



*Well-being as we age*

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

Consolidated Financial Statements

For the Year Ended December 31, 2021

## Table of Contents

---

	Page
<b>Independent Auditor's Report</b>	1 - 3
<b>Financial Statements:</b>	
Consolidated Statement of Financial Position	4 - 5
Consolidated Statement of Activities	6
Consolidated Statement of Changes in Net Assets	7
Consolidated Statement of Functional Expenses	8
Consolidated Statement of Cash Flows	9
Notes to Consolidated Financial Statements	10 - 21

## Independent Auditor's Report

To the Board of Directors  
Senior Services of Snohomish County  
dba Homage Senior Services  
Lynnwood, Washington

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of Senior Services of Snohomish County and Subsidiaries, dba Homage Senior Services (collectively the Organization), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.



T: 425-454-4919  
T: 800-504-8747  
F: 425-454-4620

10900 NE 4th St  
Suite 1400  
Bellevue WA  
98004

[clarknuber.com](http://clarknuber.com)



## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Emphasis-of-Matter**

During the year ended December 31, 2014, the Organization decided to discontinue its low income senior housing operations. Disclosures related to the discontinued operations and related assets and liabilities sold are described in Note 8. Our opinion is not modified with respect to this matter.



## **Report on Summarized Comparative Information**

We have previously audited the Organization's 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 24, 2021.

## **Financial Statements Restated**

As discussed in Note 12 to the financial statements, the 2020 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

## **OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2022 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*Clark Nuber P.S.*

Certified Public Accountants  
June 30, 2022

SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES  
 DBA HOMAGE SENIOR SERVICES  
 Consolidated Statement of Financial Position - Assets  
 December 31, 2021  
 (With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
<b>Current Assets:</b>		
Cash and cash equivalents from continuing operations	\$ 3,937,370	\$ 4,865,443
Grants, contracts and other receivables	2,136,812	1,599,393
Pledges receivable	12,892	43,961
Prepaid expenses and other assets	<u>470,098</u>	<u>332,627</u>
<b>Total Current Assets</b>	<b>6,557,172</b>	<b>6,841,424</b>
Beneficial interest in assets held by others	150,184	134,582
<b>Property and Equipment:</b>		
Land	2,844,000	2,844,000
Automotive equipment	729,984	629,812
Furnishings and equipment	611,806	611,806
Building	6,439,755	6,439,755
Software	100,393	208,882
Less accumulated depreciation	<u>(1,682,902)</u>	<u>(1,338,296)</u>
Owned property and equipment, net	9,043,036	9,395,959
Automotive equipment - non-owned	504,999	576,344
Less accumulated depreciation - non-owned	<u>(468,504)</u>	<u>(424,581)</u>
Automotive equipment - non-owned, net	<u>36,495</u>	<u>151,763</u>
<b>Total Property and Equipment, Net</b>	<b><u>9,079,531</u></b>	<b><u>9,547,722</u></b>
<b>Total Assets</b>	<b><u>\$ 15,786,887</u></b>	<b><u>\$ 16,523,728</u></b>

See accompanying notes.

**SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES**  
**DBA HOMAGE SENIOR SERVICES**  
**Consolidated Statement of Financial Position - Liabilities and Net Assets**  
**December 31, 2021**  
**(With Comparative Totals for 2020)**

	<u>2021</u>	<u>2020</u>
<b>Current Liabilities:</b>		
Accounts payable	\$ 262,643	\$ 306,550
Accrued employee salaries and benefits	473,830	493,208
Deferred revenue	58,684	114,131
Current portion of long-term debt	<u>632,064</u>	<u>127,492</u>
<b>Total Current Liabilities</b>	<b>1,427,221</b>	<b>1,041,381</b>
Long-term debt, net of current portion	5,612,750	5,738,980
Paycheck Protection Program loan	<u>2,103,400</u>	<u>2,103,400</u>
<b>Total Liabilities</b>	<b>7,039,971</b>	<b>8,883,761</b>
<b>Net Assets:</b>		
Without donor restrictions	7,736,585	6,380,061
With donor restrictions	<u>1,010,331</u>	<u>1,259,906</u>
<b>Total Net Assets</b>	<b><u>8,746,916</u></b>	<b><u>7,639,967</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 15,786,887</u></b>	<b><u>\$ 16,523,728</u></b>

See accompanying notes.

**SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES**  
**DBA HOMAGE SENIOR SERVICES**  
**Consolidated Statement of Activities**  
**For the Year Ended December 31, 2021**  
**(With Comparative Totals for 2020)**

	Without Donor Restrictions	With Donor Restrictions	2021	As Restated 2020 (Note 12)
<b>Operating Support and Revenue:</b>				
Government grants and contracts	\$ 7,032,999	\$ -	\$ 7,032,999	\$ 13,757,864
Contributions	2,318,123	243,538	2,561,661	3,156,532
Forgiveness of Paycheck Protection Program loan	2,103,400		2,103,400	
Sales, advertising and other income	892,472		892,472	650,469
Professional fees	8,184		8,184	32,941
Investment (loss) return	(497)	13,425	12,928	(953)
Loss (gain) on sale of assets	(22,898)		(22,898)	1,783
Net assets released from restrictions	506,538	(506,538)		
<b>Total Operating Support and Revenue</b>	<b>12,838,321</b>	<b>(249,575)</b>	<b>12,588,746</b>	<b>17,598,636</b>
<b>Operating Expenses:</b>				
Program services-				
Social and information services	3,352,380		3,352,380	3,122,322
Nutrition services	2,854,457		2,854,457	2,355,708
Transportation services	987,759		987,759	5,636,897
Home repair services	1,099,988		1,099,988	1,077,435
Total program services	8,294,584		8,294,584	12,192,362
Supporting services-				
Administration	2,599,720		2,599,720	2,831,097
Fundraising and public relations	587,493		587,493	528,371
Total supporting services	3,187,213		3,187,213	3,359,468
<b>Total Operating Expenses</b>	<b>11,481,797</b>		<b>11,481,797</b>	<b>15,551,830</b>
<b>Total Change in Net Assets From Continuing Operations</b>	<b>1,356,524</b>	<b>(249,575)</b>	<b>1,106,949</b>	<b>2,046,806</b>
<b>Discontinued Operations:</b>				
Loss from operations of discontinued housing subsidiaries, as restated (Note 12)				(36,311)
Loss on sale of tax credit partnership, as restated (Note 12)				(377,568)
<b>Total Change in Net Assets, As Restated (Note 12)</b>	<b>1,356,524</b>	<b>(249,575)</b>	<b>1,106,949</b>	<b>1,632,927</b>

See accompanying notes.

**SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES**  
**DBA HOMAGE SENIOR SERVICES**  
**Consolidated Statement of Changes in Net Assets**  
**For the Year Ended December 31, 2021**  
**(With Comparative Totals for 2020)**

	Without Donor Restrictions	With Donor Restrictions	2021 Total	As Restated 2020 (Note 12)
Net assets, beginning of year	\$ 6,380,061	\$ 1,259,906	\$ 7,639,967	\$ 6,007,040
Total change in net assets, as restated (Note 12)	<u>1,356,524</u>	<u>(249,575)</u>	<u>1,106,949</u>	<u>1,632,927</u>
<b>Net Assets, End of Year</b>	<b><u><u>\$ 7,736,585</u></u></b>	<b><u><u>\$ 1,010,331</u></u></b>	<b><u><u>\$ 8,746,916</u></u></b>	<b><u><u>\$ 7,639,967</u></u></b>

See accompanying notes.

**SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES**  
**DBA HOMAGE SENIOR SERVICES**  
**Consolidated Statement of Functional Expenses**  
**For the Year Ended December 31, 2021**  
**(With Comparative Totals for 2020)**

