

SENIORCARE, INC.
Financial Statements
For the Years Ended
June 30, 2012 and 2011

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, 2012 and 2011, 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.

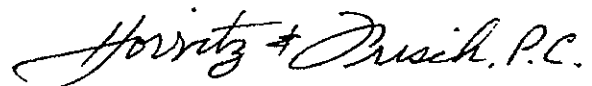
We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable 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, 2012 and 2011, 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 November 14, 2012 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.
Page two

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 applies 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 required part of the above financial statements. Such information has been subjected to the auditing procedures applies in the audit of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements taken as a whole.



HORVITZ & FRISCH, P.C.

November 14, 2012

SENIORCARE, INC.
Statements of Financial Position
June 30, 2012 and 2011

	2012	2011
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 893,900	\$ 706,242
Accounts Receivable, Net:		
Commonwealth of Massachusetts	1,469,295	1,760,144
Other	-	3,454
Total Accounts Receivable, Net	1,469,295	1,763,598
Prepaid Expenses	39,275	33,169
Total Current Assets	2,402,470	2,503,009
Property and Equipment, Net of Accumulated Depreciation	225,097	14,003
Total Assets	\$ 2,627,567	\$ 2,517,012
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Note Payable, Current Portion	\$ 19,833	-
Accounts Payable	992,122	945,755
Accrued Expenses	264,103	227,191
Total Current Liabilities	1,276,058	1,172,946
Long Term Liabilities:		
Note Payable, Net of Current Portion	90,167	-
Total Long Term Liabilities	90,167	-
Other Liabilities:		
Surplus Revenue Retention Liability	20,649	170,145
Total Other Liabilities	20,649	170,145
Total Liabilities	1,386,874	1,343,091
Net Assets:		
Unrestricted		
Operating	890,693	810,837
Board Designated	350,000	300,000
Total Unrestricted	1,240,693	1,110,837
Temporarily Restricted	-	63,084
Total Net Assets	1,240,693	1,173,921
Total Liabilities and Net Assets	\$ 2,627,567	\$ 2,517,012

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

SENIORCARE, INC.
Statement of Activities
For the Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Total
Revenues and Other			
Support:			
State Home Care Contracts	\$ 8,994,074	\$ -	\$ 8,994,074
Title III Contracts	802,568	-	802,568
Medicaid	478,066	-	478,066
Client Fees	293,700	-	293,700
Community Grants	4,549	-	4,549
Voluntary Co-Payments and Contributions	194,780	-	194,780
Other	242,254	-	242,254
Interest	2,649	-	2,649
Net assets released from restrictions:			
Satisfaction of Performance	63,084	(63,084)	-
 Total Revenues and Other Support	 11,075,724	 (63,084)	 11,012,640
 Expenses:			
Program Services:			
State Home Care Contracts	8,361,631	-	8,361,631
Title III Contracts	1,421,836	-	1,421,836
Foster Care	404,798	-	404,798
Other Programs	158,320	-	158,320
Eliminations	(494,471)	-	(494,471)
Total Program Expenses	9,852,114	-	9,852,114
 Supporting Services:			
Management and General	1,089,686	-	1,089,686
Fundraising	4,068	-	4,068
 Total Expenses	 10,945,868	 -	 10,945,868
 Change in Net Assets from Operations	 129,856	 (63,084)	 66,772
 Total Change in Net Assets	 129,856	 (63,084)	 66,772
 Net Assets, Beginning of Year	 1,110,837	 63,084	 1,173,921
 Net Assets, End of Year	 \$ 1,240,693	 \$ -	 \$ 1,240,693

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

SENIORCARE, INC.
Statement of Activities
For the Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Total
Revenues and Other			
Support:			
State Home Care Contracts	\$ 8,187,104	\$ -	\$ 8,187,104
Title III Contracts	711,147	-	711,147
Medicaid	493,801	-	493,801
Client Fees	245,092	-	245,092
Community Grants	6,038	-	6,038
Voluntary Co-Payments and	194,627	-	194,627
Other	236,433	-	236,433
Interest	3,604	-	3,604
Net assets released from restrictions:			
Satisfaction of Performance	-	-	-
Total Revenues and Other Support	10,077,846	-	10,077,846
Expenses:			
Program Services:			
State Home Care Contracts	7,335,584	-	7,335,584
Title III Contracts	1,407,753	-	1,407,753
Foster Care	408,241	-	408,241
Other Programs	124,804	-	124,804
Eliminations	(494,175)	-	(494,175)
Total Program Expenses	8,782,207	-	8,782,207
Supporting Services:			
Management and General	1,090,930	-	1,090,930
Fundraising	51	-	51
Total Expenses	9,873,188	-	9,873,188
Change in Net Assets from Operations	204,658	-	204,658
Change in Net Assets due to Surplus Revenue Retention Liability	(128,747)	-	(128,747)
Total Change in Net Assets	75,911	-	75,911
Net Assets, Beginning of Year	1,034,926	63,084	1,098,010
Net Assets, End of Year	\$ 1,110,837	\$ 63,084	\$ 1,173,921

