

**SENIOR SERVICES OF NORTHERN KENTUCKY, INC.  
AND AFFILIATE**

**June 30, 2009**

*CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT  
AUDITORS' REPORT*

**SENIOR SERVICES OF NORTHERN KENTUCKY, INC.  
AND AFFILIATE  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Senior Services of Northern Kentucky, Inc.  
and Affiliate  
Covington, Kentucky

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

We conducted our audits in accordance with U.S. generally accepted auditing standards 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Senior Services of Northern Kentucky, Inc. and Affiliate as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 28, 2009, on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements of Senior Services of Northern Kentucky, Inc. and Affiliate taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the 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 consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

Board of Directors  
Senior Services of Northern Kentucky, Inc.  
and Affiliate  
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The consolidating schedules of financial position are presented for the purpose of additional analysis and are not a required part of the basic consolidated financial statements. Such information has also been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects to the consolidated financial statements taken as a whole.

*VonLehman & Company Inc.*

Fort Mitchell, Kentucky  
October 28, 2009

**SENIOR SERVICES OF NORTHERN KENTUCKY, INC.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
June 30, 2009

	<b>Senior Services of Northern Kentucky, Inc.</b>	<b>SCNK, Inc.</b>	<b>Eliminations</b>	<b>Total</b>
<b>Current Assets</b>				
Cash	\$ 114,614	\$ 32,726	\$ -	\$ 147,340
Grants Receivable	401,745	-	-	401,745
Prepaid Expenses and Miscellaneous Receivables	101,647	-	-	101,647
Due From SSNK, Inc.	-	-	-	-
Total Current Assets	<u>618,006</u>	<u>32,726</u>	<u>-</u>	<u>650,732</u>
<b>Property and Equipment</b>				
Property and Equipment	987,741	1,445,210	-	2,432,951
Less Accumulated Depreciation	<u>(734,372)</u>	<u>(614,380)</u>	<u>-</u>	<u>(1,348,752)</u>
Total Property and Equipment	<u>253,369</u>	<u>830,830</u>	<u>-</u>	<u>1,084,199</u>
<b>Investments</b>				
Investments	<u>-</u>	<u>888,926</u>	<u>-</u>	<u>888,926</u>
<b>Total Assets</b>	<u>\$ 871,375</u>	<u>\$ 1,752,482</u>	<u>\$ -</u>	<u>\$ 2,623,857</u>
<b>Current Liabilities</b>				
Line of Credit	\$ 50,000	\$ -	\$ -	\$ 50,000
Accounts Payable	119,156	-	-	119,156
Accrued Liabilities	181,567	-	-	181,567
Current Portion of Notes Payable	<u>-</u>	<u>41,361</u>	<u>-</u>	<u>41,361</u>
Total Current Liabilities	350,723	41,361	-	392,084
<b>Long-Term Liabilities</b>				
Long-Term Portion of Notes Payable	<u>-</u>	<u>124,217</u>	<u>-</u>	<u>124,217</u>
Total Liabilities	<u>350,723</u>	<u>165,578</u>	<u>-</u>	<u>516,301</u>
<b>Net Assets</b>				
Unrestricted	467,702	1,586,904	-	2,054,606
Temporarily Restricted	<u>52,950</u>	<u>-</u>	<u>-</u>	<u>52,950</u>
Total Net Assets	<u>520,652</u>	<u>1,586,904</u>	<u>-</u>	<u>2,107,556</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 871,375</u>	<u>\$ 1,752,482</u>	<u>\$ -</u>	<u>\$ 2,623,857</u>

See accompanying notes.

