

ANSTISS

CERTIFIED
PUBLIC
ACCOUNTANTS

Greater Lynn Senior Services, Inc.
and Affiliate

Combined Financial Statements

June 30, 2011 and 2010

AUDIT, TAX & ADVISORY SERVICES
SINCE 1964

**Greater Lynn Senior Services, Inc. and Affiliate
Combined Financial Statements
June 30, 2011 and 2010**

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1-2
Combined Statements of Financial Position	3
Combined Statements of Activities	4
Combined Statements of Functional Expenses	5-6
Combined Statements of Cash Flows	7
Notes to Combined Financial Statements	8-21
Combining Statements of Financial Position	23-24
Combining Statements of Activities	25-26

Independent Auditors' Report

To the Board of Directors of
Greater Lynn Senior Services, Inc. and Affiliate

We have audited the accompanying combined statement of financial position of Greater Lynn Senior Services, Inc. ("GLSS") (a nonprofit organization) and Affiliate (collectively, the "Organization") as of June 30, 2011, and the related combined statements of activities, functional expenses and cash flows for the year then ended. These combined financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these combined financial statements based on our audit. We did not audit the financial statements of the Affiliate, Indian Rock Supportive Housing, Inc. ("Indian Rock"), which statements reflect total assets of \$4,000,409 as of June 30, 2011, and total revenue and support of \$156,581 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Indian Rock, is based solely on the report of the other auditors. The combined financial statements of the Organization as of and for the year ended June 30, 2010, were audited by other auditors whose report dated November 15, 2010, expressed an unqualified opinion on those combined statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the combined financial statements referred to above present fairly, in all material respects, the financial position of Greater Lynn Senior Services, Inc. and Affiliate as of June 30, 2011, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining information on pages 23 - 26 is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Anstiss + Co., P.C.

Anstiss & Co., P.C.
Lowell, MA
November 9, 2011

Greater Lynn Senior Services, Inc. and Affiliate
Combined Statements of Financial Position
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 1,061,850	\$ 435,681
Restricted cash	95,289	49,567
Accounts receivable, net of allowance for doubtful accounts of approximately \$65,000 and \$64,000 at June 30 2011 and 2010, respectively	6,416,941	5,070,110
Accounts receivable - related parties, net of allowance for doubtful accounts of approximately \$800,000 and \$408,000 at June 30, 2011 and 2010, respectively	1,182,622	1,219,447
Assets whose use is limited (Note 4)	-	1,348,768
Prepaid expenses and other current assets	297,628	544,886
Vehicle parts on hand	28,488	56,975
Total current assets	<u>9,082,818</u>	<u>8,725,434</u>
Non-current assets		
Property and equipment - net (Note 5)	12,685,242	14,898,872
Restricted cash collateralized for long-term debt	-	265,339
Security deposits	80,676	80,676
Property replacement reserves	37,286	17,863
Tenant security deposits	8,607	8,367
Total non-current assets	<u>12,811,811</u>	<u>15,271,117</u>
Total assets	<u>\$ 21,894,629</u>	<u>\$ 23,996,551</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 3,028,966	\$ 2,412,133
Accounts payable - related party	180,783	47,379
Accrued expenses	2,504,585	2,231,252
Line of credit (Note 6)	-	1,233,126
Current portion of long-term debt (Note 7)	555,275	895,712
Total current liabilities	<u>6,269,609</u>	<u>6,819,602</u>
Long-term liabilities		
Subordinated long-term debt (Note 7)	1,000,000	1,000,000
Long-term debt, net of current portion (Note 7)	5,131,995	6,414,598
Total long-term liabilities	<u>6,131,995</u>	<u>7,414,598</u>
Total liabilities	<u>12,401,604</u>	<u>14,234,200</u>
Net assets		
Unrestricted net assets	9,364,481	9,482,403
Temporarily restricted net assets (Note 8)	128,544	279,948
Total net assets	<u>9,493,025</u>	<u>9,762,351</u>
Total liabilities and net assets	<u>\$ 21,894,629</u>	<u>\$ 23,996,551</u>

See the accompanying notes to these financial statements.

Greater Lynn Senior Services, Inc. and Affiliate
Combined Statement of Activities
For the Years Ended June 30, 2011 and 2010

	<u>2011</u>			<u>2010</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Support						
Grants and contracts	\$ 42,506,280	\$ 1,500	\$ 42,507,780	\$ 39,812,510	\$ 365,917	\$ 40,178,427
Direct and indirect fees	7,650,703	-	7,650,703	7,489,148	-	7,489,148
Private cost share income	449,119	-	449,119	464,976	-	464,976
Other support	276,847	-	276,847	288,788	-	288,788
Contributions and in-kind donations	256,752	-	256,752	244,524	-	244,524
Repairs revenue	107,233	-	107,233	93,857	-	93,857
Interest income	5,436	-	5,436	16,298	-	16,298
Net assets released from restriction	152,904	(152,904)	-	681,597	(681,597)	-
Total revenue and support	<u>51,405,274</u>	<u>(151,404)</u>	<u>51,253,870</u>	<u>49,091,698</u>	<u>(315,680)</u>	<u>48,776,018</u>
Expenses						
Program services						
Transportation	24,979,596	-	24,979,596	21,721,319	-	21,721,319
Home care services	18,312,637	-	18,312,637	18,346,818	-	18,346,818
Nutrition	2,410,571	-	2,410,571	2,424,906	-	2,424,906
Day programs	571,808	-	571,808	590,932	-	590,932
Protective services	937,628	-	937,628	847,633	-	847,633
Housing	665,939	-	665,939	666,531	-	666,531
Health services	20,755	-	20,755	14,835	-	14,835
Total program services	<u>47,898,934</u>	<u>-</u>	<u>47,898,934</u>	<u>44,612,974</u>	<u>-</u>	<u>44,612,974</u>
Management and general	3,168,088	-	3,168,088	3,146,739	-	3,146,739
Fundraising	65,953	-	65,953	64,560	-	64,560
Total expenses	<u>51,132,975</u>	<u>-</u>	<u>51,132,975</u>	<u>47,824,273</u>	<u>-</u>	<u>47,824,273</u>
Change in Net Assets from Operations	272,299	(151,404)	120,895	1,267,425	(315,680)	951,745
Loss on disposal of property and equipment (Note 5)	390,221	-	390,221	-	-	-
Change in Net Assets	(117,922)	(151,404)	(269,326)	1,267,425	(315,680)	951,745
Net Assets at Beginning of Year	9,482,403	279,948	9,762,351	5,360,378	3,450,228	8,810,606
Reclassification (Note 10)	-	-	-	2,854,600	(2,854,600)	-
Net Assets at End of Year	<u>\$ 9,364,481</u>	<u>\$ 128,544</u>	<u>\$ 9,493,025</u>	<u>\$ 9,482,403</u>	<u>\$ 279,948</u>	<u>\$ 9,762,351</u>

See the accompanying notes to these financial statements.

