



Well-being as we age

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

Financial Statements

For the Year Ended December 31, 2022

Table of Contents

	Page
Independent Auditor's Report	1 - 3
Financial Statements:	
Statement of Financial Position	4 - 5
Statement of Activities	6
Statement of Changes in Net Assets	7
Statement of Functional Expenses	8
Statement of Cash Flows	9
Notes to Financial Statements	10 - 18

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, dba Homage Senior Services (Organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the 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, 2022, and the results of its operations and the changes in its net assets 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 (*Government Auditing Standards*). 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.

Report on Summarized Comparative Information

We have previously audited the Organization's December 31, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 30, 2022. In our opinion, the summarized comparative information presented herein as of and for the year December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.



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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.

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.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated July 7, 2023 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
July 7, 2023

SENIOR SERVICES OF SNOHOMISH COUNTY
DBA HOMAGE SENIOR SERVICES
Statement of Financial Position - Assets
December 31, 2022
(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
Current Assets:		
Cash and cash equivalents	\$ 3,071,096	\$ 3,937,370
Grants, contracts and other receivables	1,497,368	2,136,812
Pledges receivable	59,000	12,892
Prepaid expenses and other assets	<u>599,525</u>	<u>470,098</u>
Total Current Assets	5,226,989	6,557,172
Beneficial interest in assets held by others	134,402	150,184
Property and Equipment:		
Land	2,844,000	2,844,000
Automotive equipment	1,306,869	729,984
Furnishings and equipment	611,806	611,806
Building	6,489,307	6,439,755
Software	100,393	100,393
Less accumulated depreciation	<u>(2,424,629)</u>	<u>(1,682,902)</u>
Owned property and equipment, net	8,927,746	9,043,036
Automotive equipment - non-owned	141,984	504,999
Less accumulated depreciation - non-owned	<u>(11,832)</u>	<u>(468,504)</u>
Automotive equipment - non-owned, net	<u>130,152</u>	<u>36,495</u>
Total Property and Equipment, Net	<u>9,057,898</u>	<u>9,079,531</u>
Total Assets	<u>\$ 14,419,289</u>	<u>\$ 15,786,887</u>

See accompanying notes.

SENIOR SERVICES OF SNOHOMISH COUNTY
DBA HOMAGE SENIOR SERVICES
Statement of Financial Position - Liabilities and Net Assets
December 31, 2022
(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
Current Liabilities:		
Accounts payable	\$ 179,479	\$ 262,643
Accrued employee salaries and benefits	500,215	473,830
Deferred revenue	93,993	58,684
Current portion of long-term debt	<u>136,799</u>	<u>632,064</u>
Total Current Liabilities	910,486	1,427,221
Long-term debt, net of current portion	<u>5,481,799</u>	<u>5,612,750</u>
Total Liabilities	6,392,285	7,039,971
Net Assets:		
Without donor restrictions	7,375,706	7,736,585
With donor restrictions	<u>651,298</u>	<u>1,010,331</u>
Total Net Assets	<u>8,027,004</u>	<u>8,746,916</u>
Total Liabilities and Net Assets	<u>\$ 14,419,289</u>	<u>\$ 15,786,887</u>

See accompanying notes.

SENIOR SERVICES OF SNOHOMISH COUNTY
DBA HOMAGE SENIOR SERVICES
Statement of Activities
For the Year Ended December 31, 2022
(With Comparative Totals for 2021)

	Without Donor Restrictions	With Donor Restrictions	2022	2021
Operating Support and Revenue:				
Government grants and contracts	\$ 7,734,628	\$ -	\$ 7,734,628	7,032,999
Contributions	1,979,725	227,140	2,206,865	2,561,661
Forgiveness of Paycheck Protection Program loan				2,103,400
Sales, advertising and other income	1,186,415		1,186,415	892,472
Professional fees	39,920		39,920	8,184
Investment (loss) return	(1,861)	(11,517)	(13,378)	12,928
Gain (loss) on sale of assets	23,500		23,500	(22,898)
Net assets released from restrictions	574,656	(574,656)		
Total Operating Support and Revenue	11,536,983	(359,033)	11,177,950	12,588,746
Operating Expenses:				
Program services-				
Social and information services	2,872,872		2,872,872	3,352,380
Nutrition services	3,344,160		3,344,160	2,854,457
Transportation services	1,125,839		1,125,839	987,759
Home repair services	1,125,895		1,125,895	1,099,988
Total program services	8,468,766		8,468,766	8,294,584
Supporting services-				
Administration	2,724,595		2,724,595	2,599,720
Fundraising and public relations	704,501		704,501	587,493
Total supporting services	3,429,096		3,429,096	3,187,213
Total Operating Expenses	11,897,862		11,897,862	11,481,797
Change in Net Assets From Operating Activities/Total Change In Net Assets	\$ (360,879)	\$ (359,033)	\$ (719,912)	\$ 1,106,949

See accompanying notes.