**SENIOR SERVICES OF NORTHERN KENTUCKY, INC.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**June 30, 2008**

	<b>Senior Services of Northern Kentucky, Inc.</b>	<b>SCNK, Inc.</b>	<b>Eliminations</b>	<b>Total</b>
<b>Current Assets</b>				
Cash	\$ 243,931	\$ 51,039	\$ -	\$ 294,970
Grants Receivable	218,091	-	-	218,091
Prepaid Expenses and Miscellaneous Receivables	130,336	-	-	130,336
Due From SSNK, Inc.	-	2,500	(2,500)	-
	<u>592,358</u>	<u>53,539</u>	<u>(2,500)</u>	<u>643,397</u>
<b>Property and Equipment</b>	808,914	1,416,979	-	2,225,893
Less Accumulated Depreciation	(596,216)	(556,684)	-	(1,152,900)
	<u>212,698</u>	<u>860,295</u>	<u>-</u>	<u>1,072,993</u>
<b>Investments</b>	-	1,084,701	-	1,084,701
	<u>-</u>	<u>1,084,701</u>	<u>-</u>	<u>1,084,701</u>
<b>Total Assets</b>	<u>\$ 805,056</u>	<u>\$ 1,998,535</u>	<u>\$ (2,500)</u>	<u>\$ 2,801,091</u>
<b>Current Liabilities</b>				
Accounts Payable	\$ 116,205	\$ -	\$ -	\$ 116,205
Accrued Liabilities	197,678	-	-	197,678
Current Portion of Notes Payable	-	39,153	-	39,153
Due To SCNK, Inc.	2,500	-	(2,500)	-
	<u>316,383</u>	<u>39,153</u>	<u>(2,500)</u>	<u>353,036</u>
<b>Long-Term Liabilities</b>				
Long-Term Portion of Notes Payable	-	165,251	-	165,251
	<u>-</u>	<u>165,251</u>	<u>-</u>	<u>165,251</u>
<b>Total Liabilities</b>	<u>316,383</u>	<u>204,404</u>	<u>(2,500)</u>	<u>518,287</u>
<b>Net Assets</b>				
Unrestricted	485,271	1,794,131	-	2,279,402
Temporarily Restricted	3,402	-	-	3,402
	<u>488,673</u>	<u>1,794,131</u>	<u>-</u>	<u>2,282,804</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 805,056</u>	<u>\$ 1,998,535</u>	<u>\$ (2,500)</u>	<u>\$ 2,801,091</u>

See accompanying notes.

**SENIOR SERVICES OF NORTHERN KENTUCKY, INC.  
AND AFFILIATE  
CONSOLIDATED STATEMENT OF ACTIVITIES  
Year Ended June 30, 2009**

	<u>Senior Services of Northern Kentucky, Inc.</u>			<u>SCNK, Inc.</u>		<u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Eliminations</u>	
<b>Public Support and Revenues</b>						
Public Support						
Allocation of Funds from United Way of Greater Cincinnati	\$ -	\$ 305,034	\$ 305,034	\$ -	\$ -	\$ 305,034
Donated Rent, Materials and Services	-	262,682	262,682	-	-	262,682
Fees and Grants						
Federal/State	-	1,224,226	1,224,226	-	-	1,224,226
Local	-	907,554	907,554	-	-	907,554
Other Revenues						
General Contributions	235,924	96,763	332,687	44,864	-	377,551
Participant Contributions	341,720	62,212	403,932	-	-	403,932
Miscellaneous	248,107	4,255	252,362	61,908	(111,404)	202,866
Investment Income	-	-	-	(183,026)	-	(183,026)
<b>Total Public Support and Revenues</b>	<b>825,751</b>	<b>2,862,726</b>	<b>3,688,477</b>	<b>(76,254)</b>	<b>(111,404)</b>	<b>3,500,819</b>
Net Assets Released from Restrictions	2,813,178	(2,813,178)	-	-	-	-
<b>Total Public Support, Revenues and Net Assets Released from Restrictions</b>	<b>3,638,929</b>	<b>49,548</b>	<b>3,688,477</b>	<b>(76,254)</b>	<b>(111,404)</b>	<b>3,500,819</b>
<b>Expenses</b>						
Nutrition Services	1,062,575	-	1,062,575	-	(23,506)	1,039,069
Center Operations	561,756	-	561,756	-	(1,237)	560,519
Transportation Services	542,088	-	542,088	-	(9,279)	532,809
Protective Services	62,518	-	62,518	-	(1,856)	60,662
Interlink Volunteer Services	57,521	-	57,521	-	(3,093)	54,428
Ombudsman	85,302	-	85,302	-	(3,712)	81,590
Outreach	61,146	-	61,146	-	(1,856)	59,290
Community Education	20,194	-	20,194	-	-	20,194
Other	414,232	-	414,232	130,973	(56,936)	488,269
Institutional Advancement and Marketing	202,356	-	202,356	-	(3,093)	199,263
General and Administrative	586,810	-	586,810	-	(6,836)	579,974
<b>Total Expenses</b>	<b>3,656,498</b>	<b>-</b>	<b>3,656,498</b>	<b>130,973</b>	<b>(111,404)</b>	<b>3,676,067</b>
Change in Net Assets	(17,569)	49,548	31,979	(207,227)	-	(175,248)
<b>Net Assets at Beginning of Year</b>	<b>485,271</b>	<b>3,402</b>	<b>488,673</b>	<b>1,794,131</b>	<b>-</b>	<b>2,282,804</b>
<b>Net Assets at End of Year</b>	<b>\$ 467,702</b>	<b>\$ 52,950</b>	<b>\$ 520,652</b>	<b>\$ 1,586,904</b>	<b>\$ -</b>	<b>\$ 2,107,556</b>

