality and coordinated healthcare for her mother. “PACE gives me emotional and technical support,” she explains. “I’m just a daughter who loves her mother and had no idea how [difficult] caring for a parent would be. This is something that PACE showed me how to do. They haven’t taught me how to love my mother, but they have given me the tools to love her more. I cannot begin to imagine how adult children are able to care for their parents without the support of a PACE program.”

One Team, One Vision: Message from the President and Board Chair

InnovAge is an organization dedicated to helping seniors and disabled individuals continue living as independently as possible in their homes and communities. Our hard-working team of roughly 100 volunteers and 1,000 employees provides a broad spectrum of support services and a continuum of care to aging individuals in three states.

During our fiscal year 2014—covering July 1, 2013 through June 30, 2014—InnovAge continued to successfully achieve the various goals set for us by our visionary and mission-driven Board of Directors. These achievements are chronicled throughout this *Annual Report* to honor the efforts of our dedicated employees who are working shoulder-to-shoulder today as one team with one vision to provide care, services and affordable housing to increasing numbers of aging individuals and help ensure a successful future for InnovAge.

This year, InnovAge made tremendous strides toward strategically planned expansions that will be detailed throughout this *Report*. Many of them moved from blueprint to reality in fiscal year 2014, and were celebrated with highly successful Grand Opening events to raise awareness among various target audiences and potential participants. In fact, two new InnovAge PACE centers opened: one in central Denver, Colorado and one in San Bernardino, California. You can read more about both standing-room-only Grand Opening events later in this *Report*.

In addition, InnovAge Home Care acquired Aspen Home Health Care, Inc., a skilled home care agency that is providing services to seniors in Colorado's Roaring Fork Valley under the new name of InnovAge Home Care – Aspen. Construction was almost completed on our new InnovAge Senior Housing facility in Thornton, Colorado and we also started designing a building that will become our new PACE center centrally located in Loveland to serve Northern Colorado. All of these strategic expansions enable InnovAge to stay healthy, diversified, and growing, so we can provide better healthcare, affordable housing and quality of life to ever-increasing numbers of those we serve.

OUR TEAM MISSION:
To sustain and enhance
the independence
and quality of life
on their terms
for those we serve.



Maureen

Maureen Hewitt
President and CEO



Janice

Janice Torrez
Board Chairwoman

InnovAge Overview

Our fiscal year 2014 was successful despite healthcare reform and increasing competition in our core business of serving the elderly. Guided by our innovative Board of Directors, InnovAge employees and their leaders focused on our quality, strategic, and business goals, while also integrating into a more effective, cohesive InnovAge team with a shared mission.

Fiscal year 2014 was ultimately a year of strategic expansion; this included adding new locations as well as additional services. Here are some highlights of our expansion program this year:

- InnovAge opened our first PACE Center in California. It is located in San Bernardino to serve the Inland Empire area.
- InnovAge Home Care extended its reach into the western mountains of Colorado by acquiring a skilled home healthcare agency now known as InnovAge Home Care – Aspen.
- Our new central Denver PACE Center moved to a larger site nearby and opened with full services in early October.
- InnovAge developed a new affordable senior housing community in Thornton, Colorado that opened for business in the summer of 2014.
- Expansion of our PACE services into Northern Colorado also progressed this fiscal year with the beginning of redesign on a purchased building and site centrally located in Loveland.
- With a waiting list of more than 300 individuals, our New Mexico PACE program is planning for expansion in Albuquerque as well and is working with the State to increase its enrollments within the current service area.

In addition to adding new locations and facilities, InnovAge also expanded programming. Here are some highlights:

- InnovAge Care Management (ICM) launched its first direct-to-consumer care management product called CareNexus to support individuals and caregivers. ICM also developed a national business-to-business service called ICM Interdisciplinary Solutions for managed care organizations and related providers.
- InnovAge Home Care (IHC) started the process of implementing its Medicare Certification, once Medicare approved IHC's application. The Certification's licensure will allow IHC to eventually provide Medicare Certified home care services along Colorado's Front Range.
- For the second year in a row, InnovAge received certification as a "Leader in Dementia Care" by the Alzheimer's Association, Colorado Chapter. As the largest organization to receive this recognition in the state of Colorado, InnovAge "hands-on" employees are now formally trained in dementia-specifics.

continued



InnovAge Board of Directors

Theresa Donahue

Randy McCall

Janice Torrez
Chairman

Maureen Hewitt
President & CEO

Wendell Pryor

Maureen Hanrahan

Not pictured: Jack Blumenthal, Milt Bollman, Dr. Francis Communale, Joie Glenn, Don Marostica, Bonnie Olsen, Ph.D., Vickie Wickhorst

In addition, this fiscal year saw the upgrade of our Information Technology (IT) infrastructure based on InnovAge business and growth plans. To lead the effort, Kathleen Bennett came aboard as Chief Information Officer. She hired a team of professionals to oversee and operate all InnovAge IT services. They have successfully moved all our technology from the previous outside vendor to in-house. This puts InnovAge in an even stronger position to grow and fulfill our mission by enabling us to serve larger numbers of the elderly population.

In further preparation for this expansion, InnovAge leadership continued to focus on achieving our common goals by reorganizing into business units. Our corporate branding initiative further highlighted the common threads that bind these business units and our affiliate programs together, and new InnovAge signage at all facilities supports the united brand. In addition, increased security measures were implemented at all InnovAge locations this past year, to ensure the safety and well-being of both participants and employees.

