



Senior Services
of Snohomish County

***SENIOR SERVICES OF SNOHOMISH
COUNTY AND SUBSIDIARIES***

Consolidated Financial Statements

For the Year Ended December 31, 2010

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Independent Auditors' Report***Board of Directors
Senior Services of Snohomish County and Subsidiaries
Mukilteo, Washington***Certified Public
Accountants
and Consultants

We have audited the accompanying consolidated statement of financial position of Senior Services of Snohomish County and Subsidiaries (the Organization) as of December 31, 2010, and the related consolidated statement of activities and changes in net assets and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 23 to 27 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CLARK NUBER

Certified Public
Accountants
and Consultants

We also audited the adjustments described in Notes 9 and 10 that were applied to restate the December 31, 2009, net asset balances. These adjustments included a restatement due to a change in accounting policy and a prior period adjustment due to a correction of a misstatement. In our opinion, the adjustments were appropriate and were properly applied. The previously issued 2009 financial statements and independent auditors' report dated February 7, 2011, as it relates to the misstatement, are not to be relied on, as the previously issued 2009 financial statements were materially misstated. Please see prior year Finding 2009-02 referenced in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated February 7, 2011. A current year finding was not reported, as management discovered this misstatement in the prior year and resolved it in the current year.

In accordance with *Government Auditing Standards*, we have also issued our report, dated September 23, 2011, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Clark Nuber P.S.

Certified Public Accountants
September 23, 2011

SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES

Consolidated Statement of Financial Position

Assets

December 31, 2010

	<u>2010</u>
Current Assets:	
Cash and cash equivalents	\$ 821,613
Grants and contracts receivable	1,288,067
Accounts receivable	237,192
Pledges receivable	71,421
Inventory	34,127
Prepaid expenses and other assets	<u>191,720</u>
Total Current Assets	2,644,140
Restricted cash	2,908,286
Capitalized loan fees, net	621,572
Land held for sale	21,093
Property and Equipment:	
Land - rental property	8,457,367
Rental property	52,553,756
Leasehold improvements	490,627
Automotive equipment	706,102
Furnishings and equipment	247,104
Less accumulated depreciation	<u>(16,706,811)</u>
Property and equipment, net	45,748,145
Automotive equipment - non-owned	430,236
Less accumulated depreciation - non-owned	<u>(244,170)</u>
Automotive equipment - non-owned, net	<u>186,066</u>
Total Property and Equipment	45,934,211
Total Assets	<u>\$ 52,129,302</u>

See accompanying notes.

SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES

Consolidated Statement of Financial Position

Liabilities

December 31, 2010

	<u>2010</u>
Current Liabilities:	
Accounts payable	\$ 382,781
Accrued employee salaries and benefits	636,716
Tenant security deposits	178,744
Current portion of long-term debt	197,527
Current portion of accrued interest	120,870
Other accrued liabilities	<u>86,142</u>
Total Current Liabilities	1,602,780
Accrued interest, net of current portion	15,027
Housing development notes payable and long-term debt, net of current portion	<u>14,604,303</u>
Total Liabilities	16,222,110
Net Assets:	
Unrestricted-	
Controlling interest	2,025,334
Noncontrolling interest	<u>7,197,274</u>
Total unrestricted	9,222,608
Temporarily restricted	<u>26,684,584</u>
Total Net Assets	35,907,192
Total Liabilities and Net Assets	<u><u>\$ 52,129,302</u></u>

See accompanying notes.

SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES

**Consolidated Statement of Activities
For the Year Ended December 31, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2010</u>
Operating Support and Revenue:			
United Way	\$ 124,670	\$ -	\$ 124,670
Contributions	651,871	758,999	1,410,870
Rental income	4,171,077		4,171,077
Professional fees	284,174		284,174
Government grants and contracts	10,576,186		10,576,186
Interest income	9,609		9,609
Sales, special event, advertising and other income	792,500		792,500
Net assets released from restriction	1,094,721	(1,094,721)	
Total Operating Support and Revenue	17,704,808	(335,722)	17,369,086
Operating Expenses:			
Program Services-			
Social services	1,678,499		1,678,499
Nutrition services	1,811,200		1,811,200
Transportation services	6,902,783		6,902,783
Housing services	5,560,661		5,560,661
Housing development	87,077		87,077
Total Program Services	16,040,220		16,040,220
Supporting Services-			
Administration	1,283,184		1,283,184
Fundraising and public relations	445,516		445,516
Total Supporting Services	1,728,700		1,728,700
Total Operating Expenses	17,768,920		17,768,920
Change in Net Assets from Operating Activities	(64,112)	(335,722)	(399,834)
Non-Operating Activities:			
Capital campaign contributions		160,407	160,407
Capital campaign expenses	(173,007)		(173,007)
Total Change in Net Assets from Non-Operating Activities	(173,007)	160,407	(12,600)
Total Change in Net Assets	(237,119)	(175,315)	(412,434)
Noncontrolling interest in net losses of subsidiaries	329,802		329,802
Total Change in Net Assets Excluding Noncontrolling Interest	\$ 92,683	\$ (175,315)	\$ (82,632)

See accompanying notes.

SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES

**Consolidated Statement of Changes in Net Assets
For the Year Ended December 31, 2010**

	<i>Unrestricted</i>			<i>Temporarily Restricted</i>	<i>Total</i>
	<i>Controlling Interest</i>	<i>Noncontrolling Interest</i>	<i>Total</i>		
Beginning of Year Net Assets, Before Change in Accounting Policy Adjustment, as restated (Note 9)	\$ (4,951,176)	\$ 7,527,076	\$ 2,575,900	\$ 859,859	\$ 3,435,759
Forgivable loan reclassified to net assets (Note 8)	6,883,827		6,883,827	26,000,040	32,883,867
Beginning of year net assets, as adjusted	1,932,651	7,527,076	9,459,727	26,859,899	36,319,626
Change in net assets excluding noncontrolling interest	92,683		92,683	(175,315)	(82,632)
Change in net assets from noncontrolling interests		(329,802)	(329,802)		(329,802)
Total Change in Net Assets	92,683	(329,802)	(237,119)	(175,315)	(412,434)
End of Year Net Assets	\$ 2,025,334	\$ 7,197,274	\$ 9,222,608	\$ 26,684,584	\$ 35,907,192

See accompanying notes.

SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES

**Consolidated Statement of Cash Flows
For the Year Ended December 31, 2010**

	<u>2010</u>
Cash Flows from Operating Activities:	
Change in net assets	\$ (412,434)
Adjustments to reconcile change in net assets to net cash provided by operating activities-	
Contributions restricted for acquisition of long-term assets	(160,407)
Depreciation and amortization	1,710,770
Changes in operating assets and liabilities:	
Accounts receivable	257,283
Pledges receivable	(28,452)
Inventory	6,710
Prepaid expenses and other assets	14,505
Restricted cash	(614,024)
Accounts payable	(159,667)
Accrued employee salaries and benefits	(153,738)
Tenant security deposits	18,613
Accrued interest	68,568
Other accrued liabilities	4,103
Cash Provided by Operating Activities	551,830
Cash Flows from Investing Activities:	
Net withdrawals from restricted reserves	(380,942)
Financing costs paid	(209,254)
Purchase of property and equipment	(3,343,024)
Cash Used by Investing Activities	(3,933,220)
Cash Flows from Financing Activities:	
Receipts of contributions restricted for acquisition of long-term assets	97,982
Payments on long-term debt	(178,641)
Proceeds from long-term debt	3,850,000
Cash Provided by Financing Activities	3,769,341
Net Increase in Cash and Cash Equivalents	387,951
Cash and cash equivalents, beginning of year	433,662
Cash and Cash Equivalents, End of Year	\$ 821,613
Supplemental Cash Flow Information:	
Cash paid during the year for interest	\$ 755,839

See accompanying notes.

SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Year Ended December 31, 2010

Note 1 - Nature of the Organization

Principles of Consolidation - The consolidated financial statements of Senior Services of Snohomish County consolidate the financial statements of Senior Services of Snohomish County and its subsidiaries (collectively, the Organization), in which Senior Services of Snohomish County controls and has an economic interest. Inter-organization accounts and transactions have been eliminated in the consolidation.

Senior Services of Snohomish County (Senior Services) is a Washington nonprofit corporation formed in 1973.

The following is a listing of the consolidated subsidiaries of Senior Services of Snohomish County:

Broadway Meadows Not-For-Profit (Broadway Meadows) is a 501(c)(3) nonprofit corporation that was formed in 1996. Broadway Meadows has a 0.10% general partner interest in Broadway Meadows Limited Partnership, The Meadows II Limited Partnership, and The Meadows III Limited Partnership, and a 0.01% interest in Pepperwood Limited Partnership.

Lake Woods II Not-For-Profit is a 501(c)(3) nonprofit corporation that was formed in 1994. Lake Woods II has a 1.0% general partner interest in the Lake Woods II Seniors Limited Partnership.

Silver Lake Cottages LLC is a Washington State limited liability company that was formed in 2008 to own and operate low-income housing.

Members of the board of directors of the Organization have also formed eleven nonprofit corporations funded by the United States Department of Housing and Urban Development (HUD) and five tax credit limited partnerships to build and own apartment buildings specifically for low-income senior citizens and handicapped individuals which have been consolidated into the statements of Senior Services of Snohomish County.

The nonprofit corporations, which have been awarded contracts with HUD, are as follows:

- Evergreen Court Senior Housing Association
- Evergreen Village Senior Housing Association
- Hawkins House Senior Housing Association
- Lake Woods Senior Housing Association of Snohomish County
- Lynn Crest Senior Housing Association
- Lynn Woods Senior Housing Association of Snohomish County
- Meadow Park Senior Housing Association
- Scriber Pointe Senior Housing Association
- Senior Housing Association of Snohomish County
- Silver Lake Senior Housing Association
- Silver View Senior Housing Association
- Village East Senior Housing Association

SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Year Ended December 31, 2010

Note 1 - Continued

The limited partnerships, which have been awarded low-income housing tax credits through the Washington State Housing Finance Commission, are as follows:

- Broadway Meadows Limited Partnership
- Lake Woods II Seniors Limited Partnership
- The Meadows II Limited Partnership
- The Meadows III Limited Partnership
- Pepperwood Limited Partnership

The Organization is dedicated to providing services to senior citizens and handicapped persons residing in Snohomish County through the following programs:

Social Services - Senior Information and Assistance (Senior I&A) provides a central source of up-to-date resources for seniors.

Senior Peer Counseling trains senior volunteers to provide supportive counseling to other seniors in Snohomish County.

Geriatric Depression Screening promotes healthy aging and helps prevent or reduce the effects of depression in older adults through education, screening, counseling and referral.

Service coordinators provide a life line to residents living in senior housing by advocating on their behalf and connecting them to services.

Statewide Health Insurance Benefits Advisors (SHIBA-Helpline) and Pharmacy Connections is part of a statewide network of extensively trained volunteers who educate and assist consumers on health insurance options. The impact of high prescription drug costs for low-income older adults can be financially devastating. There are many prescription drug discount programs available that are difficult to understand and access. The Organization's Pharmacy Connection program helps senior citizens access these programs.

The Family Caregiver Program helps families cope with caregiving by providing information and supportive counseling that reduces stress and burnout.

The Senior Source Newspaper educates and informs readers by presenting information that reflects the diverse interests and needs of the senior community. Published monthly, each issue captures a broad range of subjects, resources and activities that increase social connections and enhance independent living.

The Senior Source Resource Guide is an annual publication that provides information about resources available to Snohomish County seniors.

Nutrition - Meals on Wheels strives to improve the health and quality of life by delivering prepared meals to frail homebound senior citizens' homes.