See accompanying notes.

**SENIOR SERVICES OF NORTHERN KENTUCKY, INC.  
AND AFFILIATE  
CONSOLIDATED STATEMENT OF ACTIVITIES  
Year Ended June 30, 2008**

	<u>Senior Services of Northern Kentucky, Inc.</u>			<u>SCNK, Inc.</u>		<u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Eliminations</u>	
<b>Public Support and Revenues</b>						
Public Support						
Allocation of Funds from United Way of Greater Cincinnati	\$ -	\$ 307,500	\$ 307,500	\$ -	\$ -	\$ 307,500
Donated Rent, Materials and Services	-	292,913	292,913	-	-	292,913
Fees and Grants						
Federal/State	-	1,218,821	1,218,821	-	-	1,218,821
Local	-	903,884	903,884	10,000	-	913,884
Other Revenues						
General Contributions	292,864	37,997	330,861	309	-	331,170
Participant Contributions	357,300	82,229	439,529	-	-	439,529
Miscellaneous	236,762	4,694	241,456	62,478	(62,361)	241,573
Investment Income	-	-	-	(20,911)	-	(20,911)
<b>Total Public Support and Revenues</b>	<b>886,926</b>	<b>2,848,038</b>	<b>3,734,964</b>	<b>51,876</b>	<b>(62,361)</b>	<b>3,724,479</b>
Net Assets Released from Restrictions	2,861,661	(2,861,661)	-	-	-	-
<b>Total Public Support, Revenues and Net Assets Released from Restrictions</b>	<b>3,748,587</b>	<b>(13,623)</b>	<b>3,734,964</b>	<b>51,876</b>	<b>(62,361)</b>	<b>3,724,479</b>
<b>Expenses</b>						
Nutrition Services	1,128,070	-	1,128,070	-	(23,506)	1,104,564
Center Operations	572,381	-	572,381	-	(1,237)	571,144
Transportation Services	690,841	-	690,841	-	(9,279)	681,562
Protective Services	70,984	-	70,984	-	(1,856)	69,128
Interlink Volunteer Services	60,109	-	60,109	-	(3,093)	57,016
Ombudsman	94,653	-	94,653	-	(3,712)	90,941
Outreach	61,128	-	61,128	-	(1,856)	59,272
Community Education	30,295	-	30,295	-	-	30,295
Other	367,728	-	367,728	87,534	(7,423)	447,839
Institutional Advancement and Marketing	239,018	-	239,018	-	(3,093)	235,925
General and Administrative	602,763	-	602,763	-	(7,306)	595,457
<b>Total Expenses</b>	<b>3,917,970</b>	<b>-</b>	<b>3,917,970</b>	<b>87,534</b>	<b>(62,361)</b>	<b>3,943,143</b>
Change in Net Assets	(169,383)	(13,623)	(183,006)	(35,658)	-	(218,664)
<b>Net Assets at Beginning of Year</b>	<b>654,654</b>	<b>17,025</b>	<b>671,679</b>	<b>1,829,789</b>	<b>-</b>	<b>2,501,468</b>
<b>Net Assets at End of Year</b>	<b>\$ 485,271</b>	<b>\$ 3,402</b>	<b>\$ 488,673</b>	<b>\$ 1,794,131</b>	<b>\$ -</b>	<b>\$ 2,282,804</b>

See accompanying notes.