SENIOR SERVICES OF SNOHOMISH COUNTY
DBA HOMAGE SENIOR SERVICES
Statement of Changes in Net Assets
For the Year Ended December 31, 2022
(With Comparative Totals for 2021)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Total</u>	<u>2021</u>
Net assets, beginning of year	\$ 7,736,585	\$ 1,010,331	\$ 8,746,916	\$ 7,639,967
Total change in net assets	<u>(360,879)</u>	<u>(359,033)</u>	<u>(719,912)</u>	<u>1,106,949</u>
Net Assets, End of Year	<u><u>\$ 7,375,706</u></u>	<u><u>\$ 651,298</u></u>	<u><u>\$ 8,027,004</u></u>	<u><u>\$ 8,746,916</u></u>

See accompanying notes.

SENIOR SERVICES OF SNOHOMISH COUNTY
DBA HOMAGE SENIOR SERVICES
Statement of Functional Expenses
For the Year Ended December 31, 2022
(With Comparative Totals for 2021)

	Program Services					Supporting Services			2022 Total Expenses	2021 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	\$ 1,873,680	\$ 905,048	\$ 603,076	\$ 649,130	\$ 4,030,934	\$ 1,663,033	\$ 423,554	\$ 2,086,587	\$ 6,117,521	\$ 5,550,341
Payroll taxes	180,351	97,602	76,970	82,882	437,805	148,468	39,345	187,813	625,618	536,549
Employee benefits	164,641	100,880	54,819	64,812	385,152	158,319	33,732	192,051	577,203	537,563
Salaries and Benefits	2,218,672	1,103,530	734,865	796,824	4,853,891	1,969,820	496,631	2,466,451	7,320,342	6,624,453
Office and operating supplies	110,854	1,542,725	1,463	146,782	1,801,824	7,804	6,031	13,835	1,815,659	1,760,090
Small tools and minor equipment	57,532	59,148	16,165	17,157	150,002	149,363	39,230	188,593	338,595	359,896
Supplies and Equipment	168,386	1,601,873	17,628	163,939	1,951,826	157,167	45,261	202,428	2,154,254	2,119,986
Professional services	150,999	95,682	19,047	8,074	273,802	377,439	26,184	403,623	677,425	869,014
Client assistance	100,824				100,824				100,824	60,319
Telephone and postage expense	42,194	24,014	15,298	17,453	98,959	3,820	27,108	30,928	129,887	159,457
Travel, mileage and contracted services	34,096	16,519	11,832	40	62,487	17,356	405	17,761	80,248	55,669
Insurance and other services	33,837	81,412	62,239	62,457	239,945	21,552	1,513	23,065	263,010	259,133
Interest and other miscellaneous expenses	32,734	127,961	8,309	13,968	182,972	19,320	10,337	29,657	212,629	276,090
Dues, printing, training, etc.	28,326	15,750	8,574	8,547	61,197	1,769	72,811	74,580	135,777	133,940
Recruitment	11,908	2,000	7,383	1,098	22,389	68,579	5,510	74,089	96,478	96,570
Advertising	11,748	3,123	1,898	1,149	17,918	8,355	11,548	19,903	37,821	63,365
Public utility service	7,446	32,805	2,285	3,874	46,410	7,746	1,194	8,940	55,350	60,841
Operating rentals and leases	2,637	6,301	1,495	1,033	11,466	6,335	1,339	7,674	19,140	8,275
Repair and maintenance services	35	52,587	143,105	33,238	228,965	36	6	42	229,007	221,430
Other Expenses	456,784	458,154	281,465	150,931	1,347,334	532,307	157,955	690,262	2,037,596	2,264,103
Total Expenses Before Depreciation	2,843,842	3,163,557	1,033,958	1,111,694	8,153,051	2,659,294	699,847	3,359,141	11,512,192	11,008,542
Depreciation and amortization	29,030	180,603	91,881	14,201	315,715	65,301	4,654	69,955	385,670	473,255
Total Operating Expenses	\$2,872,872	\$3,344,160	\$ 1,125,839	\$1,125,895	\$8,468,766	\$ 2,724,595	\$ 704,501	\$3,429,096	\$ 11,897,862	\$ 11,481,797

See accompanying notes.