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

SENIORCARE, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2012 (with Comparative Totals for 2011)

	Program Services				Eliminations	Total	Supporting Services		Total Expenses	
	Home Care Contracts	Title III Grants	Foster Care	Other Programs			Management and General	Fundraising	2012	2011
Salaries and Wages	79,983	21,075	5,042	5,109	-	111,189	20,179	131,368	124,037	
Payroll Taxes	31,542	39,219	2,032	10,093	-	82,886	8,214	91,100	93,747	
Fringe Benefits	21,078	8,291	931	31,243	-	31,243	3,187	34,430	35,202	
Vacation Accrual Adjustment	26,492	6,402	1,703	1,864	-	36,461	3,643	40,104	28,614	
Total Salaries and Related Costs	157,347	63,510	12,542	76,466	-	241,875	771,492	3,183,367	3,048,647	
Occupancy Rent	1,345,496	525,736	112,076	67,814	-	2,051,122	671,668	2,722,790	2,755,615	
Travel	112,496	52,100	10,017	6,123	-	180,736	51,304	232,040	221,090	
Telephone	115,855	58,274	3,359	2,529	-	180,017	48,520	228,537	62,364	
Office Maintenance	1,573,847	636,110	125,452	76,466	-	2,411,875	771,492	3,183,367	3,048,647	
Insurance	79,983	21,075	5,042	5,109	-	111,189	20,179	131,368	124,037	
Utilities	31,542	39,219	2,032	10,093	-	82,886	8,214	91,100	93,747	
Office Supplies	21,078	8,291	931	31,243	-	31,243	3,187	34,430	35,202	
Supplies	26,492	6,402	1,703	1,864	-	36,461	3,643	40,104	28,614	
Advertising	16,348	3,878	1,032	1,045	-	22,303	3,664	25,967	29,592	
Dues and Subscriptions	567	1,515	-	971	-	3,053	25,325	30,040	26,105	
Equipment Purchases	2,351	2,847	-	-	-	5,198	5,198	5,198	5,951	
Postage	41	1,184	-	60	-	1,285	6,842	6,842	4,708	
Staff Training	3,468	1,186	-	108	-	24,315	25,600	19,399	19,399	
Computer Charges	5,634	2,012	28	3,274	-	9,425	9,425	6,547	6,547	
Consultants	28,012	5,153	-	17,885	-	12,990	12,990	13,797	13,797	
Miscellaneous	4,460	258	-	17,885	-	15,918	8,925	15,918	14,520	
Home Care Providers	5,913,321	4,040	261,635	23,360	-	65,900	27,232	65,900	10,839	
Transportation Providers	3,835	37,000	25	23,360	-	62,700	32,735	62,700	40,395	
Protective Service Providers	15,967	606,962	6,918	-	-	40,860	47,332	6,200,356	50,746	
Nutrition	462,047	-	-	-	-	15,967	-	40,860	38,516	
Respite Care	174,237	-	-	-	(694,471)	581,456	-	15,967	19,807	
Adult Day Care	-	-	-	321	-	174,237	-	174,237	139,280	
Care Over Support	-	859	-	-	-	321	-	321	-	
Audit	-	-	-	-	-	859	-	859	7,494	
Maintenance and Equipment Rental	-	648	-	-	-	20,845	-	20,845	20,000	
Legal and Accounting	421	-	-	-	-	10,778	-	10,778	7,637	
Board Costs	-	-	-	421	-	22,595	-	23,016	82,795	
Printing and Reproduction	-	594	-	5,346	-	7,248	-	13,380	14,043	
Local Councils on Aging	-	269	-	-	-	2,483	-	2,483	-	
Neighborhood Legal Services	-	23,115	-	-	-	23,115	-	23,115	22,572	
Interprogram Expenses	-	17,860	-	-	-	17,860	-	17,860	17,860	
Total Expenses Before Depreciation	8,361,631	1,421,836	404,798	158,320	(694,471)	9,852,114	1,076,128	10,932,310	9,852,807	
Depreciation Expense	-	-	-	-	-	-	13,558	-	20,381	
Total Expenses	8,361,631	1,421,836	404,798	158,320	(694,471)	9,852,114	1,089,686	10,945,868	9,873,188	

