

SENIORCARE, INC.
Financial Statements
For the Years Ended
June 30, 2009 and 2008

SENIORCARE, INC.
Financial Statements and Reports
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INDEPENDENT AUDITORS' REPORT

Board of Directors
SeniorCare, Inc.

We have audited the accompanying statements of financial position of SeniorCare, Inc.(a nonprofit organization) as of June 30, 2009 and 2008, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of SeniorCare, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable, not absolute, assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SeniorCare, Inc. as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2009 on our consideration of SeniorCare, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Board of Directors
SeniorCare, Inc.
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Our audit was performed for the purpose of forming an opinion on the basic financial statements of SeniorCare, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The accompanying information in Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the above financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Horvitz & Frisch, P.C.

HORVITZ & FRISCH, P.C.

October 28, 2009

SENIORCARE, INC.
Statements of Financial Position
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 781,776	\$ 269,287
Accounts Receivable, Net:		
Commonwealth of Massachusetts	1,439,879	1,343,383
Other	1,358	7,396
Prepaid Expenses	14,532	20,389
Total Current Assets	<u>2,237,545</u>	<u>1,640,455</u>
Property and Equipment, Net of Accumulated Depreciation	<u>57,622</u>	<u>83,225</u>
Other Assets:		
Investments	-	10,904
Deposits	804	804
Total Other Assets	<u>804</u>	<u>11,708</u>
Total Assets	<u>\$ 2,295,971</u>	<u>\$ 1,735,388</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts Payable	\$ 1,009,276	\$ 735,720
Accrued Expenses	218,142	234,446
Total Current Liabilities	<u>1,227,418</u>	<u>970,166</u>
Other Liabilities:		
Surplus Revenue Retention Liability	41,398	17,583
Total Other Liabilities	<u>41,398</u>	<u>17,583</u>
Total Liabilities	<u>1,268,816</u>	<u>987,749</u>
Net Assets:		
Unrestricted	964,071	714,554
Temporarily Restricted	63,084	33,085
Total Net Assets	<u>1,027,155</u>	<u>747,639</u>
Total Liabilities and Net Assets	<u>\$ 2,295,971</u>	<u>\$ 1,735,388</u>

See Accountants' Audit Report and Accompanying Notes to Financial Statements.

SENIORCARE, INC.
Statement of Activities
For the Year Ended June 30, 2009

	Unrestricted	Temporarily Restricted	Total
Revenues, Gains and Other Support:			
State Home Care Contracts	\$ 7,944,571	\$ -	\$ 7,944,571
Title III Contracts	770,318	-	770,318
Medicaid	489,646	-	489,646
Client Fees	280,846	-	280,846
Community Grants	8,600	-	8,600
Voluntary Co-Payments and Contributions	259,674	29,999	289,673
Other	260,197	-	260,197
Investment Return	(4,925)	-	(4,925)
Interest	5,704	-	5,704
Net assets released from restrictions:			
Satisfaction of Performance	-	-	-
 Total Revenues, Gains and other Support	 10,014,631	 29,999	 10,044,630
Expenses:			
Program Services:			
State Home Care Contracts	7,207,319	-	7,207,319
Title III Contracts	1,353,187	-	1,353,187
Foster Care	458,057	-	458,057
Other Programs	147,350	-	147,350
Eliminations	(399,180)	-	(399,180)
Total Program Expenses	8,766,733	-	8,766,733
Supporting Services:			
Management and General	971,636	-	971,636
Fundraising	2,930	-	2,930
Total Expenses	9,741,299	-	9,741,299
Change in Net Assets from Operations	273,332	29,999	303,331
Change in Net Assets due to Surplus Revenue Retention Liability	(23,815)	-	(23,815)
Total Change in Net Assets	249,517	29,999	279,516
Net Assets, Beginning of Year	714,554	33,085	747,639
Net Assets, End of Year	\$ 964,071	\$ 63,084	\$ 1,027,155

See Accountants' Audit Report and Accompanying Notes to Financial Statements.

SENIORCARE, INC.
Statement of Activities
For the Year Ended June 30, 2008

	Unrestricted	Temporarily Restricted	Total
Revenues, Gains and Other Support:			
State Home Care Contracts	\$ 7,145,051	\$ -	\$ 7,145,051
Title III Contracts	766,128	-	766,128
Medicaid	498,340	-	498,340
Client Fees	245,092	-	245,092
Community Grants	12,138	-	12,138
Voluntary Co-Payments and Contributions	179,353	20,225	199,578
Other	207,315	-	207,315
Investment Return	(450)	-	(450)
Interest	13,915	-	13,915
Net assets released from restrictions:			
Satisfaction of Performance	436	(436)	-
 Total Revenues, Gains and Other Support	 9,067,318	 19,789	 9,087,107
Expenses:			
Program Services:			
State Home Care Contracts	6,483,325	-	6,483,325
Title III Contracts	1,414,628	-	1,414,628
Foster Care	474,438	-	474,438
Other Programs	175,982	-	175,982
Eliminations	(490,238)	-	(490,238)
Total Program Expenses	8,058,135	-	8,058,135
Supporting Services:			
Management and General	1,011,018	-	1,011,018
Fundraising	7,666	-	7,666
Total Expenses	9,076,819	-	9,076,819
Change in Net Assets from Operations	(9,501)	19,789	10,288
Change in Net Assets due to Surplus Revenue Retention Liability	(17,014)	-	(17,014)
Total Change in Net Assets	(26,515)	19,789	(6,726)
Net Assets, Beginning of Year	741,069	13,296	754,365
Net Assets, End of Year	\$ 714,554	\$ 33,085	\$ 747,639