Another important initiative for fiscal year 2014 was increasing community awareness of InnovAge programs with select community partners and organizations. Here are just a few that InnovAge supports on a local level:

- **Alzheimer's Association:** In Colorado, New Mexico and California, InnovAge sponsors the Walk to End Alzheimer's and Memories in the Making® program (where available) and Phillip W. Heath, InnovAge Chief Marketing and Sales Officer, sits on the Board of Directors for the Colorado Chapter

continued



New signage at all InnovAge facilities supports our united brand



Increasing community awareness was a focus this year

REVENUES AND OTHER SUPPORT

capitation revenues	
Medicaid	\$100,711,506
Medicare	77,464,850
private pay	627,272
Veterans Administration	567,796
fee for service revenue	
Medicaid	1,013,044
private pay	1,570,873
Single Entry Point	157,894
grant revenues	699,698
net investment return	1,099,590
unrealized gain on beneficial interest in investment pool	3,086,773
net assets released from restriction, used for operations	464,209
other	1,229,454
TOTAL	188,692,959

OPERATING EXPENSES

salaries and wages	44,307,573
employee benefits	10,494,470
participant expenses	
inpatient	38,812,009
outpatient	47,321,293
rent, facility and maintenance	4,636,104
purchased services and contracts	10,435,303
supplies and other	8,231,716
depreciation and amortization	5,321,313
nutrition	1,273,985
interest expense	2,298,468
loss on disposal of capital assets	316,172
provision for uncollectible accounts	126,731
TOTAL	173,575,137

EXCESS OF REVENUES OVER EXPENSES

	15,117,822
unrealized losses	(468,600)
equity contribution	923,998

INCREASE IN UNRESTRICTED NET ASSETS

	15,573,220
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TEMPORARILY RESTRICTED NET ASSETS

contributions	563,267
net assets released from restriction, used for operations	(464,209)
increase in temporarily restricted net assets	99,058

CHANGE IN NET ASSETS

	15,672,278
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InnovAge Overview, continued

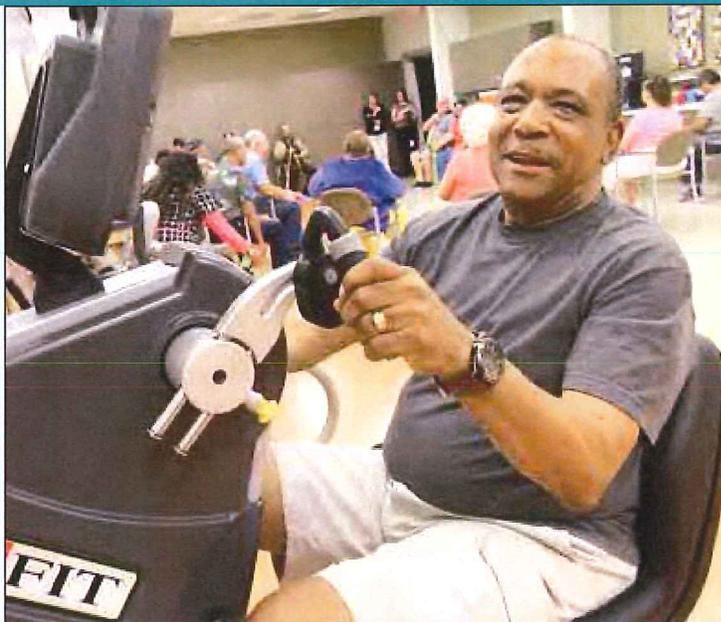
- **Center for African American Health (CAAH):** InnovAge sponsored CAAH's Health Fair in Denver
- **Colorado Latino Leadership, Advocacy & Research Organization (CLLARO):** InnovAge CEO Maureen Hewitt sits on the CLLARO Board of Directors, and InnovAge is a sponsor
- **Housing Colorado:** InnovAge is an organizational sponsor, and Maureen Hewitt, President and CEO, and Darla Goddard, InnovAge VP of Real Estate and Development, both completed multi-year terms on the Board of Directors including holding the highest position of Chairman of the Board
- **International Center for Appropriate & Sustainable Technology (ICAST):** InnovAge CEO Maureen Hewitt sits on the ICAST Board of Directors

For the InnovAge Foundation, fiscal year 2014 maintained a steady level of activity and growth, and continued to provide opportunities to help build awareness for InnovAge:

- Hosted two successful events including the 2013 InnovAge Moonlight Classic and the 2014 InnovAge Golf Classic, presented by Summit Service Group
- Received gifts from more than 300 new donors
- Raised more than \$46,000 for the Helping Hands employee giving program and then distributed close to \$44,000 to program participants and employees in need of emergency assistance
- More than 7,500 volunteer hours of assistance provided an estimated cost savings of approximately \$170,000 for InnovAge programs
- The Foundation has raised more than \$7.1 million in support of InnovAge programming since inception in 2008

With the end of fiscal year 2014, InnovAge is facing head-on the challenges presented by healthcare reform as well as increased competition. Our work is critically important to the individuals we serve, their families and communities, and our vision is to truly make a difference in their lives. We have made notable progress this fiscal year toward expansion of that vision, and we will continue to focus our energies on our quality, strategic, and business goals, so that increasing numbers of individuals will have the opportunity to maintain their independence as they age.

ONE VISION, ONE STORY: Roy



At age 74, Roy Hicks set a goal to focus on his health for a year with the aim of improving his overall well-being. Soon into his personal “year of health” campaign, he learned about InnovAge Greater California PACE (Program of All-inclusive Care for the Elderly), an innovative Medicare program. Mr. Hicks enrolled in the PACE program and began physical therapy to improve his mobility and decrease joint pain. During his stationary bike workouts, he went from being able to spend ten minutes a day on the bike to 70 minutes a day, eliminating shoulder and hip pain that he had lived with for five years. With the help of InnovAge Greater California PACE, Roy Hicks says he is on target to achieving his healthcare goals—goals that his InnovAge Interdisciplinary Team share and support.

InnovAge Greater California PACE – Inland Empire

Our brand new PACE center located in San Bernardino, California is opening in two phases. With Phase I construction complete, the center started serving participants in April 2014 in the Inland Empire, which includes San Bernardino and Riverside counties, where there is tremendous need for PACE services. The new Regional Executive Director, Maria Zamora-Hughes, took the helm of this new center in July 2014, bringing extensive experience and extraordinary leadership skills to the California team, strengthened and enhanced during her three-year tenure leading our New Mexico PACE program.