**SENIOR SERVICES OF NORTHERN KENTUCKY, INC.  
AND AFFILIATE  
CONSOLIDATED STATEMENT OF CASH FLOWS  
Year Ended June 30, 2009**

	<b>Senior Services of Northern Kentucky, Inc.</b>	<b>SCNK, Inc.</b>	<b>Total</b>
<b>Cash Flows from Operating Activities</b>			
Change in Net Assets	\$ 31,979	\$ (207,227)	\$ (175,248)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities			
Realized Loss on Investments	-	77,137	77,137
Depreciation	138,156	57,696	195,852
Unrealized Loss on Investments	-	148,661	148,661
Changes In			
Grants Receivable	(183,654)	-	(183,654)
Prepaid Expenses and Miscellaneous Receivables	28,689	-	28,689
(From) Due To Senior Services	(2,500)	2,500	-
Accounts Payable and Accrued Liabilities	(13,160)	-	(13,160)
Net Cash (Used) Provided by Operating Activities	<u>(490)</u>	<u>78,767</u>	<u>78,277</u>
<b>Cash Flows from Investing Activities</b>			
Purchase of Investments	-	(1,087,463)	(1,087,463)
Proceeds from Sale of Investments	-	1,057,440	1,057,440
Acquisition of Property and Equipment	(178,827)	(28,231)	(207,058)
Net Cash Used by Investing Activities	<u>(178,827)</u>	<u>(58,254)</u>	<u>(237,081)</u>
<b>Cash Flows Used by Financing Activities</b>			
Increase in Line of Credit	50,000	-	50,000
Payments on Debt	-	(38,826)	(38,826)
Net Cash Provided (Used) by Financing Activities	<u>50,000</u>	<u>(38,826)</u>	<u>11,174</u>
Net Change in Cash	(129,317)	(18,313)	(147,630)
<b>Beginning Balance - Cash</b>	<u>243,931</u>	<u>51,039</u>	<u>294,970</u>
<b>Ending Balance - Cash</b>	<u>\$ 114,614</u>	<u>\$ 32,726</u>	<u>\$ 147,340</u>

See accompanying notes.

**SENIOR SERVICES OF NORTHERN KENTUCKY, INC.  
AND AFFILIATE  
CONSOLIDATED STATEMENT OF CASH FLOWS  
Year Ended June 30, 2008**

	<b>Senior Services of Northern Kentucky, Inc.</b>	<b>SCNK, Inc.</b>	<b>Total</b>
<b>Cash Flows from Operating Activities</b>			
Change in Net Assets	\$ (183,006)	\$ (35,658)	\$ (218,664)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities			
Loss on Disposal of Fixed Assets	1,356	-	1,356
Realized Gain on Investment	-	(39,289)	(39,289)
Depreciation	124,325	60,394	184,719
Unrealized Gain on Investments	-	108,582	108,582
Changes In			
Grants Receivable	17,216	-	17,216
Prepaid Expenses and Miscellaneous Receivables	(9,823)	-	(9,823)
(From) Due To Senior Services	(9,000)	9,000	-
Accounts Payable and Accrued Liabilities	(18,361)	-	(18,361)
Net Cash (Used) Provided by Operating Activities	<u>(77,293)</u>	<u>103,029</u>	<u>25,736</u>
<b>Cash Flows from Investing Activities</b>			
Purchase of Investments	-	(317,230)	(317,230)
Proceeds from Sale of Investments	-	277,570	277,570
Acquisition of Property and Equipment	(56,632)	(58,688)	(115,320)
Net Cash Used by Investing Activities	<u>(56,632)</u>	<u>(98,348)</u>	<u>(154,980)</u>
<b>Cash Flows used by Financing Activities</b>			
Payments on Debt	-	(36,171)	(36,171)
Net Change in Cash	(133,925)	(31,490)	(165,415)
<b>Beginning Balance - Cash</b>	<u>377,856</u>	<u>82,529</u>	<u>460,385</u>
<b>Ending Balance - Cash</b>	<u>\$ 243,931</u>	<u>\$ 51,039</u>	<u>\$ 294,970</u>

See accompanying notes.