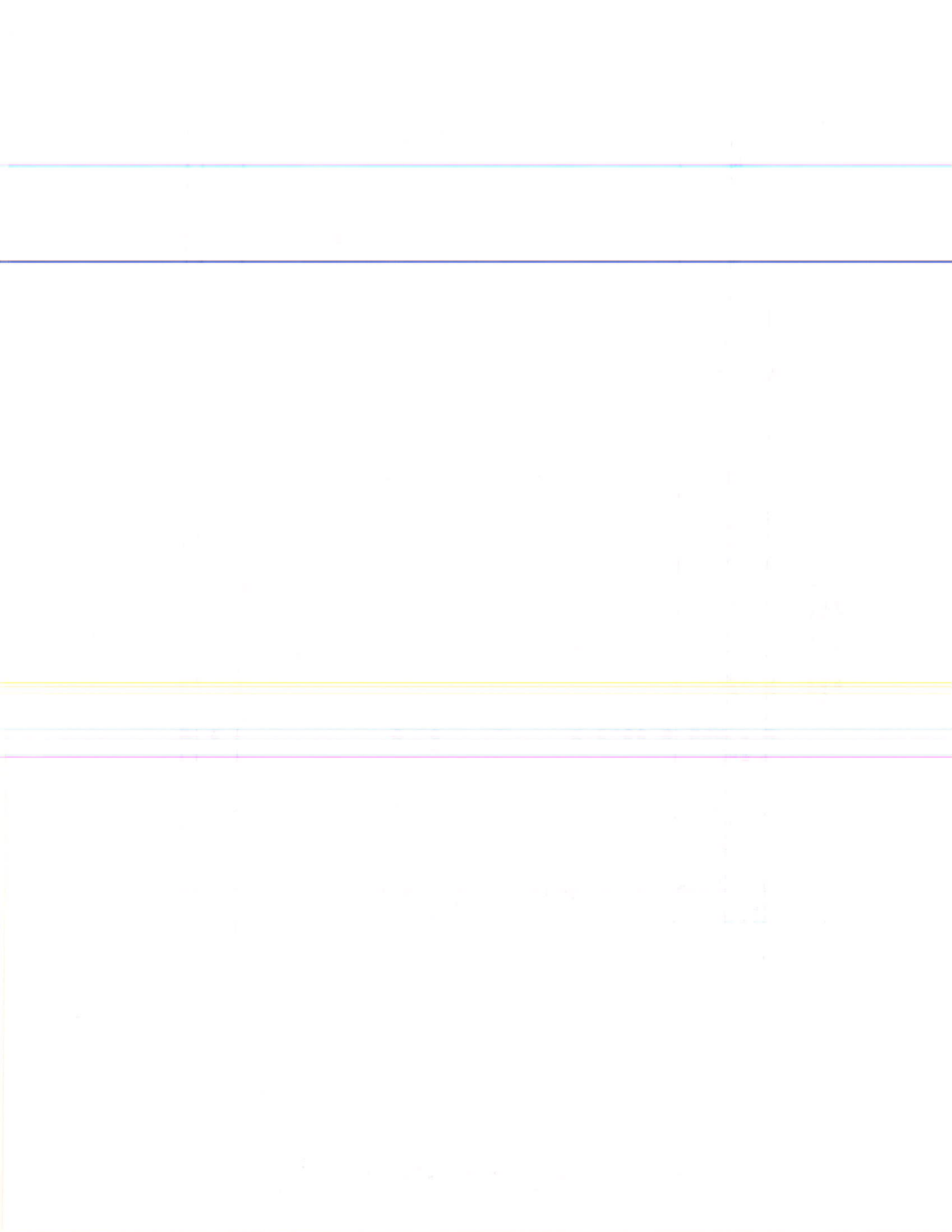
See Accountants' Audit Report and Accompanying Notes to Financial Statements.

SENIORCARE, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2009 (with Comparative Totals for 2008)