Senior Dining provides meals in a group setting at thirteen locations, including five ethnic meal sites, (Korean, Chinese, Filipino, Vietnamese, and American Indian), to reduce isolation and improve health for seniors.

SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Year Ended December 31, 2010

Note 1 - Continued

Senior Farmer's Market provides home deliveries of fresh produce and vouchers that can be redeemed by senior citizens at local farmers' markets and roadside stands.

Transportation - Dial-A-Ride Transportation (DART) provides a paratransit program for people whose disabilities prevent them from riding Community Transit's fixed route bus service. With a fleet of wheelchair accessible vehicles operating seven days a week, DART provides transportation for people with disabilities to enhance their ability to maintain independence.

Transportation Assistance Program (TAP) provides accessible transportation, particularly in rural Snohomish County, for older adults and people with disabilities who do not qualify for DART.

Ethnic Meal Site Transportation gives minority elders the opportunity to come together on a regular basis for culturally appropriate meals, socialization and social services.

Housing Services and Development - Minor Home Repairs assists senior homeowners maintain a safe and healthy home to allow them to continue living in their own homes.

The Organization develops and manages a variety of housing options for low-income individuals fifty-five years and older. One and two bedroom apartments are located in Everett, Lynnwood, Monroe, and Silver Lake with handicap accessibility, close proximity to services, and common areas for special gatherings with friends and family. At December 31, 2010, the Organization managed seventeen residential apartment buildings that provide low-income senior housing.

The Organization also provides consulting services to other nonprofit organizations in the development of HUD section 202 Supportive Housing for the Elderly.

Revenue is derived from grants, contributions, and fees for services and contributions from providing the above services.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting - The Organization prepares its consolidated financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. As of December 31, 2010, the Organization had no permanently restricted net assets.

SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Year Ended December 31, 2010

Note 2 - Continued

Restricted and Unrestricted Revenue and Support - Contributions are recognized as revenue in the period the gift or the promise to give is received and are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily restricted or permanently restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restriction.

Cash and Cash Equivalents - For the purpose of the consolidated statement of cash flows, the Organization considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash and cash equivalents. Cash and cash equivalents held by financial institutions at times exceed federally insured limits.

Restricted Cash - Restricted cash is held in separate bank accounts and is not available for operating purposes. At December 31, 2010, restricted cash consisted of tenant security deposits of \$178,744, required replacement, and debt covenant reserves related to the various rental properties of \$2,729,542.

Receivables - Grants, contracts, pledges, and accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. Based on prior experience, management has determined that expected losses on balances outstanding were immaterial at December 31, 2010. Accordingly, no allowance for doubtful accounts has been recorded.

Inventory - Inventory consists of food and supplies and is stated at the lower of cost (determined on the first in, first out method) or market.

Property and Equipment - Property and equipment are recorded at cost, or if donated, at the approximate fair value at the date of donation. Fixed assets with a useful life of more than one year and a cost or donated fair value greater than \$1,000 are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Depreciation has been provided for furnishings and equipment on the straight-line basis over three to ten years. Depreciation has been provided for automotive equipment on the straight-line basis over lives of five years. Depreciation has been provided for buildings on a straight-line basis over forty years. Leasehold improvements have been amortized over the shorter of the assets' useful lives or the lease term.

The Organization's transportation program has the use of vehicles owned by the state. The title of these vehicles is transferred to the Organization after five years of service. To provide a more informative presentation of these assets in the consolidated financial statements, the Organization records such equipment and any accumulated depreciation as "non-owned" temporarily restricted net assets. At such time that title passes and no further restrictions are in effect, the equipment is transferred from the "non-owned" classification to the "owned" classification.

SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Year Ended December 31, 2010

Note 2 - Continued

Functional Allocation of Expenses - The costs of providing the Organization's various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising Costs - The Organization uses advertising to communicate information about services available to the populations needing those services. Advertising costs are expensed as they are incurred.

In-Kind Donations - Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. In-kind contributions of \$27,429 received during the year ended December 31, 2010, consisted primarily of donated food and supplies. In-kind donations are included in contributions on the consolidated statement of activities. No amounts have been reflected in the financial statements for donated services, as they do not meet the recognition criteria outlined in generally accepted accounting principles; however, a substantial number of volunteers have donated significant amounts of their time in the Organization's program services and fundraising efforts.

Operating and Non-Operating Activities - All activities of the Organization are considered operating except for revenues and expenses related to the capital campaign.

Federal Income Tax - Senior Services, Broadway Meadows Not-For-Profit, Lake Woods II Not-For-Profit, Evergreen Court Senior Housing Association, Evergreen Village Senior Housing Association, Hawkins House Senior Housing Association, Lake Woods Senior Housing Association of Snohomish County, Lynn Crest Senior Housing Association, Lynn Woods Senior Housing Association of Snohomish County, Meadow Park Senior Housing Association, Scriber Pointe Senior Housing Association, Senior Housing Association of Snohomish County, Silver Lake Senior Housing Association, Silver View Senior Housing Association and Village East Senior Housing Association have been notified by the Internal Revenue Service they are exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. Silver Lake Cottages LLC, is treated as a disregarded entity for federal income tax purposes and therefore income or loss is included in Senior Services' tax return. Broadway Meadows Limited Partnership, Lake Woods II Seniors Limited Partnership, The Meadows II Limited Partnership, The Meadows III Limited Partnership and Pepperwood Limited Partnership have no provision or benefit for income taxes included in these financial statements since taxable income or loss passes through to, and is reportable by, each partner or member individually. However, the Organization files income tax returns with the U.S. government.

The Organization is subject to income tax examinations for the current year and certain prior years based on the applicable laws and regulations.

Impairment of Real Estate - The Organization reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the net assets to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the real estate is considered impaired, the impairment to be recognized is measured at the amount by which the carrying amount exceeds the fair value as determined from the appraisal, discounted cash flows analysis, or other valuation technique. There was no impairment loss recognized for the year ended December 31, 2010.

SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Year Ended December 31, 2010

Note 2 - Continued

Use of Estimates - The preparation of consolidated 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 consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events - The Organization has evaluated subsequent events through September 23, 2011, the date on which the consolidated financial statements were available to be issued.

Note 3 - Long-Term Debt

Long-term debt consisted of the following at December 31, 2010:

Senior Services of Snohomish County:

Note payable to Washington State Department of Commerce through the Housing Trust Fund; bears interest at 1% per annum; principal and interest payments are due quarterly through maturity in 2059; collateralized by real property. The property is to be used for low-income housing for the entire term of the note, otherwise the lender will be entitled to the unpaid balance, accrued interest and a prorated share of the appreciated value of the property. \$ 517,719

Bank note payable with monthly principal and interest payments at 7% through maturity in June 2012; collateralized by personal property of the Organization. 78,934

Note payable to Washington State Housing and Finance Commission; monthly interest and principal payments at 4.62% starting July 15, 2015; collateralized by Tall Firs real property; maturing July 1, 2044. 2,850,000

Note payable to Washington State Housing and Finance Commission; interest accrues at 1.0% per annum; collateralized by Tall Firs real property; principal and interest due at maturity July 1, 2044. 1,000,000

Note payable to the City of Everett; interest accrues monthly at 3.0% per annum; collateralized by real property; principal and interest due at maturity in 2033. 200,000

Silver Lake Cottages:

Bank note payable with monthly interest only payments; interest accrues at 6.5% per annum; collateralized by real property; maturing in 2013. 1,000,000

SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Year Ended December 31, 2010

Note 3 - Continued

Lake Woods II Seniors LP:

Note payable to Pacific Insurance Co. in monthly installments of \$8,455, including interest at 8.36%; final payment due May 1, 2030; secured by a deed of trust. 969,293

Note payable to State of Washington Department of Commerce, 2% annual interest rate; annual payment of \$7,860 maturing in December 2045; secured by a deed of trust. 200,351

Note payable to Snohomish County; non-interest bearing, due at maturity in December 2035; secured by a deed of trust. 294,075

Broadway Meadows LP:

Note payable to Pacific Life in monthly installments of \$5,053 including interest at 8.79%; final payment due October 1, 2028; secured by first deed of trust. 545,156

Note payable to State of Washington Department of Commerce with annual installments of \$15,613, including interest of 2%, through December 31, 2008; loan was amended beginning January 1, 2009, to increase proceeds by \$68,000 and reduce interest rate to 1% resulting in annual payments of \$15,078 with the final payment due December 31, 2048; secured by deed of trust. 474,725

The Meadows II LP:

Mortgage payable to Pacific Life in the original amount of \$640,000; payable in monthly installments of \$5,053 including interest at 7.79%; final payment due December 1, 2029; secured by first deed of trust. 545,813

Mortgage payable to State of Washington Department of Commerce in the original amount of \$457,100; payable in annual installments of interest only of \$9,142; beginning September 30, 2010, annual installments of principal and interest of \$16,710, interest at 2%; final payment due at maturity, September 2048; secured by deed of trust. 449,532

The Meadows III LP:

Note payable to Pacific Life in monthly installments of \$5,071 including interest at 8.83% per annum; secured by a deed of trust; due December 1, 2030. 570,587

Note payable to Federal Home Loan Bank, non-interest bearing, unsecured and due September 2050. 124,000

Note payable to State of Washington Department of Commerce, annual payments of \$7,160 including interest at 2%, secured by a deed of trust; due September 30, 2050. 195,874

SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES

**Notes to Consolidated Financial Statements
For the Year Ended December 31, 2010**

Note 3 - Continued

Pepperwood LP:

Note payable to Washington Community Reinvestment Association, interest at 7%, monthly payments of \$6,320 until maturity, October 1, 2035; collateralized by investment in real estate. 892,036

Note payable to Washington State Department of Commerce; interest at 1%; annual payments of \$9,950 until maturity, September 30, 2055; the 2008, 2009 and 2010 payments were deferred with permission of the lender; collateralized by investment in real estate. 371,668

Note payable to Snohomish County; original amount \$250,000; no interest; principal due at maturity, August 2054; collateralized by investment in real estate. 249,900

Lynn Woods Apartments - HUD Project 127-11135:

Mortgage payable to CW Capital LLC, interest at 6.1%, monthly payments of \$9,060 until maturity November 1, 2041; secured by deed of trust and HUD-FHA insurance. 1,510,645

Silver Lake Senior Housing Association:

Section 207/223(f) HUD insured mortgage payable to CW Capital LLC, interest at 6.30%, monthly payments of \$9,386 until maturity November 30, 2041; secured by deed of trust. 1,631,522

Evergreen Village Senior Apartments - HUD Project 127-EE024:

Loan agreement with the State of Washington Department of Commerce. The note is secured by the property, building and equipment. This note bears no interest and a lump-sum repayment is due May 31, 2043. 130,000

14,801,830

Less current portion of debt (197,527)

Non-Current Portion of Long-Term Debt **\$ 14,604,303**

SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Year Ended December 31, 2010

Note 3 - Continued

Interest expense totaled \$673,007 for the year ended December 31, 2010. Interest has not been imputed on any of the above loans as the interest rates are set by governmental entities and carry legal restrictions. The restrictions require the Organization to use the property for low-income housing, as defined by the loans' regulatory agreements.

Aggregate principal maturities of the debt are as follows at December 31:

2011	\$ 197,527
2012	1,181,893
2013	164,143
2014	174,348
2015	1,685,345
Thereafter	<u>11,398,574</u>
Total Long-Term Debt	<u><u>\$ 14,801,830</u></u>

Note 4 - Temporarily Restricted Net Assets

Net assets were temporarily restricted for the following purposes at December 31, 2010:

Forgivable loans	\$ 25,551,791
Meals on wheels	784,337
Transportation service program	186,067
Capital campaign	<u>162,389</u>
Total Temporarily Restricted Net Assets	<u><u>\$ 26,684,584</u></u>

Temporarily restricted net assets totaling \$269,131 were released from purpose restrictions and \$825,590 was released from time restrictions during the year ended December 31, 2010.