	Program Services					Supporting Services				2021 Total Expenses	2020 Total Expenses
	Social and Information Services	Nutrition Services	Transportation Services	Home Repair Services	Total Program Services	Administration	Fundraising and Public Relations	Total Supporting Services			
Salaries	\$ 1,972,282	\$ 786,374	\$ 434,667	\$ 624,884	\$ 3,818,207	\$ 1,470,063	\$ 262,071	\$ 1,732,134	\$ 5,550,341	\$ 8,334,485	
Payroll taxes	180,458	78,285	53,802	79,643	392,188	121,995	22,366	144,361	536,549	826,680	
Employee benefits	184,113	69,759	37,809	68,191	359,872	157,446	20,245	177,691	537,563	968,477	
<b>Salaries and Benefits</b>	<b>2,336,853</b>	<b>934,418</b>	<b>526,278</b>	<b>772,718</b>	<b>4,570,267</b>	<b>1,749,504</b>	<b>304,682</b>	<b>2,054,186</b>	<b>6,624,453</b>	<b>10,129,642</b>	
Office and operating supplies	104,267	1,440,304	3,368	145,479	1,693,418	17,376	49,296	66,672	1,760,090	1,533,151	
Small tools and minor equipment	47,914	61,662	48,387	10,636	168,599	168,675	22,622	191,297	359,896	323,589	
<b>Supplies and Equipment</b>	<b>152,181</b>	<b>1,501,966</b>	<b>51,755</b>	<b>156,115</b>	<b>1,862,017</b>	<b>186,051</b>	<b>71,918</b>	<b>257,969</b>	<b>2,119,986</b>	<b>1,856,740</b>	
Professional services	250,322	107,585	7,616	9,563	375,086	382,548	111,380	493,928	869,014	862,395	
Interest and other miscellaneous expenses	139,525	55,662	10,213	22,064	227,464	43,164	5,462	48,626	276,090	365,152	
Insurance and other services	61,040	46,593	64,415	62,890	234,938	22,997	1,198	24,195	259,133	380,897	
Repair and maintenance services	176	32,973	162,178	26,045	221,372	50	8	58	221,430	779,394	
Telephone and postage expense	61,636	23,837	16,537	17,599	119,609	4,948	34,900	39,848	159,457	180,529	
Dues, printing, training, etc.	42,687	21,338	4,912	12,778	81,715	4,575	47,650	52,225	133,940	116,182	
Recruitment	13,055	1,137	188	1,172	15,552	81,018		81,018	96,570	7,460	
Travel, mileage and contracted services	29,862	11,981	2,598	243	44,684	10,049	936	10,985	55,669	81,701	
Advertising	40,994	999			41,993	18,901	2,471	21,372	63,365	36,821	
Public utility service	29,889	14,428	2,544	4,060	50,921	8,606	1,314	9,920	60,841	60,062	
Client assistance	60,222				60,222	97		97	60,319	193,865	
Operating rentals and leases	2,201	564	2,439	423	5,627	1,750	898	2,648	8,275	22,412	
<b>Other Expenses</b>	<b>731,609</b>	<b>317,097</b>	<b>273,640</b>	<b>156,837</b>	<b>1,479,183</b>	<b>578,703</b>	<b>206,217</b>	<b>784,920</b>	<b>2,264,103</b>	<b>3,086,870</b>	
<b>Total Expenses Before Depreciation</b>	<b>3,220,643</b>	<b>2,753,481</b>	<b>851,673</b>	<b>1,085,670</b>	<b>7,911,467</b>	<b>2,514,258</b>	<b>582,817</b>	<b>3,097,075</b>	<b>11,008,542</b>	<b>15,073,252</b>	
Depreciation and amortization	131,737	100,976	136,086	14,318	383,117	85,462	4,676	90,138	473,255	478,578	
<b>Total Operating Expenses</b>	<b>3,352,380</b>	<b>2,854,457</b>	<b>987,759</b>	<b>1,099,988</b>	<b>8,294,584</b>	<b>2,599,720</b>	<b>587,493</b>	<b>3,187,213</b>	<b>11,481,797</b>	<b>15,551,830</b>	
Expenses from discontinued operations										203,984	
<b>Total Expenses</b>	<b>\$ 3,352,380</b>	<b>\$ 2,854,457</b>	<b>\$ 987,759</b>	<b>\$ 1,099,988</b>	<b>\$ 8,294,584</b>	<b>\$ 2,599,720</b>	<b>\$ 587,493</b>	<b>\$ 3,187,213</b>	<b>\$ 11,481,797</b>	<b>\$ 15,755,814</b>	

See accompanying notes.

**SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES**  
**DBA HOMAGE SENIOR SERVICES**  
**Consolidated Statement of Cash Flows**  
**For the Year Ended December 31, 2021**  
**(With Comparative Totals for 2020)**