SENIORCARE, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2011

	Program Services					Supporting Services		Total
	State	Title III Grants	Foster Care	Other Programs	Eliminations	Management and General	Fundraising	
Salaries and Wages								
Payroll Taxes	1,308,589	549,866	195,007	80,551	\$ -	\$ 711,607	\$ -	2,755,615
Fringe Benefits	98,992	51,365	9,371	7,192	-	54,170	-	221,090
Vacation Accrual Adjustment	34,200	17,228	1,792	2,214	-	6,930	-	62,364
	9,578	-	-	-	-	-	-	9,578
Total Salaries and Related Costs	1,451,259	618,459	116,170	89,957	-	772,702	-	3,048,647
Occupancy Rent	75,184	20,082	4,744	4,807	-	19,220	-	124,037
Travel	33,499	39,269	2,161	10,293	-	8,525	-	93,747
Telephone	21,033	9,439	882	893	-	2,955	-	35,202
Office Maintenance	18,139	4,315	1,145	1,159	-	3,856	-	28,614
Insurance	-	-	-	825	-	38,953	-	39,078
Utilities	18,369	4,334	1,153	1,168	-	4,595	-	29,592
Office Supplies	498	2,427	-	456	-	22,724	33	26,105
Supplies	1,432	3,131	-	-	-	1,388	-	5,951
Advertising	492	50	-	-	-	4,166	-	4,708
Dues and Subscriptions	-	1,043	-	25	-	1,068	-	19,399
Equipment Purchases	54	83	-	-	-	18,331	-	6,547
Postage	5,175	2,963	41	1,330	-	6,410	-	13,797
Staff Training	3,678	1,628	-	213	-	9,001	-	14,520
Computer Charges	-	-	-	-	-	-	-	10,839
Consultants	23,117	4,590	-	-	-	12,688	-	40,305
Miscellaneous	28,180	-	-	-	-	37,120	-	50,746
Home Care Providers	5,031,114	7,420	271,703	8,940	-	13,626	-	5,310,237
Transportation Providers	1,516	37,000	-	-	-	38,516	-	38,516
Protective Service Providers	19,807	-	-	-	-	19,807	-	19,807
Nutrition	461,481	603,094	10,242	-	(494,175)	580,642	-	580,642
Respite Care	139,280	-	-	-	-	139,280	-	139,280
Adult Day Care	-	-	-	-	-	-	-	-
Care Giver Support	-	7,494	-	-	-	7,494	-	7,494
Audit	-	-	-	-	-	20,000	-	20,000
Maintenance and Equipment Rental	-	-	-	-	-	7,637	-	7,637
Legal and Accounting	2,237	-	-	-	-	80,558	-	82,795
Bad Debts	-	-	-	-	-	-	-	-
Board Costs	-	500	-	4,738	-	8,787	18	14,043
Printing and Reproduction	-	-	-	-	-	-	-	-
Local Councils on Aging	-	22,572	-	-	-	-	-	22,572
Neighborhood Legal Services	-	17,860	-	-	-	-	-	17,860
Interprogram Expenses	-	-	-	-	-	-	-	-
Total Expenses Before Depreciation	7,335,584	1,407,753	408,241	124,804	(494,175)	1,070,549	51	9,852,807
Depreciation Expense	-	-	-	-	-	20,381	-	20,381
Total Expenses	7,335,584	1,407,753	408,241	124,804	(494,175)	1,090,930	51	9,873,188

SENIORCARE, INC.
Statements of Cash Flows
For the Years ended June 30, 2012 and 2011