**Greater Lynn Senior Services, Inc. and Affiliate
Combined Statement of Functional Expenses
For the Year Ended June 30, 2011**

	Transportation	Home Care Services	Nutrition	Day Programs	Protective Services	Housing	Health Services	Total Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 13,573,554	\$ 4,838,270	\$ 747,165	\$ 359,555	\$ 619,303	\$ 333,342	\$ 13,074	\$ 20,484,263	\$ 1,621,914	\$ 55,236	\$ 22,161,413
Contracted services	-	11,142,105	91,966	1,000	55,706	8,520	3,578	11,302,875	-	-	11,302,875
Payroll taxes and other benefits	3,124,590	1,179,711	140,446	53,553	153,456	77,288	2,078	4,731,122	403,431	9,927	5,144,480
Program support	3,739,666	606	18,039	14,922	1,360	46,562	20	3,821,175	1,474	-	3,822,649
Occupancy	1,435,988	82,647	25,793	16,948	17,812	35,383	-	1,614,571	60,058	-	1,674,629
Other expenses	590,622	210,616	33,574	31,764	20,733	45,813	1,723	934,845	489,098	790	1,424,733
Meals and food services	-	-	1,191,809	141	-	-	-	1,191,950	-	-	1,191,950
Insurance	840,514	77,561	62,523	17,490	13,262	16,576	-	1,027,926	53,939	-	1,081,865
Bad debt	-	392,404	-	-	-	-	-	392,404	-	-	392,404
Interest	119,940	107,924	26,731	25,094	19,028	-	-	298,717	84,453	-	383,170
Consulting and temporary help	48,634	9,361	7,925	9,221	65	-	-	75,206	159,446	-	234,652
Travel and transportation	6,718	113,980	7,024	482	11,105	343	97	139,749	31,179	-	170,928
Professional fees	80,091	2,048	1,964	368	-	-	-	84,471	76,111	-	160,582
Supplies and consumables	43,445	5,228	-	3,080	1,094	1,649	185	54,681	17,939	-	72,620
Total expenses before depreciation and amortization	23,603,762	18,162,461	2,354,959	533,618	912,924	565,476	20,755	46,153,955	2,999,042	65,953	49,218,950
Depreciation and amortization	1,375,834	150,176	55,612	38,190	24,704	100,463	-	1,744,979	169,046	-	1,914,025
Total expenses	\$ 24,979,596	\$ 18,312,637	\$ 2,410,571	\$ 571,808	\$ 937,628	\$ 665,939	\$ 20,755	\$ 47,898,934	\$ 3,168,088	\$ 65,953	\$ 51,132,975

See the accompanying notes to these financial statements.

Greater Lynn Senior Services, Inc. and Affiliate
Combined Statement of Functional Expenses
For the Year Ended June 30, 2010

	Transportation	Home Care Services	Nutrition	Day Programs	Protective Services	Housing	Health Services	Total Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 11,616,486	\$ 4,522,783	\$ 733,545	\$ 362,929	\$ 558,977	\$ 325,228	\$ 8,295	\$ 18,128,243	\$ 1,614,029	\$ 51,338	\$ 19,793,610
Contracted services	32,500	11,477,509	96,414	-	48,296	46,828	2,475	11,704,022	505	-	11,704,527
Payroll taxes and other benefits	2,876,664	1,187,064	149,359	64,118	144,702	60,098	1,184	4,483,189	382,927	12,218	4,878,334
Program support	2,856,978	530	13,589	28,303	2,610	12,653	-	2,914,663	3,653	540	2,918,856
Occupancy	1,708,927	108,285	25,867	21,966	19,116	53,419	-	1,937,580	58,158	-	1,995,738
Other expenses	366,783	240,391	36,402	19,737	17,088	27,047	2,580	710,028	499,895	464	1,210,387
Meals and food services	-	-	1,233,863	-	-	-	-	1,233,863	-	-	1,233,863
Insurance	834,053	9,954	44,007	2,083	1,354	37,900	-	929,351	155,129	-	1,084,480
Bad debt	-	407,596	-	-	-	-	-	407,596	-	-	407,596
Interest	121,634	108,315	26,183	28,667	18,634	-	-	303,433	80,119	-	383,552
Consulting and temporary help	101,123	882	1,177	13,935	500	576	-	118,193	41,987	-	160,180
Travel and transportation	2,954	111,046	6,256	321	10,292	415	167	131,451	26,581	-	158,032
Professional fees	44,957	3,855	5,422	-	-	435	-	54,669	110,960	-	165,629
Supplies and consumables	48,158	15,178	230	1,063	211	1,127	134	66,101	19,351	-	85,452
Total expenses before depreciation and amortization	20,611,217	18,193,388	2,372,314	543,122	821,780	565,726	14,835	43,122,382	2,993,294	64,560	46,180,236
Depreciation and amortization	1,110,102	153,430	52,592	47,810	25,853	100,805	-	1,490,592	153,445	-	1,644,037
Total expenses	\$ 21,721,319	\$ 18,346,818	\$ 2,424,906	\$ 590,932	\$ 847,633	\$ 666,531	\$ 14,835	\$ 44,612,974	\$ 3,146,739	\$ 64,560	\$ 47,824,273

See the accompanying notes to these financial statements.