	2021	As Restated 2020 (Note 12)
<b>Cash Flows From Operating Activities:</b>		
Total change in net assets	\$ 1,106,949	\$ 1,632,927
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities-		
Loss (gain) on sale of property and equipment	29,612	(1,783)
Depreciation and amortization	473,255	472,729
Depreciation and amortization from discontinued assets		68,589
Forgiveness of Paycheck Protection Program loan	(2,103,400)	
Changes in operating assets and liabilities:		
Grants, contracts and other receivables	(537,419)	(131,063)
Pledges receivable	31,069	9,555
Prepaid expenses and other assets	(153,073)	(18,615)
Discontinued assets		1,675,661
Accounts payable	(43,907)	(10,367)
Accrued employee salaries and benefits	(19,378)	(232,364)
Discontinued liabilities		(1,327,834)
Deferred revenue	(55,447)	82,261
<b>Cash (Used in) Provided by Operating Activities</b>	<b>(1,271,739)</b>	<b>2,219,696</b>
<b>Cash Flows From Investing Activities:</b>		
Purchase of property and equipment	(28,828)	(335,059)
<b>Cash Used in Investing Activities</b>	<b>(28,828)</b>	<b>(335,059)</b>
<b>Cash Flows From Financing Activities:</b>		
Payments on long-term debt for discontinued assets		(19,340)
Payments on long-term debt	(127,506)	(622,481)
Proceeds from issuance of long-term debt	500,000	
Proceeds from issuance of Paycheck Protection Program loan		2,103,400
<b>Cash Provided by Financing Activities</b>	<b>372,494</b>	<b>1,461,579</b>
<b>Net Change in Cash, Cash Equivalents and Restricted Cash</b>	<b>(928,073)</b>	<b>3,346,216</b>
Cash and cash equivalents from continuing operations, beginning of year	4,865,443	1,253,032
Cash and cash equivalents from discontinued operations, beginning of year		112,955
Restricted cash from discontinued operations, beginning of year		153,240
<b>Total Cash, Cash Equivalents and Restricted Cash, Beginning of Year</b>	<b>4,865,443</b>	<b>1,519,227</b>
Cash and cash equivalents from continuing operations, end of year	3,937,370	4,865,443
<b>Cash, Cash Equivalents and Restricted Cash, End of Year</b>	<b>\$ 3,937,370</b>	<b>\$ 4,865,443</b>
<b>Supplementary Cash Flow Information:</b>		
Cash paid during the year for interest	\$ 215,390	\$ 219,151
Paycheck Protection Program loan forgiveness	\$ 2,103,400	\$ -

See accompanying notes.

**SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES**  
**DBA HOMAGE SENIOR SERVICES**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2021**  
**(With Comparative Totals for 2020)**

---

**Note 1 - Nature of the Organization**

**Principles of Consolidation** - The consolidated financial statements of Senior Services of Snohomish County, dba Homage Senior Services, 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 is a Washington nonprofit corporation formed in 1973. During 2017, Senior Services of Snohomish County began doing business as Homage Senior Services.

The consolidated subsidiary of Homage Senior Services is Broadway Meadows Not-for-Profit (Broadway Meadows), a 501(c)(3) nonprofit corporation that was formed in 1996. Broadway Meadows has a 100% interest in Pepperwood Limited Partnership. Broadway Meadows is wholly controlled by the Organization.

The Pepperwood Limited Partnership has been awarded low-income housing tax credits through the Washington State Housing Finance Commission. During the year ended December 31, 2019, the investor member of Pepperwood Limited Partnership withdrew and assigned the remaining 99.99% ownership to Broadway Meadows. Effective August 17, 2020, Pepperwood Limited Partnership was sold to the Housing Authority of City of Everett.

Effective March 20, 2020, Senior Services of Snohomish County entered into an LLC agreement to create Home Advantage, LLC. Home Advantage, LLC (the LLC) is a 501(c)(3) organization. Senior Service of Snohomish County has a 50% interest in the LLC. The LLC had immaterial transactions during the year ended December 31, 2021.

**Programs of the Organization**

The Organization is dedicated to providing services that improve the health and well-being of older adults and people with disabilities in Snohomish County through the following programs:

**Social and Information Services** - helps people find the right service at the right time and assists with providing meals, activities and supportive services to encourage a healthy lifestyle.

Aging and Disability Resources provides a central source of information on services throughout the region.

The Homage Newspaper, published once a month as an insert in the Daily Herald, provides a unique and valuable community resource to inspire, educate, and support older adults.

The Senior Source Resource Guide is an annual directory of services for older adults and people with disabilities.

Statewide Health Insurance Benefits Advisors helps people find insurance that fits their individual needs.

Family Caregiver Program provides information and counseling to families and friends caring for a loved one with dementia or other chronic illness or disability.

Housing Social Services provides advocacy and support to older adults living in affordable senior housing.

The Multicultural Senior Center provides nutritious meals, activities and supportive services for ethnic elders at the Center for Healthy Living.

**SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES**  
**DBA HOMAGE SENIOR SERVICES**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2021**  
**(With Comparative Totals for 2020)**

---

**Note 1 - Continued**

**Health and Wellness** - helps people take better care of themselves.

Care Coordination provides advocacy and support to people with complex health needs.

Chronic Disease Self-Management provides classes that help people live with and manage chronic conditions.

Mental Health Services provides education, screening, counseling, and referral for older adults experiencing depression, chemical dependency and other mental health problems.

HomeAdvantage® provides non-medical services to individuals living with chronic conditions to support their health and wellness.

Health and wellness expenditures are included in social and information services program expenses on the consolidated statement of activities.