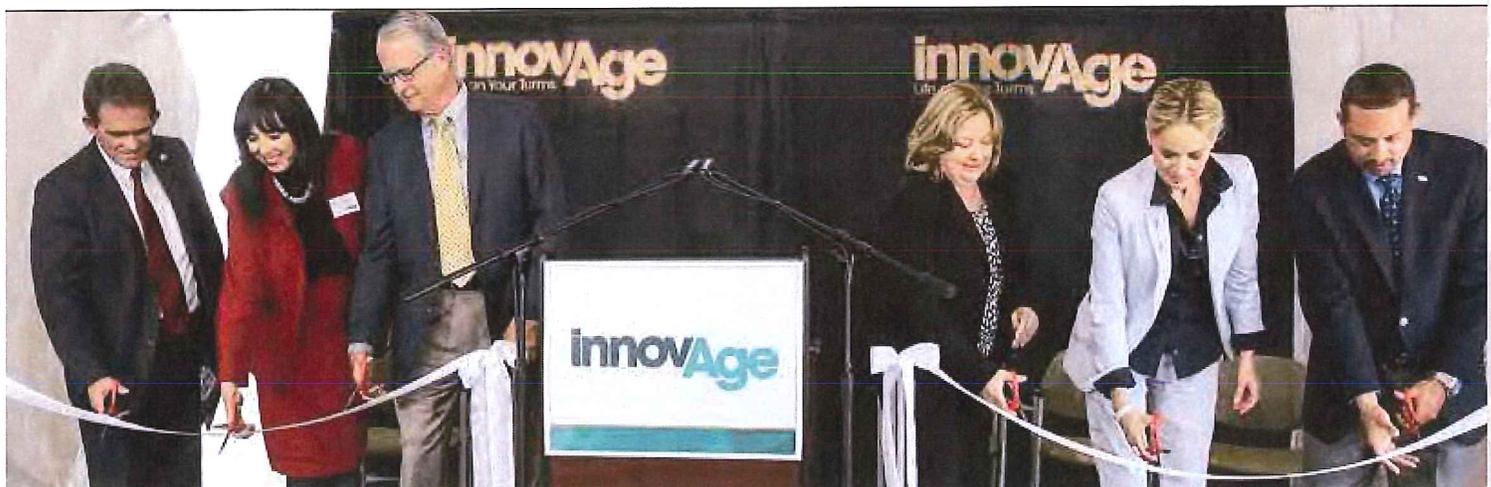
When both phases are complete, this state-of-the-art facility will offer a welcoming, comfortable and safe home-away-from-home for 2,000 to 3,000 elderly participants annually and will employ 400 to 500 people, bringing much needed professional jobs to the Inland Empire. When both phases are complete, this center could potentially help InnovAge double the number of PACE participants we serve in total.

The formal Grand Opening was held on April 23, 2014 when a number of community, industry and elected dignitaries joined together to celebrate the new center's opening with a capacity crowd and a symbolic ribbon-cutting [see photo below]. The mid-day event was also covered by the local and Los Angeles news media, helping raise awareness of the new center with various target audiences and potential participants. Special guests included:

- Featured speaker **Ms. Sharon Stone**—Hollywood icon, Golden Globe-winning actress, and 2013 Nobel Peace Summit Award Laureate
- Featured speaker **Mr. Kish Rajan**—Director of the Governor's Office of Business and Economic Development
- Former California State Senator **Bill Emmerson** received special recognition from InnovAge for his support of the PACE program in California
- San Bernardino Mayor **Carey Davis**
- **Janice Rutherford**, Chair of the San Bernardino Board of Supervisors
- Supervisor **Josie Gonzales**
- Many of the InnovAge Board of Directors and the InnovAge Foundation Board of Directors also helped host the event, along with President and CEO **Maureen Hewitt** and InnovAge Board Chair **Janice Torrez**



The formal Grand Opening event brought many diverse groups together and raised awareness of this new PACE program in the community



InnovAge Greater Colorado PACE

InnovAge Greater Colorado PACE (IGCP) experienced several high points in fiscal year 2014, as we strove to improve our efficiency and our customer service, and serve even more frail elderly participants through our Program of All-inclusive Care for the Elderly (PACE).

Our Denver PACE center (formerly known as Capitol Center) reached capacity in recent years, necessitating expansion of its facilities to meet increasing demand for PACE services in the central Denver area. The new replacement adult day/health center is located just three miles south of its previous location and started serving participants in October 2013.

Now called IGCP – Denver, the center’s formal Grand Opening was held on January 24, 2014 and was attended by a standing-room-only crowd that included community, industry and elected dignitaries. Michael Bennet, United States Senator for Colorado, was the featured speaker and guest of honor [see photo at right]. The audience was also introduced to the new Center Director, Clifton Waters. This larger facility doubles our participant capacity in the central Denver area to 1,000, and will eventually employ more than 200 professionals.

Another high point for InnovAge Greater Colorado PACE was the progress made toward expanding PACE services into Northern Colorado. Officially called InnovAge Greater Colorado PACE – North, this 20,000 square foot facility is centrally located in Loveland and slated to open in 2015 [see artist’s rendering below]. Currently under construction, this center will serve counties and zip codes that include the cities of Fort Collins, Loveland, and Greeley.

As the year unfolded, IGCP also started preparations to apply for certification as a Patient-Centered Medical Home (PCMH), a system of comprehensive primary care services that has been widely accepted as a top health policy priority in Federal circles. In many ways, PCMH is very similar to the Care Planning process that is a cornerstone of the PACE program. This PCMH certification will not only powerfully illustrate our organizational excellence to external audiences, but it will also lead to better internal systems and greater employee satisfaction.