Greater Lynn Senior Services, Inc. and Affiliate
Combined Statements of Cash Flows
For the Years Ended June 30, 2011 and 2010

	2011	2010
Cash Flows from Operating Activities		
Change in net assets	\$ (269,326)	\$ 951,745
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	1,914,025	1,644,037
Bad debt	392,404	407,596
Loss on disposal of property and equipment	390,221	7,606
Loss on writeoff of financing fees	18,685	-
(Increase) decrease in accounts receivable	(1,346,831)	24,045
(Increase) decrease in accounts receivable - related parties	(355,579)	(347,471)
Decrease (increase) in prepaid expenses and other current assets	247,258	(261,955)
Decrease in vehicle parts on hand	28,487	17,685
Increase in tenant security deposits	(240)	(8,367)
Increase (decrease) in accounts payable	616,833	(809,475)
Increase in accrued expenses	273,333	305,871
Increase (decrease) in accounts payable - related party	133,404	(2,177)
Net cash provided by operating activities	2,042,674	1,929,140
Cash Flows from Investing Activities		
Insurance proceeds from the disposal of property and equipment	415,075	-
Purchase of property and equipment	(524,376)	(4,710,484)
Decrease (increase) in assets whose use is limited	1,348,768	(162,219)
Decrease in security deposits	-	28,770
Increase in property replacement reserve	(19,423)	(17,863)
Decrease (increase) in restricted cash	(45,722)	472
Net cash provided (used) by investing activities	1,174,322	(4,861,324)
Cash Flows from Financing Activities		
Proceeds from issuance of long-term debt	6,000,000	3,300,000
Proceeds from issuance of subordinated long-term debt	-	135,225
Repayments of long-term debt	(7,623,040)	(822,728)
Decrease in mobility grant receivable to fund fixed asset purchases	-	518,544
Decrease (increase) in restricted cash collateralized for long-term debt	265,339	(265,339)
Net proceeds from (repayments of) line of credit	(1,233,126)	20,126
Net cash (used) provided by financing activities	(2,590,827)	2,885,828
Net Increase (Decrease) in Cash and Cash Equivalents	626,169	(46,356)
Cash and Cash Equivalents at Beginning of Year	435,681	482,037
Cash and Cash Equivalents at End of Year	\$ 1,061,850	\$ 435,681
Supplemental information:		
Cash paid during the year for interest	\$ 383,170	\$ 469,641
Income taxes paid	\$ -	\$ -

See the accompanying notes to these financial statements.

Independent Auditors' Report

To the Board of Directors of
Greater Lynn Senior Services, Inc. and Affiliate

We have audited the accompanying combined statement of financial position of Greater Lynn Senior Services, Inc. (“GLSS”) (a nonprofit organization) and Affiliate (collectively, the “Organization”) as of June 30, 2011, and the related combined statements of activities, functional expenses and cash flows for the year then ended. These combined financial statements are the responsibility of the Organization’s management. Our responsibility is to express an opinion on these combined financial statements based on our audit. We did not audit the financial statements of the Affiliate, Indian Rock Supportive Housing, Inc. (“Indian Rock”), which statements reflect total assets of \$4,000,409 as of June 30, 2011, and total revenue and support of \$156,581 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Indian Rock, is based solely on the report of the other auditors. The combined financial statements of the Organization as of and for the year ended June 30, 2010, were audited by other auditors whose report dated November 15, 2010, expressed an unqualified opinion on those combined statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the combined financial statements referred to above present fairly, in all material respects, the financial position of Greater Lynn Senior Services, Inc. and Affiliate as of June 30, 2011, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining information on pages 23 - 26 is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Anstiss & Co., P.C.
Lowell, MA
November 9, 2011

Greater Lynn Senior Services, Inc. and Affiliate
Notes to Combined Financial Statements
June 30, 2011 and 2010

Note 1 - Organization

The accompanying combined financial statements include the accounts of Greater Lynn Senior Services, Inc. and Indian Rock Supportive Housing, Inc. (collectively referred to as "the Organization"). The respective Organizations are under common control and, therefore, are affiliated for combined financial statement purposes. All significant intercompany balances and transactions have been eliminated in combination.

Greater Lynn Senior Services, Inc. ("GLSS"), a not-for-profit organization, was established in 1975 to provide various programs involving home care, nutrition, transportation, medical, adult and social day care centers and other services to the elderly individuals from the greater Lynn area.

Indian Rock Supportive Housing, Inc. ("Indian Rock"), a not-for-profit corporation, was organized to develop housing units in Saugus, Massachusetts. Section 202 funding is being provided by the U.S. Department of Housing and Urban Development as the primary source of funding.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The accompanying combined financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Under the accrual method, income and expenses are recognized when earned or accrued. The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Basis of Presentation

Combined financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification ("ASC") 958-205, "*Presentation of Financial Statements*." Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Estimates

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

Reclassifications

During 2011 certain amounts from the prior year combined financial statements were reclassified to conform to the current year's presentation.

Greater Lynn Senior Services, Inc. and Affiliate
Notes to Combined Financial Statements
June 30, 2011 and 2010

Note 2 - Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments

The Organization follows the provisions of ASC 820-10, “*Fair Value Measurements and Disclosures*.” ASC 820-10 applies to reported balances that are required or permitted to be measured at fair value under an existing accounting pronouncement. ASC 820-10 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity’s own assumptions, as there is little, if any, related market activity.

For instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

ASC 825-10, “*Financial Instruments*”, permits an entity to measure many financial instruments and certain other assets and liabilities at fair value on an instrument-by-instrument basis.

Cash and Cash Equivalents

The Organization considers highly liquid investments, which have not been restricted to invest in property and equipment, with an original maturity of ninety days or less to be cash equivalents. The Organization maintains its cash and cash equivalents in bank deposit accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management considers credit risk to be minimal.

Restricted Cash

Restricted cash represents cash restricted for use at the Indian Rock supportive housing site. Restricted cash collateralized for long-term debt represents cash deposited into a sinking fund which is held as collateral for certain long-term debt.

Greater Lynn Senior Services, Inc. and Affiliate
Notes to Combined Financial Statements
June 30, 2011 and 2010

Note 2 - Summary of Significant Accounting Policies (continued)

Accounts Receivable and Concentration of Credit Risk

Accounts receivables are carried at the original invoice amount less an estimate made for doubtful receivables. Management determines the allowance by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. As of June 30, 2011 and 2010, there was an allowance for doubtful accounts in the amount of \$865,000 and \$472,000, respectively.

Assets Whose Use Is Limited

Assets whose use is limited represents funds designated by the Board of Directors as an unemployment risk reserve.

Vehicle Parts on Hand

Vehicle parts on hand consist of repair replacement parts maintained for repair of the transportation equipment and are stated at the lower of cost or market. Cost is determined on an actual cost basis on the first-in, first-out ("FIFO") method. Market is determined based on net realizable value.