**Nutrition Services** - helps people with food and friendship.

Meals on Wheels delivers nutritious meals to frail homebound seniors.

Senior Dining provides hot nutritious meals to seniors at thirteen senior activity centers throughout Snohomish County.

**Transportation Services** - helps people get where they need to go.

TransDev provides accessible transportation for people with disabilities through a contract with Community Transit.

Transportation Assistance Program (TAP) provides accessible transportation to seniors and people with disabilities who are not eligible for TransDev.

**Home Repair Services** - helps people live safely in their own homes.

Minor Home Repair provides health and safety repairs for low income senior homeowners.

Home Solutions offers handyman services to the general public on a fee-for-service basis.

**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 (U.S. GAAP).

**SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES**  
**DBA HOMAGE SENIOR SERVICES**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2021**  
**(With Comparative Totals for 2020)**

---

**Note 2 - Continued**

**Basis of Presentation** - Net assets and revenues, 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:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that will be met by actions of the Organization or the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated funds be maintained in perpetuity. Earnings on donor restricted net assets are to be used for the purpose specified by the donor.

Revenues are reported as increases in net assets without restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. It is the Organization's policy to record contributions with donor restrictions that are received and expended in the same accounting period as activity of net assets without donor restrictions.

**Revenue Recognition** - The Organization operates transportation services as described in Note 1. Revenue is recognized when the performance obligation of providing paratransit services to passengers is met when the passenger rides the route based on a predetermined rate per revenue hour. The rate per revenue hour is a combination of an overhead rate, which is a fixed amount of overhead allocated over budgeted service hours for the period, and a vehicle rate, which is a variable rate earned per service hour provided. Revenue is recognized over the life of the contract based on service hours multiplied by the rate per revenue hour, adjusted for certain predetermined metrics. During the year ended December 31, 2020, this contract was cancelled. Revenue recognized under this method totaled \$7,168,176 for the year ended December 31, 2020. Accounts receivable for transportation services totaled \$65,073 at December 31, 2020. There are no significant contract assets or liabilities recorded for the year ended December 31, 2020.

The Organization provides nutrition and meal services. Revenue is recognized when the performance obligation of providing the meal is met based on a variable cost per meal. Revenue recognized for meal services provided totaled \$892 and \$95,703 for the years ended December 31, 2021 and 2020, respectively. There are no significant contract assets or liabilities recorded for the years ended December 31, 2021 and 2020.

Revenue recognized from contracts with customers totaled \$813,980 and \$7,799,309 for the years ended December 31, 2021 and 2020, respectively. All revenue from contracts with customers is recognized over the period of time specified per the terms of each contract.

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give are not recognized as revenues until the conditions on which they depend have been met. Government contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, at December 31, 2021, conditional contributions approximating \$3,616,185, of which no amounts had been received in advance, have not been recognized in the accompanying financial statements. Conditions are expected to be met throughout the next three years.

**SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES**  
**DBA HOMAGE SENIOR SERVICES**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2021**  
**(With Comparative Totals for 2020)**

---

**Note 2 - Continued**

**Cash and Cash Equivalents** - For the purpose of the consolidated statement of cash flows, the Organization considers all highly liquid investments 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.

**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 are immaterial at December 31, 2021 and 2020. Accordingly, no allowance for doubtful accounts has been recorded.

Accounts receivable totaled \$2,136,812 with \$1,862,956 due from government grants and contracts as well as unconditional promises to give and \$273,856 due from contracts with customers at December 31, 2021. Additionally, pledges receivable totaled \$12,892 at December 31, 2021. Accounts receivable and pledges receivable are due within one year.

**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 \$5,000 are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is calculated on a straight-line basis as follows.

Buildings and improvements	20 - 40 years
Furniture and equipment	3 - 10 years
Software	3 years or length of contract, whichever is shorter
Servers	4 years
Automotive equipment - vehicles	5 years

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" net assets with donor restrictions. 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.

Assets donated with explicit donor restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions and released when the donor restrictions are met. In accordance with U.S. GAAP, the Organization releases cash restricted for purchase of long-lived assets when the purchased asset is placed into service.

**SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES**  
**DBA HOMAGE SENIOR SERVICES**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2021**  
**(With Comparative Totals for 2020)**

---

**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. The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Organization. These costs are prorated individually as direct cost to each category and to each award or other activity using a base most appropriate to the particular cost being prorated. The bases are established in accordance with reasonable criteria and supported by current data that relates to the relative benefit received such as hours worked, usage, or square footage. Occupancy is allocated based on square feet. Computer services, printing costs, office supplies, postage, and other miscellaneous costs are allocated based on full time equivalents.