**SENIOR SERVICES OF NORTHERN KENTUCKY, INC.  
AND AFFILIATE  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended June 30, 2009**

	<u>Nutrition Services</u>	<u>Center Operations</u>	<u>Transportation Services</u>	<u>Protective Services</u>	<u>Interlink Volunteer Services</u>	<u>Ombudsman</u>	<u>Outreach</u>	<u>Community Education</u>	<u>Other</u>	<u>Institutional Advancement and Marketing</u>	<u>General &amp; Administrative</u>	<u>SCNK, Inc.</u>	<u>Eliminations</u>	<u>Total</u>
<b>Expenses</b>														
Personnel Costs	\$ 298,915	\$ 219,230	\$ 373,423	\$ 51,685	\$ 44,510	\$ 62,835	\$ 48,455	\$ 12,535	\$ 34,594	\$ 140,269	\$ 470,073	\$ -	\$ -	1,756,524
Supplies	6,543	1,970	1,808	267	515	267	267	222	943	2,809	736	-	-	16,347
Transportation and Travel	99,169	4,917	125,051	292	1,370	9,189	3,398	105	6,123	599	7,659	-	-	257,872
Occupancy	80,825	255,254	18,602	3,307	6,177	6,615	3,307	3,387	12,048	6,219	14,665	-	(61,860)	348,546
Accounting	-	-	-	-	-	-	-	-	-	-	28,500	-	-	28,500
Food Services	540,146	0	-	-	-	-	-	-	103,439	-	-	-	-	643,585
Other Professional Services	12,438	1,784	3,631	266	157	1,307	960	157	38,895	37,195	39,677	-	-	136,467
Telephone	8,705	8,752	8,834	1,458	2,801	2,651	1,856	605	986	1,790	7,090	-	-	45,528
Equipment, Repair and Maintenance	5,402	9,334	3,027	922	484	1,457	922	1,505	2,449	1,344	1,300	7,020	-	35,166
Depreciation	-	-	-	-	-	-	-	-	138,156	-	-	57,696	-	195,852
Printing and Publication	387	0	1,670	-	-	207	402	981	432	3,020	995	-	-	8,094
Conferences, Conventions and Meetings	50	22	31	-	-	-	-	-	3,461	97	628	-	-	4,289
Interest	-	-	-	-	-	-	-	-	-	-	1,539	9,722	(31)	11,230
Postage	1,993	836	905	146	233	146	146	146	146	4,712	719	-	-	10,128
Insurance	6,930	2,704	3,297	507	338	507	507	338	507	1,521	5,677	-	-	22,833
Bad Debts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	1,072	697	1,809	3,668	936	121	926	213	6,553	2,781	7,552	56,535	(49,513)	33,350
Fees, Training and Education	0	0	-	-	-	-	-	-	65,500	-	-	-	-	-
Equipment and Wellness	-	56,256	-	-	-	-	-	-	-	-	-	-	-	56,256
<b>Total Expenses</b>	<b>\$ 1,062,575</b>	<b>\$ 561,756</b>	<b>\$ 542,088</b>	<b>\$ 62,518</b>	<b>\$ 57,521</b>	<b>\$ 85,302</b>	<b>\$ 61,146</b>	<b>\$ 20,194</b>	<b>\$ 414,232</b>	<b>\$ 202,356</b>	<b>\$ 586,810</b>	<b>\$ 130,973</b>	<b>\$ (111,404)</b>	<b>\$ 3,676,067</b>

See accompanying notes.