Property and Equipment

The Organization capitalizes major purchases of property and equipment (with a cost of \$2,500 or more), which are not in the nature of replacements or repairs. Minor equipment purchases, replacements, maintenance, and repairs are charged to expense as incurred.

Property and equipment are stated at cost on the date of acquisition. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which are as follows:

Leasehold and building improvements	5 - 20 years or lease term
Building	40 years
Vehicles	3 - 5 years
Equipment	3 - 10 years

Property Replacement Reserves

The property replacement reserves are available to aid in funding extraordinary maintenance, repair, and replacement of capital items and are required under the Indian Rock HUD Mortgage.

Classification of Net Assets

Net assets, 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

Unrestricted net assets consist of net assets that are not subject to donor-imposed stipulations.

Greater Lynn Senior Services, Inc. and Affiliate
Notes to Combined Financial Statements
June 30, 2011 and 2010

Note 2 - Summary of Significant Accounting Policies (continued)

Classification of Net Assets (continued)

Temporarily Restricted Net Assets

Temporarily restricted net assets consist of net assets subject to donor imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. It is the Organization's policy to record temporarily restricted contributions whose restrictions were met in the same reporting period as unrestricted support in accordance with ASC 958-605 "Revenue Recognition."

Permanently Restricted Net Assets

Permanently restricted net assets consist of net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. As of June 30, 2011, the Organization had no permanently restricted net assets.

Revenue Recognition

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

The programs of the Organization are supported principally by contracts negotiated with various agencies of the Commonwealth of Massachusetts. Therefore, the Organization is subject to the regulations of the Massachusetts Operational Services Division. Revenues are being recorded by the individual programs either at the rates approved under negotiated contracts or the rate of reimbursement as certified by the Massachusetts Operational Services Division.

Excess of revenue over expenses from Commonwealth of Massachusetts supported programs, up to certain defined limits, can be utilized by the Organization for expenditures in accordance with its exempt purposes, provided such expenditures are reimbursable under the Operational Services Division regulations. Amounts in excess of these limits are subject to negotiated use or potential recoupment, and would be reported as a liability.

Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period promised. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value.

Greater Lynn Senior Services, Inc. and Affiliate
Notes to Combined Financial Statements
June 30, 2011 and 2010

Note 2 - Summary of Significant Accounting Policies (continued)

Contributions (continued)

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment of potential defaults. The determination includes such factors as prior collection history, type of contribution and nature of fund raising activities. Contributions recognized with donor-imposed restrictions that are met in the same year as recognized are reported as revenues of the unrestricted net asset class.

Contributions of land, buildings, and equipment without donor stipulations concerning the use of such long-lived assets are recognized as revenues of the unrestricted net asset class. Contributions of cash or other assets to be used to acquire land, buildings and equipment with donor stipulations are recognized as revenues of the temporarily restricted net asset class; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

Contributions of services are recognized as revenues and expenses of the unrestricted net asset category at the fair value of the services received only if the services create or enhance a non-financial asset or would typically need to be purchased by the Organization if they had not been provided by the individuals with those skills. Contributions of goods and space to be used in program operations are recognized as revenue and expenses of the unrestricted net asset class at the time the goods or space is received.

Income Taxes and Uncertain Tax Positions

GLSS and Indian Rock have been recognized as non-profit organizations exempt from income taxes under Internal Revenue Code Section 501(c)(3) and are, therefore, generally exempt from federal and state income taxes. Accordingly, no provision for income taxes has been provided for in the accompanying combined financial statements.

ASC 740-10, "*Income Taxes*" requires the Organization to evaluate and disclose tax positions that could have an effect on the Organization's combined financial statements. The Organization reports its activities to the Internal Revenue Service and the Commonwealth of Massachusetts on an annual basis. These informational returns are generally subject to audit and review by the governmental agencies for a period of three years after filing. Substantially all of the Organization's income, expenditures and activities relate to its exempt purpose, therefore, management has determined that the Organization is not subject to unrelated business income taxes and will continue to qualify as tax-exempt not-for-profit entities.

Greater Lynn Senior Services, Inc. and Affiliate
Notes to Combined Financial Statements
June 30, 2011 and 2010

Note 2 - Summary of Significant Accounting Policies (continued)

Expense Allocation

Expenses are allocated among program and supporting services directly or based on time records and utilization estimates made by management. Management and General expense includes those expenses that are not directly identifiable with any other specific function, but provide for overall support and direction of the Organization. These expenses are allocated based on an approved indirect cost rate using a modified direct cost base.

Note 3 – Related Party Transactions

Elder Service Plan of the North Shore, Inc.

Three board members of the Organization are also board members of Elder Service Plan of the North Shore, Inc. (“ESPNS”). The Executive Director of the Organization is also a board member of ESPNS.

The Organization provided administrative support and personnel to ESPNS by including the Executive Director of ESPNS and shared maintenance personnel in its salary and benefits packages. ESPNS reimbursed the Organization for all salary expense and related fringe benefit costs for these individuals. The Organization also prepared meals and sold transportation services to ESPNS.

Expenses incurred by GLSS and reimbursed by ESPNS for the years ended June 30, 2011 and 2010 are as follows:

	<u>2011</u>	<u>2010</u>
Salaries and fringe benefits	\$ 269,637	\$ 266,604
Transportation	913,398	786,230
Meals	482,610	471,301
Administration	727,375	696,700
Housing	202,005	208,167
	<u>\$2,595,025</u>	<u>\$2,429,002</u>

As of June 30, 2011 and 2010, ESPNS owed GLSS \$459,203 and \$275,550, respectively, in connection with the above transactions. The amounts are included in accounts receivable – related parties on the combined statements of financial position.

Greater Lynn Senior Services, Inc. and Affiliate
Notes to Combined Financial Statements
June 30, 2011 and 2010

Note 3 – Related Party Transactions (continued)

Lynn Community Elder Services, Inc.

Two board member is also a board member of Lynn Community Elder Services, Inc. (“LCES”).

The Organization has a management contract with LCES, under which LCES leases employees and related program expenses from GLSS and also purchased meals and transportation. The Organization also purchased companion and day program services from LCES.