U.S. Senator Michael Bennet addressed the capacity crowd from the podium at the Denver Center Grand Opening



UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT

capitation revenues	
Medicaid	\$88,851,773
Medicare	64,621,397
private pay	521,422
Veterans Administration	567,796
grant revenues	250,727
net investment return	989,823
unrealized gain on beneficial interest in investment pool	2,428,180
other	171,982
TOTAL	158,403,100

OPERATING EXPENSES

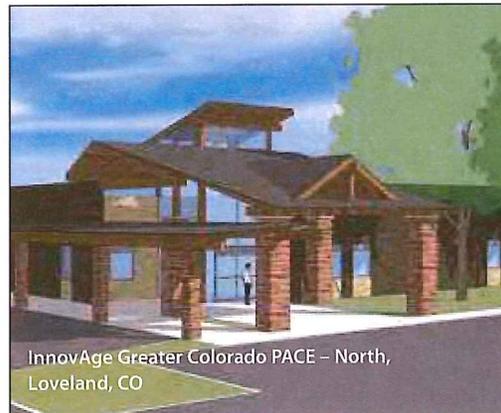
salaries and wages	25,404,744
employee benefits	5,959,295
participant expenses	
inpatient	33,090,431
outpatient	40,231,154
rent, facility and maintenance	3,312,352
purchased services and contracts	4,618,956
supplies and other	3,866,390
depreciation and amortization	3,928,739
nutrition	954,394
interest expense	1,995,187
loss on disposal of capital assets	231,465
provision for uncollectible accounts	117,328
allocations	20,698,348
TOTAL	144,408,783

OPERATING INCOME 13,994,317

OTHER INCOME

change in interest in net assets of CCH	26,537
excess of revenue over expenses	14,020,854
unrealized losses	(468,458)

INCREASE IN UNRESTRICTED NET ASSETS 13,552,396



InnovAge Greater Colorado PACE – North, Loveland, CO

InnovAge Greater New Mexico PACE

As New Mexico's first PACE provider, InnovAge Greater New Mexico PACE (IGNMP) provides and coordinates a broad spectrum of healthcare services for aging adults in the Albuquerque PACE service area, so they can remain living as independently as possible in their own homes and communities. In fiscal year 2014 and under the continued leadership of Regional Executive Director Maria Zamora-Hughes, the program focused on delivering high quality care and planning for expansion.

Now in its tenth year, IGNMP has been so well received and successful that there are currently more than 300 aging individuals on a waiting list to enroll, and the list has been growing year after year. With the goal of being able to eventually serve all these qualified seniors, InnovAge leadership continues working with the State of New Mexico toward an approved increase in enrollments within IGNMP's current PACE service area. In addition, the fledgling volunteer program—created in fiscal year 2013 when IGNMP joined forces with the InnovAge Foundation's Volunteer Services—really began to flourish in this, its second year. The program's objective is to engage volunteers as well as the community at large. The volunteers have been a welcome addition to the IGNMP team and five of them have donated more than 200 total hours of time this fiscal year, which contributed to a cost savings of more than \$5,000 for the center.



UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT

capitation revenues	
Medicaid	\$11,859,733
Medicare	12,843,453
private pay	105,850
net investment return	107,888
unrealized gain on beneficial interest in investment pool	658,593
other	10,927
TOTAL	25,586,444

OPERATING EXPENSES

salaries and wages	4,726,023
employee benefits	1,063,160
participant expenses	
inpatient	5,721,578
outpatient	7,090,139
rent, facility and maintenance	481,072
purchased services and contracts	513,917
supplies and other	761,728
depreciation and amortization	160,578
nutrition	242,904
interest expense	271
loss on disposal of capital assets	2,623
allocations	2,404,462
TOTAL	23,168,455

OPERATING INCOME **2,417,989**

EXCESS OF REVENUE OVER EXPENSES **2,417,989**

INCREASE IN UNRESTRICTED NET ASSETS **2,417,989**

InnovAge Home Care

Serving Colorado since 1969, InnovAge Home Care (IHC) contributes in-home skilled and non-skilled care and other direct support to the InnovAge portfolio of aging services, and fiscal year 2014 was a noteworthy year for this affiliate program, with Ross Guillen coming aboard as Executive Director in October 2013.

The primary focus in the Denver area this past year was the ongoing implementation of IHC’s Medicare Certification, after Medicare approved the initial application. The Certification’s licensure resides in the IHC office located at the InnovAge Greater Colorado PACE – Thornton Center, and it allows IHC to eventually provide Medicare Certified home care services along Colorado’s Front Range.

InnovAge Home Care also acquired Aspen Home Health Care, Inc., a skilled home care agency that provided services in several mountain counties in Colorado for almost a decade. Through this acquisition, IHC is now serving clients from Aspen to Glenwood Springs and Vail to Parachute, an area known locally as the Roaring Fork Valley. Under the leadership of new administrator Christine Demers, RN, this acquisition, now known as InnovAge Home Care – Aspen, widens IHC’s reach into the mountains west of Denver.

IHC’s other skilled care agency, InnovAge Home Care North (IHCN), serves Northern Colorado, with new administrator Sara Hornbacher, RN, at the helm. To further expand the agency’s reach into the Northern region, IHCN moved its license to Loveland in the summer of 2014, with staff and operations housed in a temporary office space there, and with the Estes Park office remaining open as well. The long-term plan is for the permanent Loveland office to be housed in the new InnovAge Greater Colorado PACE – North Center currently under construction, with the Estes Park facility also remaining open to serve clients in the area.

UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT	
fee for service revenue	
Medicaid	\$789,984
private pay	1,628,739
grant revenues	585,448
net investment return	1,765
other	149,567
TOTAL	3,155,503

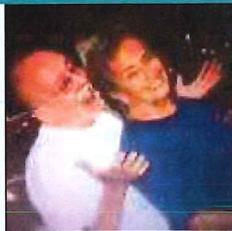
OPERATING EXPENSES	
salaries and wages	2,591,172
employee benefits	506,654
rent, facility and maintenance	57,646
purchased services and contracts	320,130
supplies and other	383,730
depreciation and amortization	52,507
interest expense	16,223
loss on disposal of capital assets	82,084
provision for doubtful accounts	(7,347)
allocations	547,914
TOTAL	4,550,713

OPERATING LOSS (1,395,210)

DEFICIENCY OF REVENUE OVER EXPENSES (1,395,210)

DECREASE IN UNRESTRICTED NET ASSETS (1,395,210)

ONE VISION, ONE STORY: Jacque



Vibrant and a lover of life, Jacque Everhart is in her seventies and has been married to her husband Gary for more than 20 years. They are extremely involved in their community and embrace the great outdoors. In December 2000, they moved from Austin, Texas to Cañon City, Colorado to be closer to their daughter who lives in Boulder. The Everharts take advantage of the Colorado lifestyle by camping, hiking and “rock-hounding.” They also volunteer at Sangre de Cristo Hospice and at their church. Based upon their busy lifestyle, one would never know that they have their own ailments and struggles.

“Gary has COPD and is on oxygen at night, and I have strong reactions to chemicals, which trigger my asthma,” says Jacque. “The things that I can’t do—like cleaning in enclosed rooms—InnovAge Home Care (IHC) handles.” The Everharts’ Personal Care Worker cleans, vacuums and handles anything that kicks up exhaust or involves chemicals. “If I had to suffer from upper respiratory infections, I would not have the time or energy to do anything else,” explains Jacque. She also appreciates the IHC – Pueblo staff who schedule her appointments: “They are very helpful, flexible and make the service possible.” In addition, during the recovery period after her knee replacement, IHC also provided Jacque with assistance on a number of other household chores. Jacque has been receiving services from InnovAge Home Care – Pueblo for more than three years now and applauds the staff’s reliability, trustworthiness and efficiency.

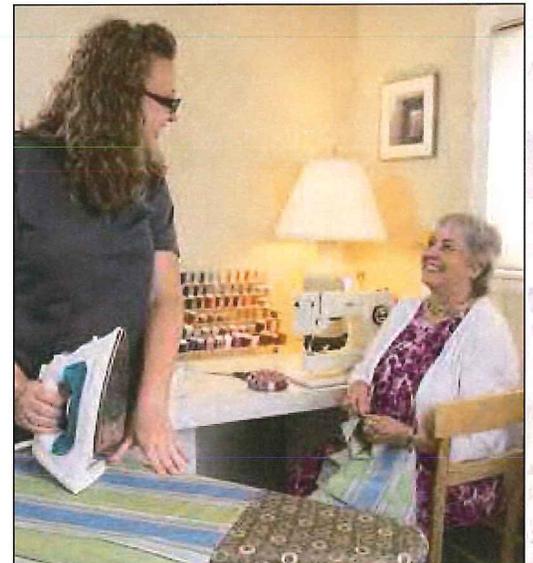
InnovAge Care Management

InnovAge Care Management (ICM) is the single source for customized solutions to help aging adults and their caregivers live life on their terms. ICM works with individuals and families in Colorado to assess home and healthcare needs and goals through a set of clinically developed pathways. The primary platform for ICM is the Care Navigation Center (CNC), whose capacity increased over the fiscal year, with an estimated 800 to 900 phone calls managed on a monthly basis. In addition, CNC's Care Advocates provisioned nearly \$40 million in InnovAge services to the Colorado PACE program, InnovAge Home Care, and InnovAge Johnson Adult Day Program.

As the year unfolded, the membership of CareNexus—ICM's first product launch—grew slowly but steadily. Nearly 200 CareNexus members have benefited from a telephone assessment by ICM staff. In addition, ICM staff have made referrals that provide support outside of

InnovAge program capabilities to trusted community partners; these partners will, in turn, provide services to CareNexus members as well as promote CareNexus to others. Overall, the market response has been positive despite the program's position as a relatively new concept in the senior healthcare marketplace.

In addition, ICM Interdisciplinary Solutions recently launched its national marketing strategy. ICM exhibited at and sponsored three major conferences during the summer of 2014. ICM also conducted preliminary meetings with local and national healthcare companies who have elderly members or patients. Our value proposition of managing the high cost aging population with high touch, high intensity care management has been well received by all audiences to date. ICM's first contract with managed care should be executed in fiscal year 2015.



InnovAge Johnson Adult Day Program

InnovAge Johnson Adult Day Program (IJADP) operates a well respected day center in the Denver metro area to meet the needs of those who suffer from memory loss and dementia, those with physical impairments such as Parkinson’s and Multiple Sclerosis, and their respective caregivers. Although in continuous operation for 31 years, IJADP’s fiscal year 2014 was significant for this longstanding program in various ways.

New Executive Director Tia Saucedo successfully guided the center and her team through a transitional period after an extensive remodel. The upgrades include flooring, lighting, walls, décor, kitchen, and a more modern participant restroom facility. In addition, the center now boasts brand new features, such as movable walls and dedicated space for a hair salon, a massage studio, an Internet café and a staff lounge. One of the highlights of the remodel is the “Giving Garden,” the distinctive donor recognition wall that graces the new lobby. To help spread the word about the center’s exciting renovation, a video tour of the facility was also produced this year.

IJADP staff members have been adjusting the format of the center’s programming to take advantage of more space and innovative features. They are offering new activities to accommodate the various levels of participant abilities and needs. These include different kinds of art projects and small group interactions to help build better relationships. The center also continues to offer an extensive Day Trip program for higher functioning participants.

UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT

fee for service revenue	
Medicaid	\$221,362
private pay	484,615
grant revenues	312,059
other	6,274
TOTAL	1,024,310

OPERATING EXPENSES

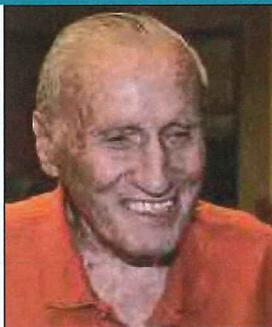
salaries and wages	484,538
employee benefits	140,801
rent, facility and maintenance	100,761
purchased services and contracts	60,535
supplies and other	46,347
depreciation and amortization	90,319
nutrition	76,687
provision for uncollectible accounts	13,570
allocations	99,999
TOTAL	1,113,557

OPERATING LOSS (89,247)

DEFICIENCY OF REVENUE OVER EXPENSES (89,247)

DECREASE IN UNRESTRICTED NET ASSETS (89,247)

ONE VISION, ONE STORY: George



George Rusch, recently crowned the InnovAge Johnson Adult Day Program (IJADP) 2014 Senior Prom King, is no stranger to the bright lights. George grew up in the San Francisco Bay Area and raised two girls in the Napa Valley, but it was the stars who came out at night that drew him to Los Angeles. “He liked the nightlife” and spent time with the so-called “Rat Pack” member Peter Lawford and screen star Marilyn Monroe, says George’s daughter Carolyn Rusch Whitehurst.

As the King of 2014 IJADP Senior Prom, George, 88, took center stage once more. “He loves singing and dancing there,” Carolyn says of IJADP. “He loves Irish tunes and the old standards.” But it wasn’t always that way. When Marjorie, George’s wife of 53 years, passed away in 2011, Carolyn became his full-time caregiver and they moved to Colorado from Tennessee. “Dad would take off and wander,” she explains. “He had fallen three different times, and had to be rescued by neighbors or the ambulance.” In 2013, George’s doctor recommended that he try IJADP, an InnovAge facility that cares for those with dementia and Alzheimer’s disease. The day program also offers important respite for caregivers like Carolyn. “Being in the house full-time with someone who doesn’t really hold a conversation...it’s very isolating. The IJADP program allows me [the freedom] to have a little bit of a life outside my house,” she says gratefully.

Today, both Carolyn and George are doing well after settling into his routine at IJADP, where George, a veteran of the Korean War and the United States Merchant Marines, attends twice a week. “It gives him a social life,” according to Carolyn. “He likes the staff and is cheerful at the end of a day spent there!”

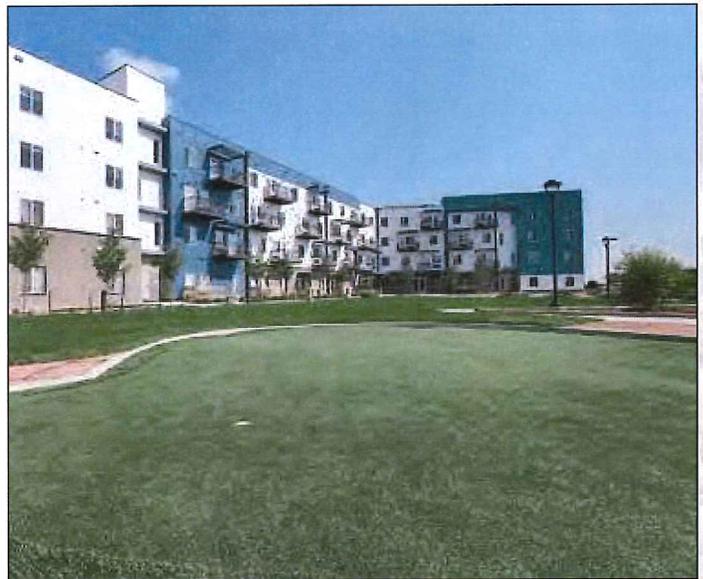
InnovAge Senior Housing – Thornton

This new facility offers affordable independent senior housing in Thornton, Colorado and has been heartily welcomed there for addressing the need for senior housing that fosters independent living in a community environment. A symbolic groundbreaking was held in November 2013 [see photo below, left] that was attended by the Mayor of Thornton Heidi Williams, the Thornton City Manager Jack Ethredge, two members of the Thornton City Council, InnovAge President and CEO Maureen Hewitt, and the local media who covered the event.

Open for business in the summer of 2014, this community is conveniently located less than one mile from our InnovAge Greater Colorado PACE – Thornton Center to allow easy access for PACE-qualified residents. At 73,000 square feet, it is four-stories high, and contains 50 one-bedroom units and 22 two-bedroom units with a wide array of desirable features. Two elevators service the building and other amenities inside include: a sunny garden room, beauty salon, activities room, theater room, community kitchen, dining room and other gathering places. Outdoor amenities include: spacious parking lot, large courtyard, golfer's putting green, community gardens and fruit tree grove, and a dog park. At our publication date, all 72 apartments in this just-opened community were completely occupied by qualified residents.



NOW OPEN: and already completely occupied



InnovAge Senior Housing – Pinewood

Joining InnovAge as a partner in January 2009, InnovAge Senior Housing – Pinewood added affordable independent housing to the InnovAge family of senior services and programs. In fiscal year 2014 and under the continued leadership of Community Manager John Revels, Pinewood facilitated a five percent increase in the number of PACE participants housed there over the previous year, with the longer-term plan of continually increasing the percentage annually. Very recently, John also handed the reins of Pinewood over to new Community Manager Kelley Agnew, who brings a great deal of property management experience to the company.

Also with the goal of maintaining a consistently high occupancy rate of 100 percent, Pinewood added more high-quality and engaging activities for residents, including some card games that have proved very popular. Located in Aurora, Colorado very near our Lowry Administrative Offices, Pinewood was the first step in a comprehensive strategy to add affordable housing into the InnovAge mix of services for aging individuals. Pinewood's continued success prompted InnovAge to develop a similar facility in the north Denver suburb of Thornton [see page 13].