**SENIOR SERVICES OF NORTHERN KENTUCKY, INC.  
AND AFFILIATE  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended June 30, 2008**

	<u>Nutrition Services</u>	<u>Center Operations</u>	<u>Transportation Services</u>	<u>Protective Services</u>	<u>Interlink Volunteer Services</u>	<u>Ombudsman</u>	<u>Outreach</u>	<u>Community Education</u>	<u>Other</u>	<u>Institutional Advancement and Marketing</u>	<u>General &amp; Administrative</u>	<u>SCNK, Inc.</u>	<u>Eliminations</u>	<u>Total</u>
<b>Expenses</b>														
Personnel Costs	\$ 327,631	\$ 237,001	\$ 465,745	\$ 62,175	\$ 43,520	\$ 70,241	\$ 49,163	\$ 22,251	\$ 41,091	\$ 146,041	\$ 482,203	\$ -	\$ -	\$ 1,947,062
Supplies	5,991	2,915	2,306	330	300	330	330	450	330	3,423	1,413	-	-	18,118
Transportation and Travel	123,992	3,615	182,287	952	934	10,174	3,283	363	9,417	1,043	11,553	-	-	347,613
Occupancy	120,021	257,033	20,063	3,718	6,866	7,273	3,697	4,209	12,356	6,905	18,289	-	(61,886)	398,544
Accounting	-	-	-	-	-	-	-	-	-	-	31,976	-	-	31,976
Food Services	517,683	0	-	-	-	-	-	-	148,057	-	-	-	-	665,740
Other Professional Services	9,668	1,401	2,660	478	429	1,418	732	214	4,937	56,144	26,691	-	-	104,772
Telephone	6,323	8,630	6,674	1,491	2,643	2,711	1,897	632	994	1,830	9,034	-	-	42,859
Equipment, Repair and Maintenance	4,444	8,753	3,480	880	400	1,387	877	1,456	4,400	1,158	1,269	5,995	-	34,499
Depreciation	-	-	-	-	-	-	-	-	124,325	-	-	60,394	-	184,719
Printing and Publication	824	345	1,945	54	101	54	479	210	643	6,173	1,425	-	-	12,253
Conferences, Conventions and Meetings	80	8	191	-	30	49	-	16	2,978	1,414	2,927	-	-	7,693
Interest	-	-	-	-	-	-	-	-	-	-	501	12,358	(475)	12,384
Postage	2,153	896	989	158	268	158	158	105	157	5,553	645	-	-	11,240
Insurance	5,404	2,116	2,376	421	3,020	421	421	291	451	1,203	4,226	-	-	20,350
Bad Debts	36	-	-	-	-	-	-	-	-	-	-	-	-	36
Miscellaneous	3,820	4,588	2,125	327	1,598	437	91	98	15,092	8,131	10,611	8,787	-	55,705
Fees, Training and Education	-	-	-	-	-	-	-	-	2,500	-	-	-	-	2,500
Equipment and Wellness	-	45,080	-	-	-	-	-	-	-	-	-	-	-	45,080
<b>Total Expenses</b>	<b>\$ 1,128,070</b>	<b>\$ 572,381</b>	<b>\$ 690,841</b>	<b>\$ 70,984</b>	<b>\$ 60,109</b>	<b>\$ 94,653</b>	<b>\$ 61,128</b>	<b>\$ 30,295</b>	<b>\$ 367,728</b>	<b>\$ 239,018</b>	<b>\$ 602,763</b>	<b>\$ 87,534</b>	<b>\$ (62,361)</b>	<b>\$ 3,943,143</b>

See accompanying notes.

**SENIOR SERVICES OF NORTHERN KENTUCKY, INC.  
AND AFFILIATE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 – ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES**

Senior Services of Northern Kentucky, Inc., (Senior Services) is incorporated in the Commonwealth of Kentucky as a charitable corporation and is exempt from federal, state and local income taxes. Its purpose is to offer a variety of nutritional, recreational, transportation, counseling, health, protective and educational programs as well as to provide medical alert systems to older persons in their own homes, so they may better and longer enjoy independent living in the community.