	2012	2011
Cash Flows from Operating Activities:		
Change in Net Assets from Operations	\$ 66,772	\$ 204,658
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	13,558	20,381
(Increase) Decrease in:		
Accounts Receivable	294,303	(289,719)
Prepaid Expenses	(6,106)	(2,631)
Increase (Decrease) in:		
Accounts Payable	46,367	(96,686)
Accrued Expenses	36,912	20,566
Surplus Revenue Retention Liability	(149,496)	-
Net Cash Provided (Used) by Operating Activities	302,310	(143,431)
Cash Flows from Investing Activities:		
Purchase of Property and Equipment	(224,652)	-
Net Cash (Used) by Investing Activities	(224,652)	-
Cash Flows from Financing Activities:		
Proceeds of Notes Payable	110,000	-
Net Cash Provided by Financing Activities	110,000	-
Net Increase (Decrease) in Cash and Cash	187,658	(143,431)
Cash and Cash Equivalents, Beginning of Year	706,242	849,673
Cash and Cash Equivalents, End of Year	\$ 893,900	\$ 706,242
<u>Supplemental Disclosure:</u>		
Interest Paid	\$ -	\$ -

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

SENIORCARE, INC.
Notes to Financial Statements
For the Years ended June 30, 2012 and 2011

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, 2012 and 2011

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

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

	<u>2012</u>	<u>2011</u>
Sovereign Bank	\$ 744,672	\$ 563,083
First National Bank Of Ipswich	3,945	1,981
Citizens Bank	28,992	28,963
Cape Ann Savings Bank	111,237	110,659
Peoples United Bank	4,124	1,360
Rockport National Bank	<u>930</u>	<u>196</u>
 Total	 \$ <u>893,900</u>	 \$ <u>706,242</u>

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, 2012 and 2011, 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 \$475,000 and \$465,000 for the years ended June 30, 2012 and 2011, 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, 2012 and 2011

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 ASC 958 "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 \$6,842 and \$4,708 for the years ended June 30, 2012 and 2011, 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, 2012 and 2011 amounted to \$4,068 and \$51, respectively.

SENIORCARE, INC.

Notes to Financial Statements - Continued
For the Years ended June 30, 2012 and 2011

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, 2012 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, 2012 and 2011 was \$1,095,692 and \$710,425, respectively.

3. Accounts Receivable - Commonwealth of Massachusetts

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

	2012		2011
Executive Office of Elder Affairs	\$ 1,356,652	\$	1,683,234
Department of Public Welfare (Medicaid)	117,643		81,910
Less Allowance for Doubtful Accounts	(5,000)		(5,000)
	\$ 1,469,295	\$	1,760,144

As of June 30, 2012 and 2011, 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 2012 and 2011.

4. Property and Equipment

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

	2012		2011	Estimated Useful Lives
Furniture and Equipment	\$ 409,484	\$	240,047	5-7 years
Leasehold Improvements	32,863		28,995	5 years
	442,347		269,042	
Less Accumulated Depreciation	(217,250)		(255,039)	
	\$ 225,097	\$	14,003	

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, 2012 and 2011. 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, 2012 and 2011

4. Property and Equipment - Continued

Depreciation expense amounted to \$13,558 and \$20,381 for the years ended June 30, 2012 and 2011, respectively.

5. Notes Payable

Notes Payable at June 30 is as follows:

	2012	2011
Note Payable to a bank in 60 monthly principal and interest payments of \$2,089 at a fixed rate of interest of 5.184% through June 2017. The note is secured by all assets of the Organization.	\$ 110,000	\$ -
	110,000	-
Less Current Portion	(19,833)	-
Long-Term Portion	\$ 90,167	\$ -

Maturities of mortgage payable over the next five years are as follows at June 30, 2012:

2013	\$	19,833
2014		20,886
2015		21,995
2016		23,162
2017		24,124
	\$	110,000

6. Earned Time Liability

The Organization's liability for Earned Time was \$149,300 and \$129,378 for the years ended June 30, 2012 and 2011, 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 two year lease effective January 1, 2010 with an annual rent of \$121,788 plus utilities. Upon expiration of this lease, the Organization remained a tenant at will until April 30, 2012. The Organization moved to a new location under a five year renewable lease effective May 1, 2012, with an annual rent of \$166,665.

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

SENIORCARE, INC.

Notes to Financial Statements - Continued
For the Years ended June 30, 2012 and 2011

7. Rent - Continued

Rent expense amounted to \$129,267 and \$124,037 for the years ended June 30, 2012 and 2011, respectively.