Expenses incurred by GLSS and reimbursed by LCES for the years ended June 30, 2011 and 2010 are as follows:

	<u>2011</u>	<u>2010</u>
Leased Employees	\$1,600,642	\$1,592,708
Companion and day services	531,970	554,000
Transportation	<u>239,643</u>	<u>254,346</u>
	<u>\$2,372,255</u>	<u>\$2,401,054</u>

As of June 30, 2011 and 2010, LCES owed GLSS \$723,419 and \$943,898, net of an allowance for doubtful accounts of \$800,000 and \$407,596, respectively, in connection with the above transactions. The amounts are included in accounts receivable – related parties on the combined statements of financial position. As of June 30, 2011 and 2010, GLSS owed LCES \$180,783 and \$47,379, respectively.

The Organization entered into a lease with the City of Lynn for a building known as the Briarcliff Lodge. The annual lease payment made by the Organization to the City of Lynn is \$1. The Organization currently subleases this building to LCES under the same lease terms.

Note 4 – Assets Whose Use Is Limited

Assets whose use is limited as of June 30, 2011 and 2010 consists of the following:

	<u>2011</u>	<u>2010</u>
Cash and equivalents	\$ -	\$ 902,164
Certificates of deposit	-	345,000
Money market funds	<u>-</u>	<u>101,604</u>
Total assets whose use is limited	<u>\$ -</u>	<u>\$1,348,768</u>

Greater Lynn Senior Services, Inc. and Affiliate
Notes to Combined Financial Statements
June 30, 2011 and 2010

Note 5 – Property and Equipment

Property and equipment consisted of the following as of June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Leasehold and building improvements	\$ 8,457,759	\$ 9,223,845
Building	4,736,084	4,734,874
Motor vehicles	3,916,835	3,916,835
Capital equipment	3,738,933	3,646,739
Land and land improvements	228,900	228,900
Construction in progress	29,133	-
Total property and equipment	21,107,644	21,751,193
Less: Accumulated depreciation	<u>(8,422,402)</u>	<u>(6,852,321)</u>
Property and equipment – net	<u>\$12,685,242</u>	<u>\$14,898,872</u>

Depreciation and amortization expense was \$1,914,025 and \$1,644,037 for the years ended June 30, 2011 and 2010, respectively.

During the year ended June 30, 2011, the roof collapsed at one of the buildings that the Organization was leasing. As a result, the Organization wrote-off capital equipment and leasehold improvements with a net book value of \$805,296. The Organization received insurance proceeds of \$100,000 and has recorded a receivable in the amount of \$315,075 for additional insurance proceeds to be received. The net loss related to the write-off of this capital equipment and leasehold improvements damaged due to the roof collapse was \$390,221.

Note 6 – Line of Credit

During the year ended June 30, 2011, the Organization entered into a \$2,500,000 revolving line of credit agreement with Century Bank, which is subject to a borrowing base limitation 80% of eligible accounts receivable. Interest is payable at the bank's prime rate (4% as June 30, 2011), with a floor of 4%. The line is secured by a building in Lynn, Massachusetts, an assignment of leases and rents from the building, substantially all business assets of the Organization and a negative pledge of the Organization's investments. There were no borrowings outstanding under the line of credit agreement at June 30, 2011.

The Organization had a \$2,500,000 revolving line of credit with Salem Five Bank, which was subject to a borrowing base limitation of 80% of eligible accounts receivable. Interest was payable at the bank's prime rate (3.25% at June 30, 2010) plus 0.5%, with a floor of 5%. The line was secured by all business assets of the Organization and cross-collateralized with all other existing debt with the bank and matured on December 1, 2010. Borrowings totaling \$1,233,126 were outstanding under the line of credit agreement at June 30, 2010.

Greater Lynn Senior Services, Inc. and Affiliate
Notes to Combined Financial Statements
June 30, 2011 and 2010

Note 7 – Notes Payable

During 2011, the Organization was issued \$4,500,000 in Massachusetts Development Finance Agency (“MDFA”) Revenue Bonds (Greater Lynn Senior Services, Series 2010), to refinance debt held with Salem Five Bank. The Organization also entered into a loan and trust agreement with Century Bank. The bond obligation matures in thirty years and bears interest at an initial fixed rate of 5.0%. The rate adjusts twice during the note term at ten year intervals to the Federal Home Loan Bank Classic 10-Year Advance Rate, with a floor of 5.0%. The bond is secured by a pledge of all rights, title and intent to the gross revenue of the Organization and a building located in Lynn, Massachusetts.

	2011	2010
Variable rate (fixed at 5.0% for an initial rate period of ten years) Greater Lynn Senior Services, Series 2010 bond issued through MDFA and payable to Century Bank, due in various installments through October 22, 2040.	\$4,456,118	\$ -
6.0% note payable to Century bank with an original principal amount of \$1,500,000. The note is payable in monthly installments of \$45,765 through November 1, 2013. The note is secured by a pledge of all rights, title and intent to the gross revenue of the Organization a building located in Lynn, Massachusetts.	1,231,152	-
Promissory notes with the Commonwealth of Massachusetts Department of Housing and Community Development (“DHCD”) and the Community Economic Development Assistance Corporation (“CEDAC”) in the form of two thirty-one year deferred payment mortgages, each in the amount of \$500,000. The notes are subordinate to the terms of the Organization's mortgage with the U.S. Department of Housing and Urban Development (“HUD”) and are secured by the housing property. The notes bear interest only if not paid on the maturity date of June 24, 2039, at a rate of the lessor of 5% per annum above the prime rate or the maximum rate of interest which may be lawfully charged. No principal is due until the maturity date or 30 days after the date upon which the HUD note has been repaid in full or forgiven and discharged. The notes also contain affordable housing restrictions, which stipulate that if, at any time, the properties are not utilized to provide affordable housing, the notes are payable on demand.	1,000,000	1,000,000

Greater Lynn Senior Services, Inc. and Affiliate
Notes to Combined Financial Statements
June 30, 2011 and 2010

Note 7 – Notes Payable (continued)