	Program Services				Supporting Services		Total Expenses	
	State Home Care Contracts	Title III Grants	Foster Care	Other Programs	Eliminations	Total	2009	2008
Salaries and Wages	\$ 1,445,200	\$ 554,147	\$ 114,165	\$ 90,532	\$ -	\$ 2,204,044	\$ 2,910,391	\$ 2,877,301
Payroll Taxes	109,703	51,319	9,834	8,111	-	178,967	232,819	236,610
Fringe Benefits	36,698	13,016	1,563	1,706	-	52,983	52,983	61,565
Vacation Accrual Adjustment	(9,646)	-	-	-	-	(9,646)	(9,646)	(1,281)
Total Salaries and Related Costs	1,581,955	618,482	125,562	100,349	-	2,426,348	3,186,547	3,174,195
Occupancy Rent	72,865	19,796	4,579	4,944	-	102,184	124,337	124,188
Travel	33,640	42,216	2,147	18,770	-	96,773	102,596	96,604
Telephone	20,701	13,212	993	1,073	-	35,979	44,348	28,447
Office Maintenance	15,893	3,733	1,061	1,145	-	21,832	27,790	26,033
Insurance	-	-	-	698	-	698	35,641	36,424
Utilities	21,018	4,974	1,321	1,426	-	28,739	35,129	32,675
Office Supplies	227	1,640	-	201	-	2,068	25,967	31,466
Supplies	3,535	5,159	-	-	-	8,694	8,694	9,699
Advertising	75	414	-	-	-	489	1,989	3,890
Dues and Subscriptions	-	4,526	-	220	-	4,746	3,231	10,434
Equipment Purchases	291	811	90	280	-	1,793	3,656	12,243
Postage	8,047	3,394	102	2,061	-	13,604	15,513	15,267
Staff Training	3,650	764	9	1,510	-	5,933	11,498	17,254
Computer Charges	-	-	-	-	-	-	12,415	30,185
Consultants	36,004	13,795	-	-	-	49,799	50,717	52,205
Miscellaneous	1,204	642	-	9,065	-	10,911	25,185	33,186
Home Care Providers	4,853,868	-	310,381	-	-	5,164,249	5,164,249	4,466,793
Transportation Providers	7,265	37,000	-	-	-	44,265	44,265	60,890
Protective Service Providers	25,826	-	-	-	-	25,826	25,826	14,694
Nutrition	373,408	532,147	11,802	-	(399,180)	518,177	518,177	509,299
Respite Care	147,847	-	-	-	-	147,847	147,847	166,856
Adult Day Care	-	-	-	300	-	300	300	109
Care Giver Support	-	6,802	-	-	-	6,802	6,802	4,443
Audit	-	-	-	-	-	-	19,500	19,500
Maintenance and Equipment Rental	-	516	-	-	-	516	9,665	12,655
Legal and Accounting	-	934	-	-	-	934	3,414	3,779
Bad Debts	-	-	-	-	-	-	-	-
Board Costs	-	864	10	5,308	-	6,182	14,286	14,075
Printing and Reproduction	-	-	-	-	-	-	-	1,898
Local Councils on Aging	-	23,506	-	-	-	23,506	23,506	22,082
Neighborhood Legal Services	-	17,860	-	-	-	17,860	17,860	17,860
Interprogram Expenses	-	-	-	-	-	-	-	-
Total Expenses Before Depreciation	7,207,319	1,353,187	458,057	147,350	(399,180)	8,766,733	9,715,696	9,049,328
Depreciation Expense	-	-	-	-	-	-	25,603	27,491
Total Expenses	\$ 7,207,319	\$ 1,353,187	\$ 458,057	\$ 147,350	\$ (399,180)	\$ 8,766,733	\$ 9,741,299	\$ 9,076,819

SENIORCARE, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2008

	Program Services				Supporting Services			2008
	State Home Care Contracts	Title III Grants	Foster Care	Other Programs	Eliminations	Total	Management and General	Fundraising
Salaries and Wages	\$ 1,417,125	\$ 547,055	\$ 109,778	\$ 103,910	\$ -	\$ 2,177,868	\$ 699,433	\$ -
Payroll Taxes	114,421	50,133	9,789	8,760	-	183,103	53,507	-
Fringe Benefits	46,955	10,666	2,635	1,309	-	61,565	-	-
Vacation Accrual Adjustment	(1,281)	-	-	-	-	(1,281)	-	-
Total Salaries and Related Costs	1,577,220	607,854	122,202	113,979	-	2,421,255	752,940	-
Occupancy Rent	77,140	18,135	5,444	3,252	-	103,971	20,217	-
Travel	30,190	35,709	2,009	23,451	-	91,359	5,245	-
Telephone	16,402	8,148	734	438	-	25,722	2,725	-
Office Maintenance	15,056	3,448	1,062	635	-	20,201	5,832	-
Insurance	-	-	-	704	-	704	-	-
Utilities	20,303	4,142	1,433	856	-	26,734	5,941	-
Office Supplies	317	1,524	-	691	-	2,532	28,934	-
Supplies	3,552	5,362	-	25	-	8,914	-	-
Advertising	553	1,002	-	-	-	1,580	2,310	-
Dues and Subscriptions	73	6,273	-	-	-	6,346	4,088	-
Equipment Purchases	-	1,551	-	-	-	1,551	10,692	-
Postage	7,933	3,369	121	1,956	-	13,379	1,836	-
Staff Training	2,855	2,388	-	5,635	-	10,878	6,376	-
Computer Charges	-	-	-	-	-	-	30,185	-
Consultants	26,343	3,902	-	-	-	30,245	18,346	-
Miscellaneous	812	1,562	-	17,883	-	20,257	12,907	-
Home Care Providers	4,138,844	-	327,549	400	-	4,466,793	-	-
Transportation Providers	23,479	37,367	44	-	-	60,890	-	-
Protective Service Providers	14,694	-	-	-	-	14,694	-	-
Nutrition	358,129	527,264	13,840	-	(389,934)	509,299	-	-
Respite Care	166,856	-	-	-	-	166,856	-	-
Adult Day Care	-	-	-	109	-	109	-	-
Care Giver Support	-	4,443	-	-	-	4,443	-	-
Audit	-	-	-	-	-	-	19,500	-
Maintenance and Equipment Rental	-	137	-	-	-	137	11,223	-
Legal and Accounting	2,574	777	-	-	-	3,351	428	1,295
Bad Debts	-	-	-	-	-	-	-	-
Board Costs	-	25	-	5,968	-	5,993	8,082	-
Printing and Reproduction	-	-	-	-	-	-	-	-
Local Councils on Aging	-	22,082	-	-	-	22,082	-	-
Neighborhood Legal Services	-	17,860	-	-	-	17,860	-	-
Interprogram Expenses	-	100,304	-	-	(100,304)	-	-	-
Total Expenses Before Depreciation	6,483,325	1,414,628	474,438	175,982	(490,238)	8,058,135	983,527	7,666
Depreciation Expense	-	-	-	-	-	-	27,491	-
Total Expenses	\$ 6,483,325	\$ 1,414,628	\$ 474,438	\$ 175,982	\$ (490,238)	\$ 8,058,135	\$ 1,011,018	\$ 7,666