SENIOR SERVICES OF SNOHOMISH COUNTY
DBA HOMAGE SENIOR SERVICES
Statement of Cash Flows
For the Year Ended December 31, 2022
(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities:		
Total change in net assets	\$ (719,912)	\$ 1,106,949
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities-		
Loss on sale of property and equipment		29,612
Depreciation and amortization	385,670	473,255
Forgiveness of Paycheck Protection Program loan		(2,103,400)
Changes in operating assets and liabilities:		
Grants, contracts and other receivables	639,444	(537,419)
Pledges receivable	(46,108)	31,069
Prepaid expenses and other assets	(113,645)	(153,073)
Accounts payable	(83,164)	(43,907)
Accrued employee salaries and benefits	26,385	(19,378)
Deferred revenue	35,309	(55,447)
Cash Provided by (Used in) Operating Activities	123,979	(1,271,739)
Cash Flows From Investing Activities:		
Purchase of property and equipment	(358,189)	(28,828)
Cash Used in Investing Activities	(358,189)	(28,828)
Cash Flows From Financing Activities:		
Payments on long-term debt	(132,064)	(127,506)
Net payments on line-of-credit	(500,000)	
Proceeds from issuance of long-term debt		500,000
Cash (Used in) Provided by Financing Activities	(632,064)	372,494
Net Change in Cash, Cash Equivalents and Restricted Cash	(866,274)	(928,073)
Total Cash, Cash Equivalents and Restricted Cash, Beginning of Year	3,937,370	4,865,443
Cash, Cash Equivalents and Restricted Cash, End of Year	\$ 3,071,096	\$ 3,937,370
Supplementary Cash Flow Information:		
Cash paid during the year for interest	\$ 207,000	\$ 215,390
Paycheck Protection Program loan forgiveness	\$ -	\$ 2,103,400

See accompanying notes.

**SENIOR SERVICES OF SNOHOMISH COUNTY
DBA HOMAGE SENIOR SERVICES
Notes to Financial Statements
For the Year Ended December 31, 2022
(With Comparative Totals for 2021)**

Note 1 - Nature of the Organization

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 Organization).

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, 2022.

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.

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.

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 statement of activities.

SENIOR SERVICES OF SNOHOMISH COUNTY
DBA HOMAGE SENIOR SERVICES
Notes to Financial Statements
For the Year Ended December 31, 2022
(With Comparative Totals for 2021)

Note 1 - Continued

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.

Transportation Assistance Program (TAP) provides accessible transportation to seniors and people with disabilities.

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 financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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.

SENIOR SERVICES OF SNOHOMISH COUNTY
DBA HOMAGE SENIOR SERVICES
Notes to Financial Statements
For the Year Ended December 31, 2022
(With Comparative Totals for 2021)

Note 2 - Continued

Revenue Recognition - The Organization provides outreach and referral services to insurance companies. Revenue is recognized when the outreach event is performed, or the eligible member is enrolled with the insurance company based on a fixed price for each outreach or referral. These services are billed monthly. Revenue related to these services totaled \$888,080 and \$615,018 for the years ended December 31, 2022 and 2021, respectively. There are no significant contract assets or liabilities recorded for the years ended December 31, 2022 and 2021.

The Organization provides various goods and services to customers. Revenue is recognized when the performance obligations are met. Revenue was recognized for these goods and services of \$82,158 and \$55,550 for the years ended December 2022 and 2021, respectively. There are no significant contract assets or liabilities recorded for the years ended December 31, 2022 and 2021.

Revenue recognized from contracts with customers totaled \$970,238 and \$670,568 for the years ended December 31, 2022 and 2021, 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, 2022, conditional contributions approximating \$2,365,502, 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.

Cash and Cash Equivalents - For the purpose of the 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, 2022 and 2021. Accordingly, no allowance for doubtful accounts has been recorded.

Grants, contracts and other receivables totaled \$1,497,368 with \$1,399,690 due from government grants and contracts as well as unconditional promises to give and \$97,678 due from contracts with customers at December 31, 2022. Additionally, pledges receivable totaled \$59,000 at December 31, 2022. Grants, contracts and other receivables and pledges receivable are due within one year.

SENIOR SERVICES OF SNOHOMISH COUNTY
DBA HOMAGE SENIOR SERVICES
Notes to Financial Statements
For the Year Ended December 31, 2022
(With Comparative Totals for 2021)

Note 2 - Continued

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 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.

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 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 full time equivalents, 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 \$37,821 and \$63,365 during the year ended December 31, 2022 and 2021, respectively.

In-Kind Donations - In-kind contributions of \$160,601 and \$246,088 were received during the years ended December 31, 2022 and 2021, respectively, which consisted primarily of donated food, supplies and advertising. All the in-kind donations received were used in operations. In-kind donations are included in contributions on the 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.