	2011	2010
5.23% bond issued through MDFA and payable to Salem Five Bank in the aggregate original amount of \$4,000,000. The bond was payable in monthly installments of \$23,922, including interest, through November 2026. The note was secured by a building Lynn, Massachusetts.	-	3,704,261
6.5% note payable to Salem Five Bank in the original amount of \$3,300,000, payable in monthly principal installments of \$55,000, plus interest, through June 2014. Under the terms of the note, additional monthly payments, in amounts defined in the agreement, were payable into a sinking fund, until the sinking fund balance reached a 1:1 ratio with the outstanding note balance. The note was secured by the sinking fund, certain accounts with the bank, and an assignment of the lease in Lynn, Massachusetts. As of June 30, 2010 the sinking fund balance was \$265,339 and was included in restricted cash collateralized for long-term debt in the accompanying combined 2010 statement of financial position.	-	2,695,000
6.41% note payable to Salem Five Bank in the original amount of \$650,000, payable in monthly installments of \$4,812, including interest through December 2017. The note was secured by the building located in Lynn, Massachusetts.	-	605,833
6.77% note payable to Salem Five Bank in the original amount of \$580,000, payable in monthly installments of \$11,422, including interest through November 2012. The note was secured by certain motor vehicles, and the building located in Lynn, Massachusetts.	-	305,216
Total long-term debt	6,687,270	8,310,310
Less: Current portion of long-term debt	(555,275)	(815,712)
Long-term debt, net of current portion	\$6,131,995	\$7,494,598

Greater Lynn Senior Services, Inc. and Affiliate
Notes to Combined Financial Statements
June 30, 2011 and 2010

Note 7 – Notes Payable (continued)

The future minimum payments on notes payable at June 30th are as follows:

2012	\$ 555,275
2013	590,064
2014	300,976
2015	79,507
2016	83,055
Thereafter	<u>5,078,393</u>
Total	<u>\$6,687,270</u>

These debt instruments require the Organization to be in compliance with certain covenants and financial ratios, which the Organization was in compliance with at June 30, 2011 and 2010.

Note 8 – Temporarily Restricted Net Assets

As of June 30, 2011 and 2010, temporarily restricted net assets are restricted for the following purposes:

	<u>2011</u>	<u>2010</u>
Purpose Restricted:		
Programs:		
Mobile Mental Health	\$ 10,464	\$ 21,880
Older Battered Women’s Program	1,500	-
Prostate Cancer Awareness	-	3,637
Elder Justice	-	2,925
	<u>11,964</u>	<u>28,442</u>
Purpose and Time Restricted:		
Program:		
Mobility Management	116,580	251,506
Total temporarily restricted net assets	<u>\$128,544</u>	<u>\$279,948</u>

Note 9 – Net Assets Released from Restrictions

Net assets released from restriction during the years ended June 30, 2011 and 2010 were expended to satisfy the following purposes:

	<u>2011</u>	<u>2010</u>
Mobility Management	\$134,926	\$ 72,411
Mobile Mental Health	11,416	76,518
Prostate Cancer Awareness	3,637	8,864
Elder Justice	2,925	5,260
Mobility Assistance	-	518,544
Total net assets released from restriction	<u>\$152,904</u>	<u>\$681,597</u>

Greater Lynn Senior Services, Inc. and Affiliate
Notes to Combined Financial Statements
June 30, 2011 and 2010

Note 10 - Reclassification

During the year ended June 30, 2011, management determined that \$2,854,600 received in prior years to acquire and rehabilitate, as necessary, a residential facility under a non interest bearing Capital Advance Agreement (“Agreement”) with the U.S. Department of Housing and Urban Development ("HUD") which was previously reported as temporarily restricted should be reported as unrestricted. The Organization is not required to make payments on the mortgage until April 2049, provided it maintains housing in accordance with the Agreement. The Agreement provides that if (1) the housing has remained available for occupancy by eligible families until the maturity date of the mortgage note, and (2) the mortgage note has not otherwise become due and payable by reason of defaults under the mortgage note, mortgage or regulatory agreement, on that date the mortgage note shall be deemed to be paid and discharged. Because the Organization intends to meet both of these conditions and will not be required to repay the capital advance, all monies received under this program have been recognized as a contribution under the provisions of ASC 958 “*Presentation of Financial Statements*”.

Note 11 - Major Revenue Source

The Organization received 28% and 30% of its funding through contracts with the Commonwealth of Massachusetts, Executive Office of Elder Affairs ("EOEA") and 52% and 49% of its funding from a contract with the Massachusetts Bay Transit Authority (MBTA) for the years ended June 30, 2011 and 2010, respectively.

Included in accounts receivable on the accompanying combined statements of financial position is a receivable from the EOEA in the amount of \$2,247,032 and \$1,458,663 respectively, and a receivable from the MBTA in the amount of \$2,696,353 and \$2,274,981, respectively, as of June 30, 2011 and 2010.

Note 12 - Leases

The Organization leases equipment and various facilities throughout Massachusetts under both short-term and long-term operating leases.

The facility lease agreements require minimum aggregate monthly payments of \$66,076 and expire at various dates through June 2014 and contain certain escalating rental payment provisions. Rent expense recorded on a straight-line basis by the Organization under these lease agreements amounted to \$847,222 and \$1,031,881 for the years ended June 30, 2011 and 2010.

The equipment lease agreements require aggregate monthly payments of \$4,408 and expire at various dates through April, 2015. Equipment rental expense under these lease agreements amounted to \$50,364 and \$71,371 for the years ended June 30, 2011 and 2010, respectively.

Greater Lynn Senior Services, Inc. and Affiliate
Notes to Combined Financial Statements
June 30, 2011 and 2010

Note 12 - Leases (continued)

Future minimum rental payments due under these non-cancelable lease agreements as of June 30, 2011 are as follows:

2012	\$842,940
2013	\$823,324
2014	\$843,158
2015	\$ 7,065
2016	\$ 837

Note 13 – Retirement Plan

The Organization administers a defined contribution 403(b) plan for employee only contributions. The Plan allows an employee to contribute up to a maximum percentage as allowed by federal law. The Organization also maintains a defined contribution 401(a) plan for employer only contributions. The Organization makes an annual contribution of up to 3% of the employee's gross wages to this plan. Retirement expense was \$305,775 and \$282,278 for the years ended June 30, 2011 and 2010, respectively.

Note 14 - Commitments and Contingencies

Indemnifications

The Organization is a party to a number of agreements entered into in the ordinary course of business which contain typical provisions which obligate the Organization to indemnify the other parties to such agreements upon the occurrence of certain events. Such indemnification obligations are usually in effect from the date of execution of the applicable agreement for a period equal to the applicable statute of limitations. The aggregate maximum potential future liability of the Organization under such indemnification provisions is uncertain. Since its inception, the Organization has not incurred any expenses as a result of such indemnification provisions. The Organization has not recorded any liability related to such indemnification provisions as of June 30, 2011 and 2010.