SENIORCARE, INC.
Statements of Cash Flows
For the Years ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash Flows from Operating Activities:		
Change in Net Assets from Operations	\$ 303,331	\$ 10,288
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	25,603	27,491
Unrealized (Appreciation)		
Depreciation on Investments	-	450
Realized (Appreciation)		
Depreciation on Investments	4,925	-
(Increase) Decrease in:		
Accounts Receivable	(90,458)	(255,244)
Prepaid Expenses	5,857	7,258
Deposits	-	2,648
Increase (Decrease) in:		
Accounts Payable	273,556	76,465
Accrued Expenses	<u>(16,304)</u>	<u>38,275</u>
Net Cash Provided (Used) by Operating Activities	<u>506,510</u>	<u>(92,369)</u>
Cash Flows from Investing Activities:		
Proceeds from Sale of Investments	5,979	-
Purchase of Equipment	<u>-</u>	<u>(28,894)</u>
Net Cash Provided (Used) by Investing Activities	<u>5,979</u>	<u>(28,894)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	512,489	(121,263)
Cash and Cash Equivalents, Beginning of Year	<u>269,287</u>	<u>390,550</u>
Cash and Cash Equivalents, End of Year	<u>\$ 781,776</u>	<u>\$ 269,287</u>
<u>Supplemental Disclosure</u>		
Interest Paid	<u>\$ -</u>	<u>\$ -</u>

See Accountants' Audit Report and Accompanying Notes to Financial Statements.

SENIORCARE, INC.
Notes to Financial Statements
For the Years ended June 30, 2009 and 2008

1. Operations, Nonprofit Status and Summary of Significant Accounting Policies

Operations and Nonprofit Status

SeniorCare, Inc. was incorporated in May 1973 as a nonprofit organization (not a private foundation), exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Donors may deduct contributions made to SeniorCare, Inc. within the Internal Revenue Code requirements.

SeniorCare, Inc., as an Area Agency on Aging and Aging Services Access Point, provides services which include, but are not limited to, case management, information, referral, transportation, health, friendly visiting, nutrition, chore, protective and homemaker services to the elderly within its service area. SeniorCare, Inc.'s service area covers the communities of Beverly, Essex, Gloucester, Hamilton, Ipswich, Manchester-by-the-Sea, Rockport, Topsfield and Wenham, Massachusetts.

SeniorCare, Inc. receives most of its funding from government contracts (Federal and Commonwealth of Massachusetts).

The financial statements are prepared using the accrual basis of accounting.

Financial Statements Presentation

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

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations. Board designated restrictions are considered unrestricted under these reporting standards.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met wither by actions of the Organization and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of such assets would permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Cash and Cash Equivalents

For purpose of the statements of cash flows, SeniorCare, Inc. considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

SENIORCARE, INC.
Notes to Financial Statements - Continued
For the Years ended June 30, 2009 and 2008

1. Operations, Nonprofit Status and Summary of Significant Accounting Policies - Continued

Cash and cash equivalents accounts at June 30 consist of the following:

	2009	2008
Sovereign Bank	\$ 638,653	\$ 232,173
First National Bank Of Ipswich	3,080	1,617
Citizens Bank	28,894	28,638
Cape Ann Savings Bank	108,329	-
New England Securities	-	4,749
Beverly National Bank	2,340	1,312
Rockport National Bank	480	798
Total	\$ 781,776	\$ 269,287

The Organization had \$789,416 and \$371,598 invested in an overnight sweep account on June 30, 2009 and 2008 respectively.

Promises to Give

Contributions are recognized when the donor makes a promise to give to SeniorCare, Inc. that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

SeniorCare, Inc. uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Contributed Services

During the years ended June 30, 2009 and 2008, the contributed services received by SeniorCare, Inc. did not meet the requirements for recognition in the financial statements and have not been recorded. However, for management purposes only, contributed services for all programs have been valued at approximately \$430,000 and \$479,000 for the years ended June 30, 2009 and 2008, respectively based upon a rate of \$8 per hour.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

SENIORCARE, INC.
Notes to Financial Statements - Continued
For the Years ended June 30, 2009 and 2008

1. Operations, Nonprofit Status and Summary of Significant Accounting Policies - Continued

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Contributions

In accordance with Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made", contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Advertising Costs

Advertising costs are expensed as incurred and amounted to \$1,989 and \$3,890 for the years ended June 30, 2009 and 2008, respectively.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their face values in the statement of financial position. Unrealized appreciation and depreciation are included in the change in net assets.