REVENUES AND OTHER SUPPORT

net investment return	\$114
rental income and other	856,897
TOTAL	857,011

OPERATING EXPENSES

salaries and wages	109,257
employee benefits	23,236
rent, facility and maintenance	171,861
purchased services and contracts	112,151
supplies and other	60,671
depreciation and amortization	402,622
interest expense	285,412
provision for uncollectible accounts	3,082
allocations	35,000
TOTAL	1,203,292

OPERATING LOSS (346,281)

DEFICIENCY OF REVENUE OVER EXPENSES (346,281)

DECREASE IN UNRESTRICTED NET ASSETS (346,281)



InnovAge Foundation

For the InnovAge Foundation, fiscal year 2014 maintained a steady level of activity and growth, and continued to provide opportunities to help raise awareness of InnovAge and our programs. The Foundation hosted the InnovAge Moonlight Classic bike ride with close to 3,200 registrants braving a strong rainstorm to participate in the 21st annual event that takes riders through the moonlit streets of Denver every summer. Presented by Summit Service Group, the InnovAge Golf Classic was held at the renowned Arrowhead Golf Club and attended by more than 100 golfers who enjoyed a spring afternoon on one of Colorado's most beautiful courses. In addition to the larger events, the Foundation also began a series of Board-hosted cultivation events.

InnovAge employees generously contributed more than \$46,000 this fiscal year to Helping Hands, the employee giving program designed to help InnovAge participants, clients, and staff who find themselves with unanticipated financial emergencies. The Foundation continued to receive support from area funders for InnovAge Johnson Adult Day Program (IJADP) and InnovAge Home Care (IHC), as well as the expansion of the InnovAge PACE Program to Northern Colorado. The coordinated fundraising efforts provided by the Foundation allow InnovAge program staff to focus solely on the direct services and care they provide, rather than having to generate funding.

continued

The InnovAge Foundation seeks to educate the community as well as secure financial support from a variety of sources to include individuals, corporations, and foundations. The Foundation's operations are fully subsidized by InnovAge, which ensures that 100 percent of all funding received is restricted for program support as directed by each donor. The Foundation works collaboratively within the InnovAge organization to ensure proper gift administration and that all financial transactions are completed ensuring donor intent is executed in its entirety.

REVENUES AND OTHER SUPPORT

net assets released from restriction	\$464,209
other	36,033
TOTAL	500,242

OPERATING EXPENSES

salaries and wages	393,115
employee benefits	74,880
rent, facility and maintenance	34
purchased services and contracts	98,134
supplies and other	267,467
depreciation and amortization	380
grant expense	448,536
TOTAL	1,282,546

DEFICIENCY OF REVENUE OVER EXPENSES

(782,304)

DECREASE IN UNRESTRICTED NET ASSETS

(782,304)

TEMPORARILY RESTRICTED NET ASSETS

contributions	563,267
net assets released from restriction used for operations	(464,209)
increase in temporarily restricted net assets	99,058

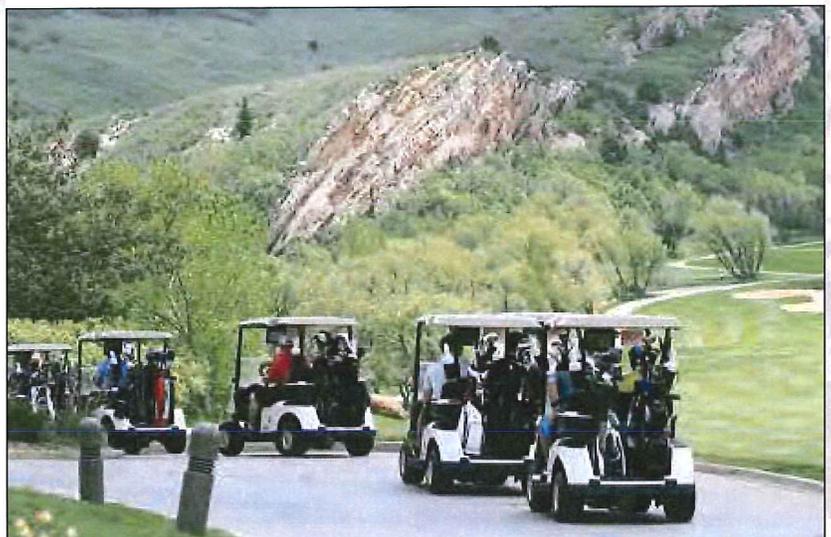
CHANGE IN NET ASSETS

(683,246)

Close to 3,200 bike riders participated in the 2013 Moonlight Classic ride through Downtown Denver



More than 100 golfers enjoyed the InnovAge Golf Classic at Arrowhead Golf Club



InnovAge Foundation, continued

The Volunteer Services program was supported by 100 volunteers in fiscal year 2014, collectively giving more than 7,500 hours of assistance and providing an estimated cost savings of more than \$170,000 to be reinvested into InnovAge programs. The Volunteer program also partnered with other organizations and corporations and provided single-day-of-service volunteer projects.

In addition this year, YIPE (Young Innovative Professionals Engage) was launched, providing a new generation of leaders, volunteers and donors with the opportunity to grow professionally and personally, while supporting our mission. The YIPE team also hosted its first event, the Brew Classic, as well as leadership training and social activities.

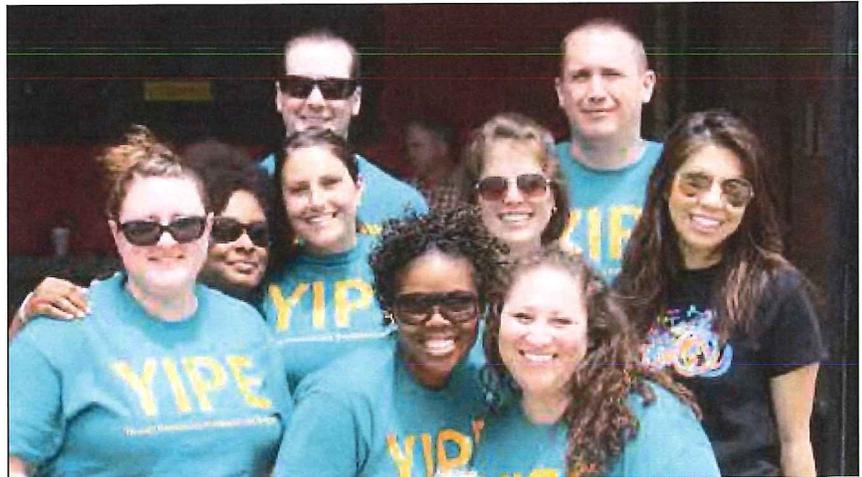
As the year unfolded, exploration for fundraising in New Mexico and California continued, and in the coming year more attention will be paid to Foundation efforts in all of the regions where InnovAge provides services. Lastly, the Foundation continued to add members to our Board of Directors and focused on raising awareness and financial support. The majority of the gifts to the Foundation were restricted and directed to a designated program, and the operational needs of the Foundation were not supported through fundraising efforts. Since its inception in 2008, the Foundation has raised more than \$7.1 million in support of InnovAge programming.