Note 5 - Profit Sharing Plan

Senior Services of Snohomish County has a qualified defined-contribution profit sharing plan (the Plan). The Organization may elect to make contributions to the Plan in an amount determined by the Board of Directors. Employer contributions made are allocated to eligible participants on a pro rata basis in proportion to each participant's total annual compensation. All contributions made to the Plan are invested under the direction of the participants. All regular employees who have completed 900 hours of service during the allocation period are eligible to receive the employer contribution. Employer contributions totaled \$62,851 for the year ended December 31, 2010.

SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Year Ended December 31, 2010

Note 6 - Lease Commitments

The Organization has entered into certain non-cancelable operating leases for office space and equipment. The minimum future rental commitment under the operating leases as of December 31, 2010 is as follows:

2011	\$ 380,410
2012	327,650
2013	6,360
2014	<u>2,694</u>
Total Lease Commitment	<u><u>\$ 717,114</u></u>

Certain leases require the Organization to pay taxes and other expenses. Rental expense incurred totaled \$492,131 for the year ended December 31, 2010.

Note 7 - Commitments, Contingencies and Concentrations

Broadway Meadows Not-For-Profit has a general partnership interest in four low-income housing limited partnerships, and Lake Woods II Not-For-Profit has a general partnership interest in one low-income housing limited partnership, as described in Note 1. In addition, the Organization executed sponsor guarantee agreements guaranteeing against operating deficits and reduced tax benefits.

The Organization receives a substantial amount of its support from local, state and federal governmental agencies. For the year ended December 31, 2010, support from governmental agencies totaled 72% of total revenues. Receivables related to government agencies accounted for 76% of the Organization's total accounts receivable at December 31, 2010. Amounts received are subject to audit and adjustments by the grantor agency. Any disallowed cost, including amounts already collected, may constitute a liability for the Organization. The amounts, if any, of expenditures that may be disallowed by the grantor are recorded at the time that such amounts can be reasonably determined, normally upon notification by the governmental agency. During the year ended December 31, 2010, no adjustments were made.

Approximately 37% of the Organization's labor force is covered by a collective bargaining agreement. The current agreement is in effect through September 30, 2011.

Note 8 - Forgivable Loans

The Organization has received forgivable loans to help fund various facility projects. Under terms of the agreements, the proceeds must be used for the specific purpose intended in the loan documents. As management believes the conditions related to these loans are being met and are likely to continue to be met, the proceeds from these forgivable loans have been recognized as temporarily restricted revenues (Note 4). The restricted balances are being released over the terms of the agreements. The original loan balance is due on demand and in some cases the funders' prorated share of accumulated appreciation would also be due should the Organization sell the property or fall out of compliance with the specified use restriction. As of December 31, 2010, the Organization is in compliance with the restrictions. Each forgivable loan has specific agreements and covenants surrounding the use of the property and the terms of forgiveness depend upon adherence to the terms.

SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Year Ended December 31, 2010

Note 8 - Continued

Forgivable loans that represent contingent liabilities consist of the following at December 31, 2010:

Senior Services:

Note payable to Snohomish County under the Federal HOME program in conjunction with the Evergreen Cottages low-income housing project; bears no interest as long as the Organization is not in default of note covenants; collateralized by a deed of trust on the Evergreen Cottages property; forgiven at maturity, in 2048, provided the Organization complies with all loan terms.

\$ 647,150

Lake Woods II Not-for-Profit:

Note payable to a bank for Affordable Housing Program (AHP) loan received from the Federal Home Loan Bank (FHLB); bears no interest provided the Organization provides 51 units of low income housing to the elderly for 51 years; forgiven at maturity, in 2046, provided the Organization complies with all loan terms.

147,000

Broadway Meadows Not-for-Profit:

Note payable to a bank for an AHP loan received from the FHLB in conjunction with the Broadway Meadows I low-income housing project; bears no interest provided the Organization provides 51 units of low-income housing to the elderly for 51 years; forgiven at maturity, in 2049, provided the Organization complies with all loan terms.

149,900

Note payable to Snohomish County under the Federal HOME program in conjunction with the Broadway Meadows I low-income housing project; bears no interest as long as the Organization is not in default of note covenants; collateralized by a deed of trust on the Broadway Meadows property; forgiven at maturity, in 2048, provided the Organization complies with all loan terms.

225,000

Note payable to a bank for an AHP loan received from the FHLB in conjunction with The Meadows II low-income housing project; bears no interest provided the Organization provides 51 units of low-income housing to the elderly for 51 years; forgiven at maturity, in 2049, provided the Organization complies with all loan terms.

149,900

Note payable to Snohomish County under the Federal HOME program in conjunction with the Broadway Meadows II low-income housing project; bears no interest as long as the Organization is not in default of note covenants; collateralized by a deed of trust on the Broadway Meadows II property; forgiven at maturity, in 2039, provided the Organization complies with all loan terms.

225,000

SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES

**Notes to Consolidated Financial Statements
For the Year Ended December 31, 2010**

Note 8 - Continued

Note payable to Snohomish County under the Federal HOME program in conjunction with the Broadway Meadows III low-income housing project; bears no interest as long as the Organization is not in default of note covenants; collateralized by a deed of trust on the Broadway Meadows III property; forgiven at maturity, in 2039, provided the Organization complies with all loan terms. 349,000

Lynn Woods Apartments - HUD Project 127-11135:

Note payable to Snohomish County under the Federal HOME program; bears no interest as long as the Organization is not in default of note covenants; collateralized by a deed of trust on the property; forgiven at maturity, in 2048, provided the Organization complies with all loan terms. 343,965

Silver Woods Apartments - HUD Project 127-11136:

Note payable to Snohomish County under the Federal HOME program; bears no interest as long as the Organization is not in default of note covenants; collateralized by a deed of trust on the property; forgiven at maturity, in 2034, provided the Organization complies with all loan terms. 398,079