**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. Total advertising costs totaled \$63,365 and \$36,821 during the year ended December 31, 2021 and 2020, respectively.

**In-Kind Donations** - In-kind contributions of \$246,088 and \$112,226 were received during the years ended December 31, 2021 and 2020, respectively, which consisted primarily of donated food, supplies and advertising. 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 U.S. GAAP; however, a substantial number of volunteers have donated significant amounts of their time in the Organization's program services and fundraising efforts.

**Operating and Nonoperating Activities** - All activities of the Organization are considered operating except for contributions restricted for the purchase of long-term assets and related releases, other miscellaneous loss, and loss from operations of discontinued housing subsidiaries.

**Federal Income Tax** - Homage Senior Services and Broadway Meadows Not-For-Profit 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. Pepperwood Limited Partnership has no provision or benefit for income taxes included in these consolidated financial statements since taxable income or loss passes through to, and is reportable by each partner individually.

**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 years ended December 31, 2021 or 2020.

**Use of Estimates** - The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES**  
**DBA HOMAGE SENIOR SERVICES**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2021**  
**(With Comparative Totals for 2020)**

---

**Note 2 - Continued**

**Comparative Amounts for 2020** - For comparative purposes, the consolidated financial statements include certain prior-year summarized information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended December 31, 2020, from which the summarized information was derived.

**Recently Released Accounting Pronouncements** - During 2016, the FASB finalized the implementation timeframe of Accounting Standards Update 2016-02 Leases, which creates the requirement to bring leases extending beyond one year onto the balance sheet and is effective for fiscal years beginning after December 15, 2021. Management is currently in the process of evaluating the impact of implementing this ASU.

**Subsequent Events** - The Organization has evaluated subsequent events through June 30, 2022, the date on which the financial statements were available to be issued.

**Note 3 - Long-Term Debt**

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

	<u>2021</u>	<u>2020</u>
Washington State Housing Finance Commission Nonprofit Revenue Bond, privately placed, payable to Homestreet Bank; interest of 3.48% per annum; monthly interest and principal payments commencing February 1, 2019 for \$28,099 and continuing through maturity, January 1, 2044. The note is secured by real property owned by the Organization and located in Snohomish County, Washington.	\$ 5,873,968	\$ 6,001,474
Line of credit; Homestreet Bank; limit of \$500,000. One payment of outstanding principal and unpaid accrued interest due on January 1, 2023. The line of credit is secured by real property owned by the Organization and located in Snohomish County, Washington.	<u>500,000</u>	
	6,373,968	6,001,474
Less current portion of long-term debt	(632,064)	(127,492)
Less unamortized financing costs	<u>(129,154)</u>	<u>(135,002)</u>
<b>Total Long-Term Debt, Net of Current Portion</b>	<b><u><u>\$ 5,612,750</u></u></b>	<b><u><u>\$ 5,738,980</u></u></b>

**SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES**  
**DBA HOMAGE SENIOR SERVICES**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2021**  
**(With Comparative Totals for 2020)**

---

**Note 3 - Continued**

Future minimum principal payments on debt are as follows:

For the Year Ending December 31,

2022	\$ 632,064
2023	136,799
2024	141,151
2025	146,767
2026	152,030
Thereafter	<u>5,165,158</u>
	6,373,968
Less unamortized debt issuance costs	<u>(129,154)</u>
<b>Total Debt</b>	<b><u><u>\$ 6,244,814</u></u></b>

Interest expense totaled \$215,390 and \$219,151 for the years ended December 31, 2021 and 2020, respectively. Capitalized interest totaled \$0 for both years ended December 31, 2021 and 2020.

**Note 4 - Net Assets With Donor Restrictions**

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

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specific purpose-		
Meals on Wheels	\$ 621,122	\$ 960,955
Other	<u>298,580</u>	<u>221,747</u>
	<b>919,702</b>	<b>1,182,702</b>
Not subject to appropriation or expenditure-		
Beneficial interest in assets held by others (Note 9)	<u>90,629</u>	<u>77,204</u>
<b>Total Assets With Donor Restrictions</b>	<b><u><u>\$ 1,010,331</u></u></b>	<b><u><u>\$ 1,259,906</u></u></b>

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by the passage of time were \$502,694 and \$193,682 for the years ended December 31, 2021 and 2020, respectively.

**SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES**  
**DBA HOMAGE SENIOR SERVICES**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2021**  
**(With Comparative Totals for 2020)**

---

**Note 5 - Profit Sharing Plan**

The Organization 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. Organization 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. There were no employer contributions for the years ended December 31, 2021 and 2020.