The future minimum lease payments for the next five years as of June 30, 2012 are as follows:

2012	\$	166,665
2013		166,665
2014		166,665
2015		166,665
2016		138,888
	\$	<u>805,548</u>

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 by elected deferrals by participating employees. The Organization matches 50% of the employee's eligible contribution up to 1 1/2 % of the employee's earnings.

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, 2012 and 2011 were \$23,115 and \$22,572, 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.

SENIORCARE, INC.

Notes to Financial Statements - Continued
For the Years ended June 30, 2012 and 2011

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

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.

For the years ended June 30, 2012 and 2011, the Organization accrued a liability for surplus revenue retention amounting to \$ - and \$149,596, respectively.

As of June 30, 2012, the Organization had a cumulative surplus arising from Commonwealth funds amounting to \$2,483,938.

12. Net Assets

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

	2012	2011
Unrestricted:		
Operating:		
Title III Contracts	\$ (352,225)	\$ (293,358)
State Home Care Contracts	1,376,004	1,310,509
Other	139,094	164,367
Board Funds	98,469	99,464
Board Designated for Building	(350,000)	(300,000)
Surplus Revenue Retention Liability	(20,649)	(170,145)
Total Unrestricted Net Assets-Operating	890,693	810,837
Board Designated for Building	350,000	300,000
Total Unrestricted Net Assets	1,240,693	1,110,837
Temporarily Restricted:		
State Home Care Contracts	-	9,157
Volunteer Transportation	-	9,011
Other Programs	-	44,916
Total Temporarily Restricted	-	63,084
Total Net Assets	\$ 1,240,693	\$ 1,173,921

SENIORCARE, INC.

Notes to Financial Statements - Continued
For the Years ended June 30, 2012 and 2011

13. Line of Credit

\$500,000 revolving line of credit at a bank with \$500,000 unused at June 30, 2012 and 2011. 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, 2012 and 2011 was 4.5%.

	<u>2012</u>	<u>2011</u>
	\$ -	\$ -

14. Tax Positions and Filings

The Organization follows Topic 740 of the FASB Accounting Standards Codification (ASC) relating to accounting for uncertainty in income taxes. As required by this topic, Management of the Company has evaluated its tax positions, applying a "More Likely Than Not" standard, and believes that there would be no material changes to the results of its operations or financial position as a result of an audit by the applicable taxing authorities, federal or state. The Company has filed all of its known required returns in a timely manner including as permitted allowed extensions. Accordingly, management believes the three prior tax filings, following administrative practice of the taxing authorities, remain open years and subject to review.

15. Subsequent Events

Organization did not have any subsequent events through November 14, 2012, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended June 30, 2012.

SENIORCARE, INC.
Supplemental Schedule of State Home Care Contracts
For the Year Ended June 30, 2012