Property and Equipment

SeniorCare, Inc. capitalizes major purchases of fixed assets, which are not in the nature of replacements or repairs. Minor equipment purchases, replacements, maintenance and repairs are charged to expense as incurred.

Capitalized fixed assets are recorded at cost, if purchased or constructed; or at fair market value at the date of the gift, if donated.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets capitalized.

Equipment purchased with grant funds, the title to which remains with the grantor for its estimated useful life, is expensed in the year the offsetting revenue has been recognized.

Fund Raising Costs

The fundraising expenses include only actual expenses. No indirect costs have been allocated to fundraising expenses. Fundraising expenses for the years ended June 30, 2009 and 2008 amounted to \$2,930 and \$7,666, respectively.

SENIORCARE, INC.
Notes to Financial Statements - Continued
For the Years ended June 30, 2009 and 2008

2. Funding and Credit Risk

SeniorCare, Inc. receives funding under several government contracts with the Commonwealth of Massachusetts to carry on its programs. Future funding is dependent on the Commonwealth's budget. ~~These contracts are subject to possible audit by the appropriate government agencies. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of SeniorCare, Inc. as of June 30, 2009 or on the results of its operations for the year then ended.~~

SeniorCare, Inc. maintains its operating cash accounts at one financial institution and, therefore, is subject to a concentration of credit risk arising from cash deposits in excess of federally insured limits at that bank. The uninsured balance at June 30, 2009 and 2008 was \$553,030 and \$327,246, respectively.

3. Accounts Receivable - Commonwealth of Massachusetts

Accounts receivable from the Commonwealth of Massachusetts at June 30 consist of the following:

	2009	2008
Executive Office of Elder Affairs	\$ 1,269,857	\$ 1,201,985
Department of Public Welfare (Medicaid)	175,022	146,398
Less Allowance for Doubtful Accounts	(5,000)	(5,000)
	<u>\$ 1,439,879</u>	<u>\$ 1,343,383</u>

As of June 30, 2009 and 2008, the Organization had no receivables outstanding over ninety days. It is the policy of SeniorCare, Inc. to not assess finance charges. Delinquent accounts are written off as deemed by management. No amounts were written off as bad debts in 2009 and 2008.

4. Property and Equipment

Major classifications of property and equipment and their respective lives are as follows:

	2009	2008	Estimated Useful Lives
Furniture and Equipment	\$ 240,047	\$ 240,047	5-7 years
Leasehold Improvements	27,145	27,145	5 years
	<u>267,192</u>	<u>267,192</u>	
Less Accumulated Depreciation	(209,570)	(183,967)	
	<u>\$ 57,622</u>	<u>\$ 83,225</u>	

Equipment purchased with funds of the Mobility Assistance Program of the U.S. Department of Transportation, title to which remains with the Massachusetts Executive Office of Transportation and Construction, cumulatively amounted to \$171,411 for both years ended June 30, 2009 and 2008. These amounts have not been recorded on the books of SeniorCare, Inc.

SENIORCARE, INC.
Notes to Financial Statements - Continued
For the Years ended June 30, 2009 and 2008

5. Investments

Investments as of June 30, 2009 and 2008 are as follows:

	2009	2008
Loomis Growth Fund:		
Value, Beginning of Year	\$ -	\$ -
Purchases	-	11,354
Unrealized Appreciation (Depreciation)	-	-
Value, End of Year	-	(450)
Total Investments	\$ -	\$ 10,904

6. Earned Time Liability

The Organization's liability for Earned Time was \$129,880 and \$139,526 for the years ended June 30, 2009 and 2008, respectively. This represents amounts owed to employees under the Organization's paid Earned Time policy. This amount is included in accrued expenses.

7. Rent

SeniorCare, Inc. leases office space in Gloucester, Massachusetts. It entered into a three year lease effective January 1, 2008 with an annual rent of \$121,788 plus utilities.

SeniorCare, Inc. also rents locations for its nutrition programs as tenants at will for an annual rent of \$2,400.

Rent expense amounted to \$124,337 and \$124,188 for the years ended June 30, 2009 and 2008, respectively.

The future minimum lease payments for the next five years as of June 30, 2009 are as follows:

2010	\$ 60,894
2011	-
2012	-
2013	-
2014	-
	<u>\$ 60,894</u>

SENIORCARE, INC.
Notes to Financial Statements - Continued
For the Years ended June 30, 2009 and 2008

8. Employee Benefit Plans

SeniorCare, Inc. maintains a tax-sheltered annuity program for all employees under Internal Revenue Code Section 403(b). The program is funded only by elected deferrals by participating employees.

The Organization also adopted a Flexible Spending Account effective January 1, 2006. Under this plan, employees elect deferrals for medical expenses. Should an employee fail to make their full annual election and the plan has made disbursements on their behalf, the Organization is obligated to fund the deficit.