Contingencies

From time to time, the Organization is included in legal and administrative proceedings and claims of various types, which arise in the ordinary course of business. In the opinion of the Organization's management, based on information furnished by counsel and others, the ultimate liability, if any, of the aforementioned claims is not expected to have a material impact on the Organization's financial position.

Greater Lynn Senior Services, Inc. and Affiliate
Notes to Combined Financial Statements
June 30, 2011 and 2010

Note 15 – Subsequent Events

ASC 855-10, “*Subsequent Events*” defines further disclosure requirements for events that occur after the statement of financial position date but before combined financial statements are issued. In accordance with ASC 855-10, the Organization’s management has evaluated events subsequent from June 30, 2011 through November 9, 2011, which is the date the combined financial statements were available to be issued. There has been no material event noted during this period that would either impact the results reflected in this report or the Organization’s results going forward.

Supplementary Information

Greater Lynn Senior Services, Inc. and Affiliate
Combining Statement of Financial Position
June 30, 2011

	<u>Greater Lynn Senior Services, Inc.</u>	<u>Indian Rock Supportive Housing, Inc.</u>	<u>Eliminations</u>	<u>Total</u>
Assets				
Current assets				
Cash and cash equivalents	\$ 1,049,258	\$ 12,592	\$ -	\$ 1,061,850
Restricted cash	-	95,289	-	95,289
Accounts receivable, net of allowance for doubtful accounts of approximately \$65,000	6,416,576	365	-	6,416,941
Accounts receivable - related parties, net of allowance for doubtful accounts of approximately \$800,000	1,182,622	-	-	1,182,622
Prepaid expenses and other current assets	283,493	14,135	-	297,628
Vehicle parts on hand	28,488	-	-	28,488
Total current assets	<u>8,960,437</u>	<u>122,381</u>	<u>-</u>	<u>9,082,818</u>
Non-current assets				
Property and equipment - net	8,853,107	3,832,135	-	12,685,242
Security deposits	80,676	-	-	80,676
Property replacement reserves	-	37,286	-	37,286
Tenant security deposits	-	8,607	-	8,607
Total non-current assets	<u>8,933,783</u>	<u>3,878,028</u>	<u>-</u>	<u>12,811,811</u>
Total assets	<u>\$ 17,894,220</u>	<u>\$ 4,000,409</u>	<u>\$ -</u>	<u>\$ 21,894,629</u>
Liabilities and Net Assets				
Current liabilities				
Accounts payable	\$ 3,028,966	\$ -	\$ -	\$ 3,028,966
Accounts payable - related party	180,783	-	-	180,783
Accrued expenses	2,476,056	28,529	-	2,504,585
Line of credit	-	-	-	-
Current portion of long-term debt	555,275	-	-	555,275
Total current liabilities	<u>6,241,080</u>	<u>28,529</u>	<u>-</u>	<u>6,269,609</u>
Long-term liabilities				
Subordinated long-term debt	-	1,000,000	-	1,000,000
Long-term debt, net of current portion	5,131,995	-	-	5,131,995
Total long-term liabilities	<u>5,131,995</u>	<u>1,000,000</u>	<u>-</u>	<u>6,131,995</u>
Total liabilities	<u>11,373,075</u>	<u>1,028,529</u>	<u>-</u>	<u>12,401,604</u>
Net assets				
Unrestricted net assets	6,392,601	2,971,880	-	9,364,481
Temporarily restricted net assets	128,544	-	-	128,544
Total net assets	<u>6,521,145</u>	<u>2,971,880</u>	<u>-</u>	<u>9,493,025</u>
Total liabilities and net assets	<u>\$ 17,894,220</u>	<u>\$ 4,000,409</u>	<u>\$ -</u>	<u>\$ 21,894,629</u>

See the independent auditors' report.

Greater Lynn Senior Services, Inc. and Affiliate
Combining Statement of Financial Position
June 30, 2010

	<u>Greater Lynn Senior Services, Inc.</u>	<u>Indian Rock Supportive Housing, Inc.</u>	<u>Eliminations</u>	<u>Total</u>
Assets				
Current assets				
Cash and cash equivalents	\$ 349,461	\$ 86,220	\$ -	\$ 435,681
Restricted cash	-	49,567	-	49,567
Accounts receivable, net of allowance for doubtful accounts of \$64,000	5,086,751	159	(16,800)	5,070,110
Accounts receivable - related parties, net of allowance for doubtful accounts of approximately \$408,000	1,219,447	-	-	1,219,447
Assets whose use is limited	1,348,768	-	-	1,348,768
Prepaid expenses and other current assets	544,886	-	-	544,886
Vehicle parts on hand	56,975	-	-	56,975
Total current assets	<u>8,606,288</u>	<u>135,946</u>	<u>(16,800)</u>	<u>8,725,434</u>
Non-current assets				
Property and equipment - net	10,967,484	3,931,388	-	14,898,872
Restricted cash collateralized for long-term debt	265,339	-	-	265,339
Security deposits	80,676	-	-	80,676
Property replacement reserves	-	17,863	-	17,863
Tenant security deposits	-	8,367	-	8,367
Total non-current assets	<u>11,313,499</u>	<u>3,957,618</u>	<u>-</u>	<u>15,271,117</u>
Total assets	<u>\$ 19,919,787</u>	<u>\$ 4,093,564</u>	<u>\$ (16,800)</u>	<u>\$ 23,996,551</u>
Liabilities and Net Assets				
Current liabilities				
Accounts payable	\$ 2,412,133	\$ -	\$ -	\$ 2,412,133
Accounts payable - related party	47,379	-	-	47,379
Accrued expenses	2,198,523	49,529	(16,800)	2,231,252
Line of credit	1,233,126	-	-	1,233,126
Current portion of long-term debt	895,712	-	-	895,712
Total current liabilities	<u>6,786,873</u>	<u>49,529</u>	<u>(16,800)</u>	<u>6,819,602</u>
Long-term liabilities				
Subordinated long-term debt	-	1,000,000	-	1,000,000
Long-term debt, net of current portion	6,414,598	-	-	6,414,598
Total long-term liabilities	<u>6,414,598</u>	<u>1,000,000</u>	<u>-</u>	<u>7,414,598</u>
Total liabilities	<u>13,201,471</u>	<u>1,049,529</u>	<u>(16,800)</u>	<u>14,234,200</u>
Net assets				
Unrestricted net assets	\$ 6,438,368	3,044,035	-	9,482,403
Temporarily restricted net assets	279,948	-	-	279,948
Total net assets	<u>6,718,316</u>	<u>3,044,035</u>	<u>-</u>	<u>9,762,351</u>
Total liabilities and net assets	<u>\$ 19,919,787</u>	<u>\$ 4,093,564</u>	<u>\$ (16,800)</u>	<u>\$ 23,996,551</u>

See the independent auditors' report.