	Case Management	Purchased Services	Protective Services	Coordinated Care	Caring Homes	Mercy Management	Community Choices - PS	Community Choices - CM	Community Options	Corporate Housing	Supportive Housing	Total	Schedule I Eliminations
Revenue:													
Commonwealth of Massachusetts	\$ 638,738	\$ 1,810,236	\$ 317,603	\$ 127,988	\$ -	\$ 23,525	\$ 3,515,472	\$ 722,472	\$ 1,680,562	\$ 26,028	\$ 129,450	\$ 8,994,074	\$ -
Client Fees, Donations and Cost Sharing Receipts	293,700	-	-	-	-	-	-	-	-	-	-	293,700	-
Contributions	527	-	-	-	-	-	-	-	-	-	-	527	-
Interprogram Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	932,965	1,810,236	317,603	127,988	-	23,525	3,515,472	722,472	1,680,562	26,028	129,450	9,288,301	-
Direct Expenses:													
Salaries and Wages	509,582	264,013	20,230	114,429	-	20,230	-	201,102	120,437	-	115,713	1,345,496	-
Payroll Taxes	35,267	25,194	2,028	10,282	-	2,028	-	18,393	10,907	-	10,425	112,496	-
Fringe Benefits	42,169	27,222	2,722	5,311	-	1,459	-	21,614	15,476	424	2,180	115,835	-
Vacation Accrual Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Salaries and Related Costs	587,018	316,429	25,982	130,022	-	23,717	-	241,109	146,810	424	128,318	1,573,847	-
Occupancy Rent	31,988	16,112	1,309	4,964	-	1,309	-	13,248	7,330	-	4,712	79,963	-
Travel	10,623	7,851	449	1,882	-	449	-	5,416	3,054	-	2,287	31,542	-
Telephone	5,902	6,849	241	916	-	241	-	2,499	1,352	127	3,192	21,078	-
Office Maintenance	10,801	5,439	1,676	1,676	-	441	-	4,074	2,471	-	1,590	26,492	-
Utilities	6,542	3,294	1,015	1,015	-	267	-	2,769	1,498	-	963	16,348	-
Office Supplies	30	118	-	-	-	-	-	-	-	-	419	567	-
Supplies	-	-	-	-	-	-	-	-	-	45	2,306	2,351	-
Advertising	-	-	41	-	-	-	-	-	-	-	-	41	-
Dues and Subscriptions	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment Purchases	1,876	116	1,173	-	-	229	-	18	11	-	45	3,468	-
Postage	4,047	1,410	-	-	-	177	-	-	-	-	-	5,634	-
Computer Charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Consultants	5,136	-	-	-	-	-	-	-	-	22,876	-	28,012	-
Legal and Accounting	-	-	-	-	-	-	-	-	-	421	-	421	-
Miscellaneous	4,453	7	-	-	-	-	-	-	-	-	-	4,460	-
Home Care Providers	-	1,451,656	-	-	-	-	3,335,101	-	1,120,564	-	-	5,911,321	-
Transportation Providers	-	1,335	-	-	-	-	2,423	-	77	-	-	3,835	-
Protective Service Providers	-	15,987	-	-	-	-	-	-	-	-	-	15,967	-
Nutrition	-	205,962	-	-	-	-	173,948	-	82,137	-	-	462,047	-
Respite Care	-	174,237	-	-	-	-	-	-	-	-	-	174,237	-
Interprogram Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Direct Expenses	668,416	1,849,157	357,666	141,648	-	26,830	3,515,472	269,433	1,365,284	23,893	143,832	8,361,651	-
Before Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Direct Expenses	668,416	1,849,157	357,666	141,648	-	26,830	3,515,472	269,433	1,365,284	23,893	143,832	8,361,651	-
Allocation of Management and General Expenses	288,251	1,849,157	11,813	44,792	-	38,643	3,515,472	222,203	1,431,347	23,893	42,534	720,836	-
Total Expenses	956,667	3,698,314	379,479	186,440	-	65,473	7,030,944	491,636	2,796,631	47,786	186,366	9,082,467	-
Excess (Deficiency) of Public Support and Revenue Over Expenses	(23,702)	(38,921)	(185,243)	(58,452)	(28,332)	(13,118)	-	330,836	(23,000)	2,135	(56,916)	205,834	\$ -
Application of Surplus (Deficit) and Net Assets	-	26,532	186,000	59,000	-	13,906	-	(184,000)	(23,000)	-	23,000	34,000	-
3% Prior Year FOS Fund Balance Transfer	-	-	-	-	-	-	-	-	(106,906)	-	-	-	-
Net Assets, Beginning of Year	477,805	13,029	57	9	28,332	940	413,274	378,941	6,768	511	-	1,319,665	-
Net Assets, End of Year	454,103	440	814	557	-	1,728	560,110	498,230	8,903	595	-	1,525,500	-

SENIORCARE, INC.
Supplemental Schedule of Title III, Foster Care, Other Programs and Eliminations
For the Year Ended June 30, 2012