**Note 6 - Lease Commitments**

Certain month-to-month leases held by the Organization include requirements to pay taxes and other expenses. Rental expense incurred totaled \$44,308 and \$68,558 for the years ended December 31, 2021 and 2020, respectively.

**Note 7 - Commitments, Contingencies and Concentrations**

The Organization receives a substantial amount of its support from local, state and federal governmental agencies. For the years ended December 31, 2021 and 2020, support from local, state and federal governmental agencies totaled 73% and 79% respectively of total operating support and revenue. Receivables related to local, state and federal government agencies accounted for 87% and 77% of the Organization's total grants, contracts and other receivables at December 31, 2021 and 2020, respectively. 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 years ended December 31, 2021 and 2020, no adjustments were made.

**Note 8 - Discontinued Operations**

During the year ended December 31, 2014, the Organization decided to discontinue its low-income senior housing operations. During the year ended December 31, 2015, the Organization sold three properties: Meadows III Limited Partnership, Tall Firs, and Evergreen Cottages. During the year ended December 31, 2016, the Organization transferred the control of the eleven HUD properties to a separate legal entity. Pepperwood Limited Partnership is shown as discontinued operations for the year ended December 31, 2020 and was sold on August 17, 2020.

**SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES**  
**DBA HOMAGE SENIOR SERVICES**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2021**  
**(With Comparative Totals for 2020)**

---

**Note 8 - Continued**

Reconciliation of the major revenue and expense classes that are classified as discontinued and held for sale on the consolidated statement of activities:

	2021	As Restated 2020 (Note 12)
Rental income	\$ -	\$ 166,285
Other income		1,388
<b>Total revenue</b>		<b>167,673</b>
Program expenses		129,908
Supporting services expenses		74,076
<b>Total expenses</b>		<b>203,984</b>
<b>Change in Net Assets From Discontinued Housing Subsidiaries Operations</b>		<b>(36,311)</b>
Nonoperating activity-		
Loss on transfer on sale of assets		(153,984)
Limited partner contribution		
<b>Change in Discontinued Net Assets</b>	<b>\$ -</b>	<b>\$ (190,295)</b>

There were no assets or liabilities related to discontinued operations in the consolidated statement of financial position as of December 31, 2021 and 2020.

**Note 9 - Beneficial Interest in Assets Held by the Community Foundation of Snohomish County**

During 2013, the Organization designated the Community Foundation of Snohomish County (CFSC), an unrelated nonprofit 501(c)(3) entity, to hold \$25,000 of funds for the benefit of the Organization. The fund is subject to CFSC's investment and spending policies. Grant distributions may be requested by the CEO; however, CFSC holds ultimate authority over the fund and distributions from the Fund. The beneficial interest in assets held at CFSC has been valued at the net asset value of the Organization's share of assets held by CFSC in the consolidated statement of financial position. Changes in the value of the Fund are reported as gains or losses without donor restrictions.

**SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES**  
**DBA HOMAGE SENIOR SERVICES**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2021**  
**(With Comparative Totals for 2020)**

---

**Note 9 - Continued**

During 2018, the Organization received endowed funds of \$78,000 from the Group Health Foundation. The distributed income from the fund is to be used for providing financial support for healthcare programs directed toward the senior population within Snohomish County. The Organization designated CFSC to hold the funds. CFSC holds the assets as an endowed component fund (Fund) for the benefit of the Organization. The fund is subject to CFSC's investment and spending policies. Distributions will be made in a manner to ensure permanent endowment according to CFSC's spending policy. There is an emergency clause in the distribution policy which states that the Board of Directors, by an affirmative vote of two-thirds of the Directors, may recommend and request distribution to the Organization of all or any portion of the assets of the Fund; however, CFSC holds ultimate authority over the Fund and distributions from the Fund. A grant allocation will be made annually. Thereafter, the amount of the grant allocation will be the average of the prior 12 quarters ending fund balances, multiplied by the payout that is specified in the fund agreement. The beneficial interest in assets held at CFSC has been valued at the net asset value of the Organization's share of assets held by CFSC in the consolidated statement of financial position. Changes in the value of the Fund are reported as gains or losses with donor restrictions.