Greater Lynn Senior Services, Inc. and Affiliate
Combining Statement of Activities
For the Year Ended June 30, 2011

	<u>Greater Lynn Senior Services, Inc.</u>			<u>Indian Rock Supportive Housing, Inc.</u>	<u>Eliminations</u>	<u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>			
Revenue and Support						
Grants and contracts	\$ 42,506,280	\$ 1,500	\$ 42,507,780	\$ -	\$ -	\$ 42,507,780
Direct and indirect fees	7,665,103	-	7,665,103	-	(14,400)	7,650,703
Private cost share income	449,119	-	449,119	-	-	449,119
Other support	120,415	-	120,415	156,432	-	276,847
Contributions and in-kind donations	256,752	-	256,752	-	-	256,752
Repairs revenue	107,233	-	107,233	-	-	107,233
Interest income	5,287	-	5,287	149	-	5,436
Net assets released from restriction	152,904	(152,904)	-	-	-	-
Total revenue and support	<u>51,263,093</u>	<u>(151,404)</u>	<u>51,111,689</u>	<u>156,581</u>	<u>(14,400)</u>	<u>51,253,870</u>
Expenses						
Program services						
Transportation	24,979,596	-	24,979,596	-	-	24,979,596
Home care services	18,312,637	-	18,312,637	-	-	18,312,637
Nutrition	2,410,571	-	2,410,571	-	-	2,410,571
Day programs	571,808	-	571,808	-	-	571,808
Protective services	937,628	-	937,628	-	-	937,628
Housing	451,603	-	451,603	228,736	(14,400)	665,939
Health services	20,755	-	20,755	-	-	20,755
Total program services	<u>47,684,598</u>	<u>-</u>	<u>47,684,598</u>	<u>228,736</u>	<u>(14,400)</u>	<u>47,898,934</u>
Management and general	3,168,088	-	3,168,088	-	-	3,168,088
Fundraising	65,953	-	65,953	-	-	65,953
Total expenses	<u>50,918,639</u>	<u>-</u>	<u>50,918,639</u>	<u>228,736</u>	<u>(14,400)</u>	<u>51,132,975</u>
Change in Net Assets from Operations	344,454	(151,404)	193,050	(72,155)	-	120,895
Loss on disposal of fixed assets	390,221	-	390,221	-	-	390,221
Change in Net Assets	(45,767)	(151,404)	(197,171)	(72,155)	-	(269,326)
Net Assets at Beginning of Year	6,438,368	279,948	6,718,316	3,044,035	-	3,044,035
Net Assets at End of Year	<u>\$ 6,392,601</u>	<u>\$ 128,544</u>	<u>\$ 6,521,145</u>	<u>\$ 2,971,880</u>	<u>\$ -</u>	<u>\$ 2,774,709</u>

See the independent auditors' report.

Greater Lynn Senior Services, Inc. and Affiliate
Combining Statement of Activities
For the Year Ended June 30, 2010

	<u>Greater Lynn Senior Services, Inc.</u>			<u>Indian Rock Supportive Housing, Inc.</u>			<u>Eliminations</u>	<u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>		
Revenue and Support								
Grants and contracts	\$ 39,812,510	\$ 365,917	\$ 40,178,427	\$ -	\$ -	\$ -	\$ -	\$ 40,178,427
Direct and indirect fees	7,505,948	-	7,505,948	-	-	-	(16,800)	7,489,148
Private cost share income	464,976	-	464,976	-	-	-	-	464,976
Other support	126,578	-	126,578	162,210	-	162,210	-	288,788
Contributions and in-kind donations	244,524	-	244,524	-	-	-	-	244,524
Repairs revenue	93,857	-	93,857	-	-	-	-	93,857
Interest income	16,251	-	16,251	47	-	47	-	16,298
Net assets released from restriction	681,597	(681,597)	-	-	-	-	-	-
Total revenue and support	<u>48,946,241</u>	<u>(315,680)</u>	<u>48,630,561</u>	<u>162,257</u>	<u>-</u>	<u>162,257</u>	<u>(16,800)</u>	<u>48,776,018</u>
Expenses								
Program services								
Transportation	21,721,319	-	21,721,319	-	-	-	-	21,721,319
Home care services	18,346,818	-	18,346,818	-	-	-	-	18,346,818
Nutrition	2,424,906	-	2,424,906	-	-	-	-	2,424,906
Day programs	590,932	-	590,932	-	-	-	-	590,932
Protective services	847,633	-	847,633	-	-	-	-	847,633
Housing	458,362	-	458,362	224,969	-	224,969	(16,800)	666,531
Health services	14,835	-	14,835	-	-	-	-	14,835
Total program services	<u>44,404,805</u>	<u>-</u>	<u>44,404,805</u>	<u>224,969</u>	<u>-</u>	<u>224,969</u>	<u>(16,800)</u>	<u>44,612,974</u>
Management and general	3,146,739	-	3,146,739	-	-	-	-	3,146,739
Fundraising	64,560	-	64,560	-	-	-	-	64,560
Total expenses	<u>47,616,104</u>	<u>-</u>	<u>47,616,104</u>	<u>224,969</u>	<u>-</u>	<u>224,969</u>	<u>(16,800)</u>	<u>47,824,273</u>
Change in Net Assets	1,330,137	(315,680)	1,014,457	(62,712)	-	(62,712)	-	951,745
Net Assets at Beginning of Year	5,108,231	595,628	5,703,859	252,147	2,854,600	3,106,747	-	8,810,606
Reclassification	-	-	-	2,854,600	(2,854,600)	-	-	-
Net Assets at End of Year	<u>\$ 6,438,368</u>	<u>\$ 279,948</u>	<u>\$ 6,718,316</u>	<u>\$ 3,044,035</u>	<u>\$ -</u>	<u>\$ 3,044,035</u>	<u>\$ -</u>	<u>\$ 9,762,351</u>

See the independent auditors' report.