Lake Woods Senior Apartments - HUD Project 127-EH145:

Note payable to Snohomish County under the Federal HOME program; bears no interest as long as the Organization is not in default of note covenants; collateralized by a deed of trust on the property; forgiven at maturity, in 2032, provided the Organization complies with all loan terms. 2,675,200

Lynn Crest Senior Apartments - HUD Project 127-EE006:

Note payable to Snohomish County under the Federal HOME program; bears no interest as long as the Organization is not in default of note covenants; collateralized by a deed of trust on the property; forgiven at maturity, in 2034, provided the Organization complies with all loan terms. 2,480,000

Silver View Senior Apartments - HUD Project 127-EE011:

Note payable to HUD under the Federal HOME program; bears no interest as long as the Organization is not in default of note covenants; collateralized by a deed of trust on the property; forgiven at maturity, in 2036, provided the Organization complies with all loan terms. 2,569,900

Note payable to Snohomish County under the Federal HOME program; bears no interest as long as the Organization is not in default of note covenants; collateralized by a deed of trust on the property; forgiven at maturity, in 2035, provided the Organization complies with all loan terms. 47,612

SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES

**Notes to Consolidated Financial Statements
For the Year Ended December 31, 2010**

Note 8 - Continued

Evergreen Court Senior Apartments - HUD Project 127-EE013:

Note payable to HUD under the Federal HOME program; bears no interest as long as the Organization is not in default of note covenants; collateralized by a deed of trust on the property; forgiven at maturity, in 2038, provided the Organization complies with all loan terms.

2,661,000

Village East Senior Apartments - HUD Project 127-EE018:

Note payable to HUD under the Federal HOME program; bears no interest as long as the Organization is not in default of note covenants; collateralized by a deed of trust on the property; forgiven at maturity, in 2038, provided the Organization complies with all loan terms.

2,762,400

Meadow Park Senior Apartments - HUD Project 127-EE021:

Note payable to HUD under the Federal HOME program; bears no interest as long as the Organization is not in default of note covenants; collateralized by a deed of trust on the property; forgiven at maturity, in 2030, provided the Organization complies with all loan terms.

2,968,700

Note payable to Snohomish County under the Federal HOME program; bears no interest as long as the Organization is not in default of note covenants; collateralized by a deed of trust on the property; forgiven at maturity, in 2050, provided the Organization complies with all loan terms.

46,800

Scriber Pointe Senior Apartments - HUD Project 127-EE022:

Note payable to HUD under the Federal HOME program; bears no interest as long as the Organization is not in default of note covenants; collateralized by a deed of trust on the property; forgiven at maturity, in 2042, provided the Organization complies with all loan terms.

3,073,400

Note payable to Snohomish County under the Federal HOME program; bears no interest as long as the Organization is not in default of note covenants; collateralized by a deed of trust on the property; forgiven at maturity, in 2052, provided the Organization complies with all loan terms.

595,000

Evergreen Village Senior Apartments - HUD Project 127-EE024:

Note payable to HUD under the Federal HOME program; bears no interest as long as the Organization is not in default of note covenants; collateralized by a deed of trust on the property; forgiven at maturity, in 2043, provided the Organization complies with all loan terms.

3,133,300

SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES

**Notes to Consolidated Financial Statements
For the Year Ended December 31, 2010**

Note 8 - Continued

Note payable to Snohomish County under the Federal HOME program; bears no interest as long as the Organization is not in default of note covenants; collateralized by a deed of trust on the property; forgiven at maturity, in 2053, provided the Organization complies with all loan terms.	350,000
Hawkins House Senior Association - HUD Project 127-EE059:	
Note payable to HUD under the Federal HOME program; bears no interest as long as the Organization is not in default of note covenants; collateralized by a deed of trust on the property; forgiven at maturity, in 2049, provided the Organization complies with all loan terms.	5,446,000
Note payable to Washington State Department of Commerce under the Federal HOME program; bears no interest as long as the Organization is not in default of note covenants; collateralized by a deed of trust on the property; forgiven at maturity, in 2049, provided the Organization complies with all loan terms.	1,015,000
Note payable to Snohomish County under the Federal HOME program; bears no interest as long as the Organization is not in default of note covenants; collateralized by a deed of trust on the property; forgiven at maturity, in 2049, provided the Organization complies with all loan terms.	703,925
Note payable to Snohomish County under the Federal HOME program; bears no interest as long as the Organization is not in default of note covenants; collateralized by a deed of trust on the property; forgiven at maturity, in 2049, provided the Organization complies with all loan terms.	99,606
	<hr/>
	33,262,837
Less amounts released from restriction	<hr/>
	(7,711,046)
Forgivable Loans Included in Temporarily Restricted Net Assets	<hr/> <hr/>
	\$ 25,551,791

SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Year Ended December 31, 2010

Note 9 - Change in Accounting Policy

During the year ended December 31, 2010, the Organization implemented a change in accounting policy in how the Organization accounts for forgivable loans received. Prior to fiscal year 2010, the Organization recorded forgivable loans received as long-term debt. As the loans are forgivable at maturity and the Organization's management believes the conditions related to these loans are being met and are likely to continue to be met, the original proceeds from these forgivable loans have been recognized as temporarily restricted revenues. As a result of the change in accounting policy, unrestricted and temporarily restricted net assets increased by \$6,883,827 and \$26,000,040, respectively, at December 31, 2009.

Note 10 - Correction of a Prior Year Misstatement

In prior years, the Organization did not consolidate the eleven HUD funded nonprofit corporations and five tax credit limited partnerships referenced in Note 1. Under generally accepted accounting principles, these entities should have been included in the consolidated financial statements due to Senior Services control over and economic interest in these entities, Management discovered this error in the prior year and elected not to consolidate these entities; thus, a qualified opinion was received on the Organization's financial statements as of and for the year ended December 31, 2009. As a result of this error, Finding 2009-02 was reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated February 7, 2011. The Organization has consolidated these entities in the consolidated financial statements as of and for the year ended December 31, 2010, and accordingly has restated beginning net assets. The effect of this correction on net assets as of December 31, 2009 (beginning net assets), was an increase to unrestricted net assets of \$1,358,727.