Revenue:	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 Adhocs-Lifeline	Title III Total	Foster Care	Volunteer Transportation	Rep	Other Programs	Board Funds	Fundraising	Eliminations
Revenue	29,848	170,132	1,001,274	52,240	36,499	-	7,046	-	1,297,039	478,066	-	-	-	-	-	-
Local Community Grants	-	511	4,038	-	-	-	-	-	4,549	-	-	-	-	-	-	-
Voluntary Contributions and Contributions	-	1,261	103,374	-	-	-	-	-	104,635	-	-	-	-	-	-	-
Gain (Loss) on Sale of Investments	-	-	-	-	-	-	-	51,403	156,038	-	-	-	-	-	-	-
Unrealized (Depreciation) on Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and Dividend Income	150	-	-	-	-	-	-	-	150	-	-	-	-	-	-	-
Interprogram Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	2,470	29	-
Total Revenue	29,998	171,904	1,274,885	52,240	36,499	-	7,046	-	1,623,975	478,066	2,072	-	42,423	2,395	9,010	(494,471)
Direct Expenses:																
Salaries and Wages	63,917	41,435	301,883	50,413	26,141	17,961	23,986	525,736	112,076	-	-	-	-	-	-	-
Payroll Taxes	6,480	3,738	30,827	4,755	2,638	1,564	2,298	52,100	10,017	-	-	-	-	-	-	-
Fringe Benefits	5,834	734	24,899	11,098	2,074	505	13,130	58,274	3,359	-	-	-	-	-	-	-
Vacation Accrual Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Salaries and Related Costs	76,231	45,907	357,609	66,266	30,853	19,830	39,414	636,110	125,452	-	-	-	-	-	-	-
Occupancy Rent	3,938	-	10,684	3,206	1,471	-	1,776	21,075	5,042	-	-	-	-	-	-	-
Travel	-	1,548	31,560	4,338	378	554	430	39,219	2,032	5,611	-	-	1,813	-	-	-
Telephone	726	-	6,376	591	271	-	327	8,291	931	-	-	-	608	-	-	-
Office Maintenance	1,229	-	2,898	1,081	496	-	598	6,402	1,703	-	-	-	612	-	-	-
Utilities	805	-	1,755	655	300	-	363	3,878	1,032	-	-	-	674	-	-	-
Office Supplies	-	-	1,419	49	-	-	47	1,515	-	-	-	-	971	-	-	-
Supplies	-	-	2,847	-	-	-	-	2,847	-	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dues and Subscriptions	694	-	490	-	-	-	-	1,184	-	-	-	-	60	-	-	-
Equipment Purchases	140	-	1,176	62	24	-	13	1,372	-	-	-	-	108	-	-	-
Postage	-	-	1,779	-	-	-	-	1,779	-	-	-	-	982	-	-	-
Staff Training	-	-	815	-	-	-	31	1,292	-	-	-	-	170	-	-	-
Consultants	-	-	-	-	-	-	5,153	5,153	-	-	-	-	-	-	-	-
Miscellaneous	-	-	238	-	-	-	-	238	-	-	-	-	-	-	-	-
Home Care Providers	-	-	-	-	-	4,040	-	4,040	261,635	-	-	-	178	-	-	-
Transportation Providers	-	37,900	606,562	-	-	-	-	37,000	25	-	-	-	9,004	-	-	-
Nutrition	-	-	-	-	-	-	-	606,962	6,918	-	-	-	-	-	-	-
Adult Day Care	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Care Giver Support	-	-	-	-	859	-	-	859	-	-	-	-	-	-	-	-
Maintenance and Equipment Rental	-	-	648	-	-	-	-	648	-	-	-	-	321	-	-	-
Legal and Accounting	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Board Costs	-	-	554	-	-	-	40	594	-	-	-	-	-	-	-	-
Printing and Reproduction	-	-	-	269	-	-	-	269	-	-	-	-	-	-	-	-
Local Councils on Aging	-	23,115	-	-	-	-	-	23,115	-	-	-	-	-	-	-	-
Neighborhood Legal Services	-	17,860	-	-	-	-	-	17,860	-	-	-	-	-	-	-	-
Interprogram Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Direct Expenses Before Depreciation	83,865	125,430	1,077,834	77,090	34,652	24,424	5,583	43,020	1,421,836	404,798	5,781	94,088	54,861	3,590	4,068	(494,471)
Depreciation Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Direct Expenses	83,865	125,430	1,077,834	77,090	34,652	24,424	5,583	43,020	1,421,836	404,798	5,781	94,088	54,861	3,590	4,068	(494,471)
Allocation of Management and General Expenses	31,126	-	201,243	24,531	11,268	-	14,442	283,095	45,462	-	-	-	14,374	-	-	-
Total Expenses	114,991	125,430	1,279,077	101,621	45,920	24,424	5,583	716,115	1,467,300	450,298	5,781	108,462	69,235	3,590	5,088	(494,471)
Excess (Deficiency) of Public Support and Revenue Over Expenses	(84,991)	46,474	45,808	(49,311)	(9,416)	(24,424)	1,463	(6,059)	(89,866)	27,806	(3,709)	(59,430)	(26,810)	(995)	4,942	\$
Application of Surplus (Deficit) and Net Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,940)
Net Assets, Beginning of Year	(127,272)	(53,747)	(59,254)	(80,210)	112,522	(660,995)	60	(2,463)	(271,359)	67,269	(1,046)	(83,123)	102,105	99,464	109,140	\$
Net Assets, End of Year	(212,263)	(7,273)	(13,446)	(129,531)	103,106	(85,419)	1,523	(8,522)	(352,225)	95,075	185	(140,603)	75,295	98,469	109,142	\$