9. Related Party Transactions

As required by the corporate bylaws, the board of directors includes representatives from each of the communities served by SeniorCare, Inc. Some of these SeniorCare, Inc. board members also are on the boards of several local councils on aging. Some of these councils receive funding from SeniorCare, Inc. Title III subgrants. The total subgrants paid to local councils on aging during the years ended June 30, 2009 and 2008 was \$23,506 and \$22,082, respectively.

10. Contingencies - Government Audits

Various grants and contracts of SeniorCare, Inc. are subject to audit by the appropriate governmental agency. Acceptance of final costs incurred under these grants or contracts resides with the grantor. Management does not anticipate that any material adjustments will be required.

11. Net Assets - Provider Surplus (Deficit) Attributable to Commonwealth

The Commonwealth of Massachusetts requires that beginning with the year ended June 30, 1993, all recipients of Commonwealth funds subject to 808 CMR 1.00 disclose the component of their net assets arising from Commonwealth funds.

If, through cost savings initiatives implemented consistent with programmatic and contractual obligations, the Organization accrues an annual net surplus from the revenues and expenses associated with services provided to purchasing agencies which are subject to 808 CMR 1.00, the Organization may retain, for future use, a portion of that surplus not to exceed 5% of said revenues. The cumulative amount of the Organization's surplus account may not exceed 20% of the prior year's revenues from purchasing agencies. Surpluses may be used by the Organization for any of its established charitable purposes, provided that no portion of the surplus may be used for any non-reimbursable cost set forth in 808 CMR 1.05, the free care prohibition excepted. The Commonwealth of Massachusetts shall be responsible for determining the amount of surplus that may be retained by the Organization in any given year and may determine whether any excess surplus shall be used to reduce future revenue or be recouped.

SENIORCARE, INC.
Notes to Financial Statements - Continued
For the Years ended June 30, 2009 and 2008

11. Net Assets - Provider Surplus (Deficit) Attributable to Commonwealth - Continued

As of June 30, 2009, SeniorCare, Inc. had a surplus arising from Commonwealth funds as follows:

Cumulative Deficit for the Years Ended June 30, 1993

to June 30, 2006	\$ 349,782
Year Ended June 30, 2008	395,559
Year Ended June 30, 2009	305,603
Surplus (Deficit) Attributable to the Commonwealth	\$ <u>1,050,944</u>

For the years ended June 30, 2009 and 2008, the Organization had a Surplus Revenue Retention Liability of \$23,815 and \$17,583, respectively.

12. Net Assets

Unrestricted and temporarily restricted net assets are as follows as at June 30:

	2009	2008
Unrestricted:		
Title III Contracts	\$ 70,288	\$ (1,646)
State Home Care Contracts	706,210	625,079
Other	131,617	90,663
Board Funds	97,354	18,041
Surplus Revenue Retention Liability	(41,398)	(17,583)
Total Unrestricted	<u>964,071</u>	<u>714,554</u>
Temporarily Restricted:		
State Home Care Contracts	9,157	6,657
Volunteer Transportation	9,011	8,511
Other Programs	44,916	17,917
Total Temporarily Restricted	<u>63,084</u>	<u>33,085</u>
Total Net Assets	<u>\$ 1,027,155</u>	<u>\$ 747,639</u>

13. Line of Credit

\$100,000 revolving line of credit at a bank with \$100,000 unused at June 30, 2009 and 2008, respectively. Advances on the line of credit are payable on demand with interest at the bank's corporate base rate plus 1.5%, secured by all corporate assets. The rate as of June 30, 2009 and 2008 was 4.5% and 6.75%, respectively.

\$ - \$ -

SENIORCARE, INC.
Notes to Financial Statements - Continued
For the Years ended June 30, 2009 and 2008

14. Subsequent Event - Update

After the year ended June 30, 2008, the Organization was the recipient of an \$80,000 bequest. This amount was recorded as a contribution in the year ended June 30, 2009.

SENIORCARE, INC.
Supplemental Schedule of State Home Care Contracts
For the Year Ended June 30, 2009