SUPPLEMENTARY INFORMATION

SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES

Consolidating Statement of Financial Position

Assets

December 31, 2010

	<i>Senior Services</i>	<i>HUD Section 202's</i>	<i>Tax Credit Partnerships</i>	<i>Eliminations</i>	<i>Consolidated</i>
Current Assets:					
Cash and cash equivalents	\$ 542,683	\$ 165,381	\$ 113,549	\$ -	\$ 821,613
Grants and contracts receivable	1,281,916	6,151			1,288,067
Accounts receivable	194,745	28,961	13,486		237,192
Pledges receivable	71,421				71,421
Related party accounts receivable	132,094			(132,094)	
Inventory	34,127				34,127
Prepaid expenses and other assets	160,614	25,104	6,002		191,720
Total Current Assets	2,417,600	225,597	133,037	(132,094)	2,644,140
Restricted cash	659,521	1,780,459	468,306		2,908,286
Unsecured advances to related parties	77,000			(77,000)	
Investment in limited partnerships	286,113			(286,113)	
Notes receivable from related parties	659,696			(659,696)	
Developer fee receivable from related parties	211,467			(211,467)	
Accrued interest receivable from related parties	357,069			(357,069)	
Capitalized loan fees, net	207,487	193,724	220,361		621,572
Land held for sale	21,093				21,093
Property and Equipment:					
Land - rental property	2,229,100	4,151,768	2,076,499		8,457,367
Rental property	3,354,141	31,120,842	18,078,773		52,553,756
Leasehold improvements	490,627				490,627
Automotive equipment	706,102				706,102
Furnishings and equipment	247,104				247,104
Less accumulated depreciation	(1,173,336)	(9,401,048)	(6,132,427)		(16,706,811)
Property and Equipment, net	5,853,738	25,871,562	14,022,845		45,748,145
Automotive equipment - non-owned	430,236				430,236
Less accumulated depreciation - non-owned	(244,170)				(244,170)
	186,066				186,066
Total Property and Equipment	6,039,804	25,871,562	14,022,845		45,934,211
Total Assets	\$ 10,936,850	\$ 28,071,342	\$ 14,844,549	\$ (1,723,439)	\$ 52,129,302

See independent auditors' report.

SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES

**Consolidating Statement of Financial Position
Liabilities
December 31, 2010**

	<i>Senior Services</i>	<i>HUD Section 202's</i>	<i>Tax Credit Partnerships</i>	<i>Eliminations</i>	<i>Consolidated</i>
Current Liabilities:					
Accounts payable	\$ 262,247	\$ 70,486	\$ 50,048	\$ -	\$ 382,781
Related party payables		92,223	39,871	(132,094)	
Accrued employee salaries and benefits	636,716				636,716
Tenant security deposits	21,092	101,931	55,721		178,744
Current portion of long-term debt	60,106	33,658	103,763		197,527
Current portion of accrued interest	56,086	25,082	39,702		120,870
Other accrued liabilities	85,192	872	78		86,142
Total Current Liabilities	1,121,439	324,252	289,183	(132,094)	1,602,780
Accrued interest, net of current portion	15,027				15,027
Accrued interest - related party			357,069	(357,069)	
Related party notes payable		12,500	935,663	(948,163)	
Housing development notes payable and long-term debt, net of current portion	5,586,547	3,238,509	5,779,247		14,604,303
Total Liabilities	6,723,013	3,575,261	7,361,162	(1,437,326)	16,222,110
Net Assets:					
Unrestricted-					
Controlling interest	1,548,048	477,286	286,113	(286,113)	2,025,334
Non-controlling interest			7,197,274		7,197,274
Total unrestricted	1,548,048	477,286	7,483,387	(286,113)	9,222,608
Temporarily restricted	2,665,789	24,018,795			26,684,584
Total Net Assets	4,213,837	24,496,081	7,483,387	(286,113)	35,907,192
Total Liabilities and Net Assets	\$ 10,936,850	\$ 28,071,342	\$ 14,844,549	\$ (1,723,439)	\$ 52,129,302

See independent auditors' report.

SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES

**Consolidating Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2010**

	<i>Senior Services</i>	<i>HUD Section 202's</i>	<i>Tax Credit Partnerships</i>	<i>Eliminations</i>	<i>Consolidated</i>
Unrestricted Activity from Operations					
Operating Support and Revenue:					
United Way	\$ 124,670	\$ -	\$ -	\$ -	\$ 124,670
Contributions	651,871				651,871
Rental income	311,811	2,308,242	1,554,438	(3,414)	4,171,077
Professional fees	284,174				284,174
Professional fees - related party	1,354,685			(1,354,685)	
Government grants and contracts	10,576,186				10,576,186
Interest income	63,864	8,144	940	(63,339)	9,609
Sales, special event, advertising and other income	715,233	60,925	16,378	(36)	792,500
Net assets released from restriction	311,920	782,801			1,094,721
Total Operating Support and Revenue	14,394,414	3,160,112	1,571,756	(1,421,474)	17,704,808
Operating Expenses:					
Social services	1,678,499				1,678,499
Nutrition services	1,811,200				1,811,200
Transportation services	6,902,783				6,902,783
Housing services	1,998,438	3,082,139	1,902,284	(1,422,200)	5,560,661
Housing development	87,077				87,077
Total Program Services	12,477,997	3,082,139	1,902,284	(1,422,200)	16,040,220
Administration	1,283,184				1,283,184
Fundraising and public relations	445,516				445,516
Total Supporting Services	1,728,700				1,728,700
Total Operating Expenses	14,206,697	3,082,139	1,902,284	(1,422,200)	17,768,920
Change in Unrestricted Net Assets from Operating Activities	187,717	77,973	(330,528)	726	(64,112)
Temporarily Restricted Activity from Operations					
Contributions	380,658	378,341			758,999
Net assets released from restriction	(311,920)	(782,801)			(1,094,721)
Change in Temporarily Restricted Net Assets from Operating Activities	68,738	(404,460)			(335,722)
Total Change Net Assets from Operating Activities	256,455	(326,487)	(330,528)	726	(399,834)

See independent auditors' report.

SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES

**Consolidating Statement of Activities and Changes in Net Assets (Continued)
For the Year Ended December 31, 2010**

	<i>Senior Services</i>	<i>HUD Section 202's</i>	<i>Tax Credit Partnerships</i>	<i>Eliminations</i>	<i>Consolidated</i>
Unrestricted Non-Operating Activities					
Capital campaign expenses	(173,007)				(173,007)
Change in Unrestricted Net Assets from Non-Operating Activities	(173,007)				(173,007)
Temporarily Restricted Non-Operating Activities					
Capital campaign contributions	160,407				160,407
Change in Temporarily Restricted Net Assets from Non-Operating Activities	160,407				160,407
Total Change in Net Assets from Non-Operating Activities	(12,600)				(12,600)
Total Change in Net Assets	243,855	(326,487)	(330,528)	726	(412,434)
Noncontrolling interest in net losses of subsidiaries			329,802		329,802
Total Change in Net Assets Excluding Noncontrolling Interest	243,855	(326,487)	(726)	726	(82,632)
Net Assets, Beginning of Year:					
Unrestricted-					
Controlling interest	1,533,338	399,313	286,839	(286,839)	1,932,651
Noncontrolling interest			7,527,076		7,527,076
Total unrestricted	1,533,338	399,313	7,813,915	(286,839)	9,459,727
Temporarily restricted	2,436,644	24,423,255			26,859,899
Total Net Assets, Beginning of Year	3,969,982	24,822,568	7,813,915	(286,839)	36,319,626
Net Assets, End of Year:					
Unrestricted-					
Controlling interest	1,548,048	477,286	286,113	(286,113)	2,025,334
Noncontrolling interest			7,197,274		7,197,274
Total unrestricted	1,548,048	477,286	7,483,387	(286,113)	9,222,608
Temporarily Restricted	2,665,789	24,018,795			26,684,584
Total Net Assets, End of Year	\$ 4,213,837	\$ 24,496,081	\$ 7,483,387	\$ (286,113)	\$ 35,907,192

See independent auditors' report.

SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES

**Schedule of Functional Expenses - Senior Services*
For the Year Ended December 31, 2010**

	Program Services					Total Program Services	Supporting Services			Capital Campaign	2010 Total Expenses
	Social Services	Nutrition Services	Transportation Services	Housing Services	Housing Development		Administrative	Fundraising and Public Relations	Total Supporting Services		
Salaries	\$ 1,018,362	\$ 517,101	\$ 4,349,941	\$ 1,098,158	\$ 38,724	\$ 7,022,286	\$ 764,030	\$ 142,129	\$ 906,159	\$ 45,792	\$ 7,974,237
Payroll taxes	99,192	56,117	639,789	135,543	3,444	934,085	67,623	12,933	80,556	4,552	1,019,193
Employee benefits	108,876	44,198	633,939	110,150	3,657	900,820	74,846	16,486	91,332	1,428	993,580
Salaries and Benefits	1,226,430	617,416	5,623,669	1,343,851	45,825	8,857,191	906,499	171,548	1,078,047	51,772	9,987,010
Office and operating supplies	17,814	950,654	167,501	132,483	1,735	1,270,187	53,520	4,228	57,748	423	1,328,358
Small tools and minor equipment	6,515	4,304	4,376	5,152	53	20,400	3,545	1,896	5,441		25,841
Supplies and Equipment	24,329	954,958	171,877	137,635	1,788	1,290,587	57,065	6,124	63,189	423	1,354,199
Professional services	94,045	62,970	71,555	47,422	4,222	280,214	73,616	218,781	292,397	115,410	688,021
Repairs and maintenance	5,522	15,943	468,260	41,893	108	531,726	22,669	1,723	24,392	52	556,170
Operating rentals and leases	124,948	70,268	132,302	66,591	3,005	397,114	77,390	14,424	91,814	3,201	492,129
Insurance	4,887	15,723	165,621	24,436	49	210,716	18,196	246	18,442	59	229,217
Dues, printing, training and other expenses	79,055	20,007	23,342	31,124	1,860	155,388	49,321	21,891	71,212	1,044	227,644
Communications	49,440	10,859	51,979	14,225	551	127,054	17,234	5,593	22,827	122	150,003
Public utility service	11,672	8,855	14,117	52,953	455	88,052	8,292	1,643	9,935	422	98,409
Travel, mileage and contracted services	24,057	8,371	47,700	8,744	282	89,154	3,687	184	3,871	74	93,099
Contribution to development of affordable housing					27,663	27,663					27,663
Advertising	1,859	295	1,139	14,532	111	17,936	1,211		1,211		19,147
Other Services	395,485	213,291	976,015	301,920	38,306	1,925,017	271,616	264,485	536,101	120,384	2,581,502
Debt service- interest				130,242		130,242	13,022		13,022		143,264
Total Expenses Before Depreciation	1,646,244	1,785,665	6,771,561	1,913,648	85,919	12,203,037	1,248,202	442,157	1,690,359	172,579	14,065,975
Depreciation and amortization	32,255	25,535	131,222	84,790	1,158	274,960	34,982	3,359	38,341	428	313,729
Total Expenses	\$ 1,678,499	\$ 1,811,200	\$ 6,902,783	\$ 1,998,438	\$ 87,077	\$ 12,477,997	\$ 1,283,184	\$ 445,516	\$ 1,728,700	\$ 173,007	\$ 14,379,704

* This schedule does not include the expenses of the HUD Section 202's or the Tax Credit Partnerships presented on the consolidating statement of activities and changes in net assets.

See independent auditors' report.