SENIORCARE, INC.
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2012

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			
Special Programs for the Aging, Title III, Parts A and C	93.045	FFY09SENIORTITL3NSIP	\$ 21,785
		FFY09SENIORTITL3NSIP	226,822
			<u>248,607</u>
Special Programs for the Aging, Title III, Parts B, D, F, and Ombudsman	93.044	FFY09SENIORTITL3NSIP	17,414
		FFY09SENIORTITL3NSIP	172,639
			<u>190,053</u>
Special Programs for the Aging, Title III, Part E	93.052	FFY09SENIORTITL3NSIP	55,306
		FFY09SENIORTITL3NSIP	7,033
			<u>62,339</u>
Special Programs for the Aging Title III, Part C	93.053	FFY09SENIORTITL3NSIP	<u>55,913</u>
Special Programs for the Aging Title III, Part D	93.043	FFY09SENIORTITL3NSIP	5,732
		FFY09SENIORTITL3NSIP	1,043
			<u>6,775</u>
Alzheimer's Disease Grants	93.051	ADRD201200SENIORCAR	<u>2,130</u>
Aging Congregate Nutrition Services	93.042	FFY09SENIORTITL3NSIP	<u>31,037</u>
Aging Home Delivered Nutrition Services	93.041	FFY09SENIORTITL3NSIP	<u>786</u>
			<u>\$ 597,640</u>

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

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS.**

Board of Directors
SeniorCare, Inc.

We have audited the financial statements of SeniorCare, Inc. (a nonprofit organization) as of and for the year ended June 30, 2012, and have issued our report thereon dated November 14, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of SeniorCare is responsible for establishing and maintaining effective internal control over financial reporting.

In planning and performing our audit, we considered SeniorCare, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SeniorCare, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

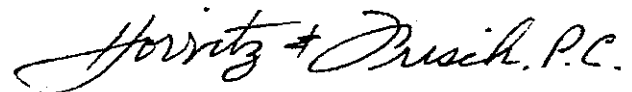
Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness, as defined previously.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SeniorCare, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of SeniorCare, Inc. in a separated dated letter dated November 14, 2012.

This report is intended solely for the information and use of management, the Board of Directors, and federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



HORVITZ & FRISCH, P.C.

November 14, 2012

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
SeniorCare, Inc.

Compliance

We have audited the compliance of SeniorCare, Inc.(a nonprofit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are could have a direct and material effect on each of SeniorCare, Inc.'s major federal programs for the year ended June 30, 2012. SeniorCare, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of SeniorCare, Inc.'s management. Our responsibility is to express an opinion on SeniorCare, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about SeniorCare, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of SeniorCare, Inc.'s compliance with those requirements.

In our opinion, SeniorCare, Inc. complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major programs for the year ended June 30, 2012.

Internal Control Over Compliance

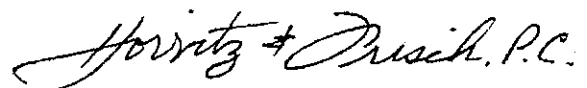
The management of SeniorCare, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered SeniorCare, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in

accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of SeniorCare, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the of this section paragraph and was not assigned to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



HORVITZ & FRISCH, P.C.

November 14, 2012

SENIORCARE, INC.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

A. Summary of Audit Results

1. The auditors' report expresses an unqualified opinion on the financial statements of SeniorCare, Inc.
2. There are no deficiencies disclosed during the audit of the financial statements that are reported in the Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Financial Statements performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of SeniorCare, Inc. were disclosed during the audit.
4. There are no significant deficiencies disclosed during the audit of the financial statements that are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award program for SeniorCare, Inc. expresses an unqualified opinion on all major federal programs.
6. There are no audit findings relative to the major federal award programs for SeniorCare, Inc. that are to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs: Title III-A and C; CFDA No. 93.045. Title III-B; CFDA No. 93.044.
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. SeniorCare, Inc. was determined to be a low-risk auditee.

B. Findings - Financial Statement Audit

NONE

C. Findings and Questioned Costs - Major Federal Award Program Audit

NO FINDINGS

NO QUESTIONED COSTS