	Case Management	Purchased Services	Protective Services	Coordinated Care	Caring Homes	Money Management	Community Choices - PS	Community Choices - CM	Community Options	Congregate Housing	Supportive Housing	Total	Schedule 1 Eliminations
Revenue:													
Commonwealth of Massachusetts	\$ 704,758	\$ 1,887,354	\$ 314,781	\$ 126,973	\$ 91,350	\$ 25,097	\$ 2,444,410	\$ 696,103	\$ 1,487,265	\$ 27,480	\$ 139,000	\$ 7,944,371	\$
Client Fees, Donations and Cost													
Sharing Receipts	280,846	-	-	-	-	-	-	-	-	-	-	280,846	
Contributions	3,198	-	-	-	-	-	-	-	-	-	250	3,448	
Interprogram Revenue													
Other Revenue													
Total Revenue	988,802	1,887,354	314,781	126,973	91,350	25,097	2,444,410	696,103	1,487,265	27,480	139,250	8,228,865	
Direct Expenses:													
Salaries and Wages	217,721		291,165	107,031	6,503	21,576	-	448,376	258,704	-	94,124	1,445,200	
Payroll Taxes	5,271		26,169	9,444	497	2,069	-	36,839	21,170	-	8,244	109,703	
Fringe Benefits	16,228		9,039	1,823	-	271	-	5,084	2,763	-	1,490	36,698	
Vacation Accrual Adjustment	(9,646)		-	-	-	-	-	-	-	-	-	(9,646)	
Total Salaries and Related Costs	229,574		326,373	118,298	7,000	23,916		490,299	282,637		103,858	1,581,955	
Occupancy Rent	29,192		14,651	4,518	-	1,194	-	12,349	6,674	-	4,287	72,865	
Travel	12,939		10,450	1,637	-	611	-	3,188	3,955	-	860	33,640	
Telephone	6,332		6,266	980	-	259	-	2,679	1,448	-	2,737	20,701	
Office Maintenance	5,780		3,392	1,047	-	276	-	2,860	1,546	-	992	15,893	
Utilities	8,421		4,226	1,303	-	344	-	3,562	1,925	-	1,237	21,018	
Office Supplies			158	-	-	41	-	-	-	-	28	227	
Supplies	950		50	25	-	-	-	-	-	-	2,585	3,535	
Advertising			-	-	-	-	-	-	-	-	-	75	
Dues and Subscriptions			-	-	-	-	-	-	-	-	-	291	
Equipment Purchases			-	-	-	-	-	-	-	-	289	8,047	
Postage	5,675		223	1,643	-	165	-	12	60	-	-	3,650	
Staff Training	2,797		445	-	-	408	-	-	-	-	-	36,004	
Computer Charges			12,274	-	-	-	-	-	-	23,730	-	-	
Consultants			-	-	-	-	-	-	-	-	-	-	
Legal and Accounting			-	-	-	-	-	-	-	-	-	-	
Miscellaneous	1,158		-	-	-	-	-	-	-	-	-	1,204	
Home Care Providers		1,532,650	-	-	83,878	-	2,308,622	-	928,718	46	-	4,853,868	
Transportation Providers		895	-	-	-	-	5,733	-	637	-	-	7,265	
Protective Service Providers		24,694	1,132	-	-	-	-	-	-	-	-	25,826	
Nutrition		161,854	-	-	-	-	129,778	-	81,776	-	-	373,408	
Respite Care		146,520	-	-	-	-	277	-	1,050	-	-	147,847	
Interprogram Expenses			-	-	-	-	-	-	-	-	-	-	
Total Direct Expenses	302,818	1,866,613	379,640	129,451	90,878	27,214	2,444,410	514,949	1,310,426	23,776	117,144	7,207,319	
Before Depreciation													
Depreciation Expense													
Total Direct Expenses	302,818	1,866,613	379,640	129,451	90,878	27,214	2,444,410	514,949	1,310,426	23,776	117,144	7,207,319	\$
Allocation of Management and General Expenses													
General Expenses	177,031		122,583	39,600	-	10,366	-	181,081	57,657	3,704	37,281	634,303	
Excess (Deficiency) of Public Support and Revenue Over Expenses	479,849	1,866,613	507,223	169,051	90,878	37,580	2,444,410	696,030	1,368,083	27,480	154,425	7,841,022	
Application of Surplus (Deficit) and Net Assets													
3% Prior Year FOS Fund Balance Transfer	508,953	20,741	(192,442)	(42,078)	472	(12,483)	-	73	119,182	-	(15,175)	387,843	\$
Fund Balance Transfer to Caregiver Program	(373,282)	(17,555)	91,203	42,078	-	12,483	-	-	(101,239)	-	15,175	-	
Net Assets, Beginning of Year	-	(73,714)	10,239	-	-	-	-	-	-	-	-	(73,714)	
Net Assets, End of Year	310,879	150,428	-	-	23,725	-	-	-	144,704	-	-	631,726	
Net Assets, End of Year	446,550	79,900	\$ -	\$ -	\$ 26,197	\$ -	\$ -	\$ 73	\$ 162,647	\$ -	\$ -	\$ 715,887	

SENIORCARE, INC.
Supplemental Schedule of Title III, Foster Care, Other Programs and Eliminations
For the Year Ended June 30, 2009