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, December 31, 2020	\$ 57,378	\$ 77,204	\$ 134,582
Change in value included in the change in net assets	<u>2,177</u>	<u>13,425</u>	<u>15,602</u>
<b>Balance, December 31, 2021</b>	<b><u>\$ 59,555</u></b>	<b><u>\$ 90,629</u></b>	<b><u>\$ 150,184</u></b>

**Note 10 - Liquidity and Availability of Financial Assets**

The Organization's financial assets available within one year of the consolidated statement of financial position date for general expenditure were as follows at December 31:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents from continuing operations	\$ 3,937,370	\$ 4,865,443
Grants, contracts and other receivables	2,136,812	1,599,393
Pledges receivable	<u>12,892</u>	<u>43,961</u>
<b>Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year</b>	<b><u>\$ 6,087,074</u></b>	<b><u>\$ 6,508,797</u></b>

**SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES**  
**DBA HOMAGE SENIOR SERVICES**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2021**  
**(With Comparative Totals for 2020)**

---

**Note 10 - Continued**

Financial assets available to meeting cash needs for general expenditures within one year do not include amounts not available for general expenditures because of internal, contractual, or donor-imposed restrictions that limit the use of the financial assets to uses other than program expenditures to be incurred in the normal course of operations within one year of the date of the consolidated statement of financial position.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Monthly cash outflows vary each year based on program activities and necessary upkeep and replacement of assets. To manage liquidity the Organization maintains a line of credit of \$500,000 with a bank that is drawn upon as needed during the year to manage cash flow. See Note 3 for further description of this line.

**Note 11 - COVID-19 Relief Programs**

In December 2019, a novel strain of coronavirus (COVID-19) was reported in Wuhan, China. In 2020, the World Health Organization declared the outbreak to constitute a "Public Health Emergency of International Concern." The COVID-19 outbreak has caused business disruption through mandated and voluntary closings of multiple businesses. As a result, employees of the Organization are working remotely and eliminating non-essential business travel. While the situation is expected to be temporary, the extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the effect on the Organization's funders, employees and vendors, none of which can be reliably predicted at this time. Management continues to monitor events and conditions as they unfold and has established strategies to respond accordingly.

**Paycheck Protection Program Loan** - In response to the COVID-19 pandemic, the U.S. Congress passed the Coronavirus Aid, Relief, and Economic Securities Act (CARES Act). Included in the CARES Act was the Paycheck Protection Program (PPP) to provide loans to qualifying small businesses and not-for-profit organizations to cover certain eligible expenses. On April 21, 2020, the Organization obtained a loan under the PPP with a principal balance of \$2,103,400 and an annual interest rate of 1%. The loan was forgiven as of August 18, 2021 and recognized as revenue during the year ended December 31, 2021.

**SENIOR SERVICES OF SNOHOMISH COUNTY AND SUBSIDIARIES**  
**DBA HOMAGE SENIOR SERVICES**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2021**  
**(With Comparative Totals for 2020)**

---

**Note 12 - Prior Period Adjustment**

During the audit of the year ended December 31, 2021, management identified errors in the 2020 financial statement presentation resulting in a prior period restatement of the consolidated statements of activities, changes in net assets and cash flows for the year ended December 31, 2020. The error related to the loss on the sale of the tax credit partnership not being properly presented and activity related to noncontrolling interest inadvertently being presented when a noncontrolling interest was not applicable. The 2020 financial statements presented herein have been restated to properly present the loss from the sale of the tax credit partnership and remove the presentation of any noncontrolling interest activity. The restatements did not impact net assets presented on the consolidated statement of financial position or beginning net assets and the total change in net assets presented on the consolidated statement of changes in net assets. The impacts of those errors are summarized below:

	2020		
	As Previously Reported	Restatements	As Restated
<b>Impacted Lines - Consolidated Statement of Activities:</b>			
Discontinued operations-			
Loss from operations of discontinued housing subsidiaries	\$ (190,295)	\$ 153,984	\$ (36,311)
Loss on sale of tax credit partnership	(792,075)	414,507	(377,568)
Total change in net assets	1,064,436	568,491	1,632,927
Noncontrolling interest in net losses of discontinued subsidiaries	190,295	(190,295)	
Total change in net assets excluding noncontrolling interest	1,254,731	(1,254,731)	
<b>Impacted Lines - Consolidated Statement of Changes in Net Assets:</b>			
Change in net assets excluding noncontrolling interest activity	2,425,002	(2,425,002)	
Change in net assets from noncontrolling interests-			
Net loss	(190,295)	190,295	
Net assets released from tax credit entity	190,295	(190,295)	
Loss on sale of tax credit partnership	(792,075)	792,075	
<b>Impacted Lines - Consolidated Statement of Cash Flows:</b>			
Total change in net assets	1,254,731	378,196	1,632,927
Transfer to controlling interest	378,196	(378,196)	