SENIOR SERVICES OF SNOHOMISH COUNTY
DBA HOMAGE SENIOR SERVICES
Notes to Financial Statements
For the Year Ended December 31, 2022
(With Comparative Totals for 2021)

Note 2 - Continued

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. There we no nonoperating activities for the years ended December 31, 2022 and 2021.

Federal Income Tax - Homage Senior Services 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.

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, 2022 or 2021.

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

Comparative Amounts for 2021 - For comparative purposes, the 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 financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Subsequent Events - The Organization has evaluated subsequent events through July 7, 2023 the date on which the financial statements were available to be issued.

SENIOR SERVICES OF SNOHOMISH COUNTY
DBA HOMAGE SENIOR SERVICES
Notes to Financial Statements
For the Year Ended December 31, 2022
(With Comparative Totals for 2021)

Note 3 - Long-Term Debt

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

	<u>2022</u>	<u>2021</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.	\$ 5,741,904	\$ 5,873,968
Line of credit; Homestreet Bank; limit of \$500,000. One payment of outstanding principal and unpaid accrued interest due on October 1, 2023. The line of credit is secured by real property owned by the Organization and located in Snohomish County, Washington. This was paid in full during the year ended December 31, 2022.		<u>500,000</u>
	5,741,904	6,373,968
Less current portion of long-term debt	(136,799)	(632,064)
Less unamortized financing costs	<u>(123,306)</u>	<u>(129,154)</u>
Total Long-Term Debt, Net of Current Portion	<u>\$ 5,481,799</u>	<u>\$ 5,612,750</u>

Future minimum principal payments on debt are as follows:

For the Year Ending December 31,

2023	\$ 136,799
2024	141,151
2025	146,767
2026	152,030
2027	157,481
Thereafter	<u>5,007,676</u>
	5,741,904
Less unamortized debt issuance costs	<u>(123,306)</u>
Total Debt	<u>\$ 5,618,598</u>

Interest expense totaled \$207,000 and \$215,390 for the years ended December 31, 2022 and 2021, respectively. Capitalized interest totaled \$0 for both years ended December 31, 2022 and 2021.

SENIOR SERVICES OF SNOHOMISH COUNTY
DBA HOMAGE SENIOR SERVICES
Notes to Financial Statements
For the Year Ended December 31, 2022
(With Comparative Totals for 2021)

Note 4 - Net Assets With Donor Restrictions

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

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specific purpose-		
Meals on Wheels	\$ 214,922	\$ 621,122
Other	<u>357,264</u>	<u>298,580</u>
	572,186	919,702
Not subject to appropriation or expenditure-		
Beneficial interest in assets held by others (Note 8)	<u>79,112</u>	<u>90,629</u>
Total Assets With Donor Restrictions	<u>\$ 651,298</u>	<u>\$ 1,010,331</u>

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by the passage of time were \$574,656 and \$506,538 for the years ended December 31, 2022 and 2021, respectively.

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 approximately \$17,000 and \$0 of employer contributions for the years ended December 31, 2022 and 2021.

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 \$43,701 and \$44,308 for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, support from local, state and federal governmental agencies totaled 69% and 73% respectively of total operating support and revenue. Receivables related to local, state and federal government agencies accounted for 93% and 87% of the Organization's total grants, contracts and other receivables at December 31, 2022 and 2021, 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, 2022 and 2021, no adjustments were made.

SENIOR SERVICES OF SNOHOMISH COUNTY
DBA HOMAGE SENIOR SERVICES
Notes to Financial Statements
For the Year Ended December 31, 2022
(With Comparative Totals for 2021)

Note 8 - 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 statement of financial position. Changes in the value of the Fund are reported as gains or losses without donor restrictions.

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 statement of financial position. Changes in the value of the Fund are reported as gains or losses with donor restrictions.

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, December 31, 2021	\$ 59,555	\$ 90,629	\$ 150,184
Change in value included in the change in net assets	<u>(4,265)</u>	<u>(11,517)</u>	<u>(15,782)</u>
Balance, December 31, 2022	<u>\$ 55,290</u>	<u>\$ 79,112</u>	<u>\$ 134,402</u>

Note 9 - Liquidity and Availability of Financial Assets

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

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 3,071,096	\$ 3,937,370
Grants, contracts and other receivables	1,497,368	2,136,812
Pledges receivable	<u>59,000</u>	<u>12,892</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 4,627,464</u>	<u>\$ 6,087,074</u>

SENIOR SERVICES OF SNOHOMISH COUNTY
DBA HOMAGE SENIOR SERVICES
Notes to Financial Statements
For the Year Ended December 31, 2022
(With Comparative Totals for 2021)

Note 9 - Continued

Financial assets available for 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 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 10 - COVID-19 Relief Programs

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.