InnovAge Foundation Board of Directors

Wendell Pryor, *Chairman*
 Mala Alvey
 Parrish Boren
 Marco Chayet
 Greg Ibsen
 Jill Higham
 Tim Owen
 Steve Travers, CRS
 Steven White Jr.



The Volunteer Services Program worked on special projects with volunteers from several organizations, including KeyBank, pictured here for their "KeyBank Neighbors Make the Difference® Day"



A Sincere Thank You to our Generous Donors

We are truly grateful to all who give so generously to help aging and disabled individuals live more independent and fulfilling lives. Your support of the InnovAge Foundation, InnovAge Home Care, InnovAge Johnson Adult Day Program, InnovAge Greater Colorado PACE, InnovAge Greater California PACE and InnovAge Greater New Mexico PACE truly makes a difference in the lives of so many. The following companies, foundations, individuals and InnovAge employees made financial contributions in fiscal year 2014.

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A participant at InnovAge Johnson Adult Day Program admires The Giving Garden there, the donor recognition wall that graces the center's new lobby



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ONE VISION, ONE STORY: Debbie

InnovAge has impacted Debbie Trujillo's life and given her peace of mind. Debbie finds that the staff at InnovAge Greater Colorado PACE – Thornton (Program of All-inclusive Care for the Elderly) care deeply about her mom, Fay Armendariz. Peace comes from knowing that her mom is not alone all day and is interacting with people who understand her and her diagnosis of dementia. Debbie shares, "Prior to InnovAge my mom was not happy; she was angry and did not understand what was happening. We had a hard time keeping up with her various doctor appointments, so having everything in one place has made our lives easier."

Debbie loves that the InnovAge Greater Colorado PACE Center is close to where she lives. She also appreciates the doctor, the social worker and the open communication. Debbie finds that the staff at the Thornton Center treat Fay with dignity and respect, as she is kept busy and is fed a nutritious meal. According to Debbie, the care at the Center is convenient, very professional, helpful, supportive and inclusive. To say the least, Debbie is a big supporter of InnovAge and has referred others. She wants people to have the same peace that she has. "It is truly a blessing to have someone who can be an advocate and understand what we caregivers are going through."



"I know my mom is in a good place; this gives me peace within. The care she is given is the utmost, which allows me to engage and focus at my place of work. It would be difficult to continue my career if InnovAge was not here to help."

—Debbie Trujillo

continued next page

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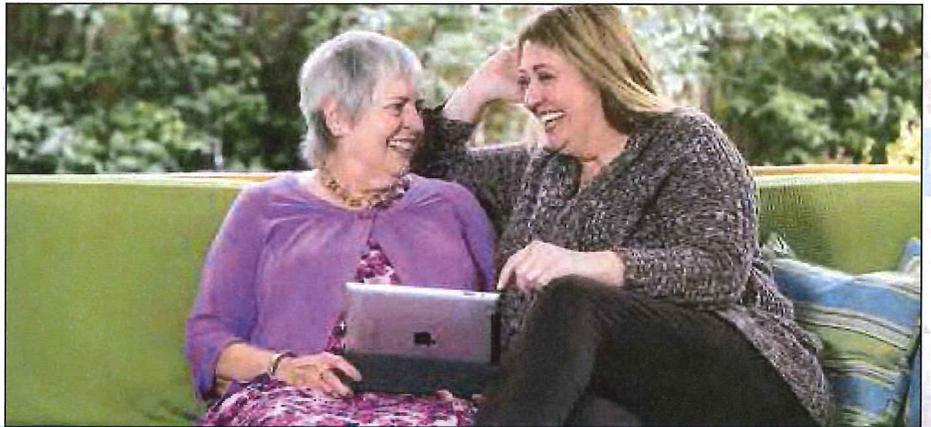
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Debbie's daily caregiving routine involves waking up early and calling her mom to make sure she is up and getting ready for her day at InnovAge. Debbie calls her mom again around the time she needs to take her medicine and then again around 4:00 p.m., soon after she returns from the PACE Center. Since Fay does not live with Debbie, they communicate over the phone every evening. In fact, they talk at least five times every night, as it is common for Fay to forget that they just spoke. Although Debbie holds a full-time position as the Community Relations Director for KeyBank, sits on three boards, and cares for her disabled brother, she makes time to visit Fay regularly, takes her to the grocery store and to church, and spends quality time with her on the weekends.

Some of Debbie's biggest challenges are feeling alone in her caregiver role and the guilt that comes with not imparting her full attention to her mom. Debbie reflects, "InnovAge has stepped in so I can continue with my different roles and not feel entirely guilty. I think all caregivers feel a sense of guilt." Through the ups and downs, she has learned much and the experience of role reversal has been difficult, yet eye opening. "I have realized that Mom needs to be told every day that she is loved. She has given me so much of herself and it is time for me to give myself to her."

As for herself, "When I think about the future, I do worry, but I now have the resources to take care of myself. And as I grow to better understand mom's illness, I am able to share this knowledge with my children." For other caregivers, Debbie advises that they ask a lot of questions, love their aging family member and find a good support system for their loved one. "When it gets difficult, remind yourself that life is short. One day at a time...God gives you the strength to see it through."



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