	Title III Programs										Schedule 2					
	Administrative	Social Service	U.S. Department of Agriculture and Nutrition	Ombudsman	Caregiver Support	Medication Management	Health Promotion Services	Elder Care Advisor	Title III Total	Foster Care	Volunteer Transportation	Boys	Other Programs	Board Funds	Fundraising	Eliminations
Revenue:																
Commonwealth of Massachusetts																
Local Community Grants	29,873	140,577	900,476	45,013	45,146	1,530	6,833		1,169,498	489,646						
Voluntary Co-payments And Contributions	8,600								8,600							
Other Revenue			143,825						143,825				8,021	81,248	46,846	
Gain (Loss) on Sale of Investments			86,972		30,877				117,849				71,733	69		
Unrealized (Depreciation) on Investments														(64,137)		
Interest and Dividend Income	2,284													(813)		
Interprogram Revenue									2,284					3,089	331	
Total Revenue	40,357	140,577	1,131,273	45,013	76,023	1,530	6,833		1,442,056	489,646			79,754	80,102	47,177	(399,180)
Direct Expenses:																
Salaries and Wages	59,072	31,564	322,494	66,286	25,988	16,981	2,994	26,768	554,147	114,165			33,402			
Payroll Taxes	5,544	2,362	31,570	5,795	2,699	1,299		2,140	51,319	9,434			5,225			
Fringe Benefits	940		9,957	1,082	360			677	13,016	1,563			671			
Vacation Accrual Adjustment																
Total Salaries and Related Costs	65,556	33,926	364,021	73,163	28,957	18,280	2,994	29,585	618,482	125,162			36,959			
Occupancy Rent	3,568		10,357	2,911	1,340			1,620	19,796	4,579			1,668			
Travel		981	31,626	4,806	185	1,578	872	2,168	42,216	2,147			3,820			
Telephone	774		11,165	631	291			351	13,212	993			711			
Office Maintenance	827		1,546	675	310			375	3,733	1,061			759	386		
Utilities	1,029		2,252	840	386			467	4,974	1,321			945	481		
Office Supplies			1,640						1,640				201			
Supplies			5,159						5,159							
Advertising	288		126						414							
Dues and Subscriptions			465	40					4,526				220			
Equipment Purchases	4,021		361					450	811	90			280			
Postage	633		2,566	136	31			28	3,394	102			1,896			
Staff Training			545	59	125			35	764	9			393			
Consultants		990			8,500		4,205		13,795							
Miscellaneous			642						642				8,000	789	75	
Home Care Providers										310,381						
Transportation Providers		37,000							37,000							
Nutrition			532,147						532,147	11,802						
Adult Day Care																
Care Giver Support																
Maintenance and Equipment Rental																
Legal and Accounting			516		6,802				6,802						1,163	
Board Costs			934						934							
Printing and Reproduction			844					20	864	10					1,248	
Local Councils on Aging		23,506							23,506							
Neighborhood Legal Services		17,860							17,860							
Interprogram Expenses																
Insurance																
Total Direct Expenses Before Depreciation	76,696	116,263	966,912	83,261	46,927	19,838	8,171	35,099	1,353,187	458,057			50,392	789	2,930	(399,180)
Depreciation Expense																
Total Direct Expenses	76,696	116,263	966,912	83,261	46,927	19,838	8,171	35,099	1,353,187	458,057			50,392	789	2,930	(399,180)
Location of Management and General Expenses	26,925		188,643	22,210	10,110			12,331	260,219	40,056			12,125			
Total Expenses	103,621	116,263	1,155,555	105,471	57,037	19,838	8,171	47,430	1,613,406	498,113			62,567	789	2,930	(399,180)
Less (Deficiency) of Public Support																
and Revenue Over Expenses	(62,864)	24,314	(24,282)	(60,458)	18,986	(18,278)	(1,338)	(47,430)	(171,350)	(8,467)			17,187	79,313	44,247	
Application of Surplus (Deficit) and Net Assets																
3% Prior Year POS Fund Balance Transfer	54,974		39,249	40,540	23,970	17,555	801		176,589	8,467						
Fund Balance Transfer to Caregiver Program																
Assets, Beginning of Year	33,292	(37,068)	(55,870)	(924)	28,233	(15,715)	15	61,402	73,714				52,653	18,041	49,458	
Assets, End of Year	24,869	(12,752)	(40,203)	(20,842)	144,903	(16,438)	(522)	13,972	92,287				69,840	97,354	93,705	

SENIORCARE, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures
U.S. Department of Health and Human Services:			
Pass-through from Massachusetts Executive Office of Elder Affairs:			
Special Programs for the Aging, Title III, Parts A and C	93.045	FFY06SENIORTITL3NSIP	\$ 6,348
		FFY06SENIORTITL3NSIP	68,410
		FFY09SENIORTITL3NSIP	19,268
		FFY09SENIORTITL3NSIP	195,629
			<u>289,655</u>
Special Programs for the Aging, Title III, Parts B, D, F, and Ombudsman	93.044	FFY06SENIORTITL3NSIP	3,826
		FFY06SENIORTITL3NSIP	35,924
		FFY06SENIORTITL3NSIP	11,541
		FFY09SENIORTITL3NSIP	81,471
		FFY09SENIORTITL3NSIP	33,472
		FFY09SENIORTITL3NSIP	311
			<u>166,545</u>
Special Programs for the Aging, Title III, Part E	93.052	FFY06SENIORTITL3NSIP	10,862
		FFY09SENIORTITL3NSIP	1,120
		FFY09SENIORTITL3NSIP	1,255
			<u>13,237</u>
Special Programs for the Aging Title III, Part C	93.053	FFY06SENIORTITL3NSIP	9,482
		FFY09SENIORTITL3NSIP	31,119
			<u>40,601</u>
Special Programs for the Aging Title III, Part D	93.043	FFY09SENIORTITL3NSIP	3,093
		FFY09SENIORTITL3NSIP	1,183
			<u>4,276</u>

Note: The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

SENIORCARE, INC.

Schedule of Expenditures of Federal Awards - Continued

For the Year Ended June 30, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures
National Family Caregiver Support	93.052	FFY09SENIORTITL3NSIP	34,284
			\$ 548,598

Note: The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.