Senior Citizens of Northern Kentucky, Inc. (SCNK, Inc.) is incorporated in the Commonwealth of Kentucky as a charitable corporation and is exempt from federal, state, and local income taxes. SCNK, Inc. is the real estate holding affiliate of Senior Services. SCNK, Inc. was formed to own and operate the real estate facilities for the benefit of Senior Services.

The consolidated financial statements of Senior Services and SCNK, Inc. have been prepared on the accrual basis. The significant accounting policies followed in the preparation of these consolidated financial statements are described below:

**Use of Estimates**

The process of preparing consolidated financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Certain estimates relate to unsettled transactions and events as of the date of the financial statements. Other estimates relate to assumptions about the ongoing operations and may impact future periods. Accordingly, upon settlement, actual results may differ from estimated amounts.

**Principles of Consolidation**

The consolidated financial statements also include the accounts of SCNK, Inc. SCNK, Inc. is an entity related to Senior Services because a majority of the members of the respective Board of Directors also serve on the Board of Directors of Senior Services and Senior Services assumes the financial and day-to-day operational management functions for this entity. Under U.S. generally accepted accounting principles, Senior Services is required to present consolidated financial statements reflecting the financial position and results of operations of both entities. All significant inter-entity transactions have been eliminated.

**Revenue and Support Recognition**

Senior Services records revenue from contributions and miscellaneous sources when earned. Revenue from United Way of Greater Cincinnati is recognized ratably over the allocation period. Restricted revenue from government grants which reimburse on a per unit fee is recognized as units are performed.

Direct contributions are considered available for unrestricted use unless specifically restricted by the donor. Contributions from program participants are considered restricted for use in the program for which they were collected. Unrestricted revenue is recognized in the period during which the contributions are pledged while restricted revenue is recognized when it is earned.

**Grants Receivable**

Grants receivable are stated at their contractual outstanding balances, net of any allowance for doubtful accounts. Accounts are considered past due if any portion of an account has not been paid in full within the contractual terms of the account. The Agency begins to assess its ability to collect receivables that are over 90 days past due and provides for an adequate allowance for doubtful accounts based on the Agency's collection history, the financial stability and recent payment history of the customer, and other pertinent factors. Based on these criteria, the Agency has not recorded an allowance for doubtful accounts at June 30, 2009 and 2008 since management expects no material loss.

**NOTE 1 – ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (Continued)**

**Investments**

Investments are valued at fair market value.

**Property and Equipment**

The cost of property and equipment is capitalized; the fair value of donated property and equipment is similarly capitalized. Significant betterments and renewals greater than \$2,500 are capitalized. Property and equipment are depreciated on the straight-line basis over estimated useful lives of three to forty years.

**Donated Services**

Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

**Donated Facilities**

The Agency utilizes ten donated facilities for Senior Centers. The Agency has no ownership in these facilities. The value of rent for these donated facilities is measured at fair value.

**Income Taxes**

The Agencies are not-for-profit entities exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

**Local Match Requirement**

Certain restricted grants require Senior Services to provide a local match of unrestricted funds ranging from 7% to 15% of the overall program budget as stipulated in the individual grant contracts.

**Retirement Benefit Plan**

Senior Services has a defined contribution plan for its employees. Cost of the plan is determined by a percentage of each eligible employee's salary. By its nature, the plan is funded currently.

**Income Taxes**

Management has elected to defer the application of the FASB pronouncement entitled *Accounting for Uncertain Tax Positions*. The Agency will continue to follow the current generally accepted accounting policy found in *Accounting for Contingencies* until it adopts this new standard. The new standard is expected to be in effect for fiscal year 2010.

**NOTE 2 – CASH AND CASH FLOW INFORMATION**

At various times throughout the year, the Agency may have cash in certain financial institutions in excess of insured limits. As of June 30, 2009 and 2008, in one financial institution, the Agency had \$-0- and \$377,978, respectively, in excess of insured limits.

The cash in excess of insured limits reflects the increase in Federal Deposit Insurance Corporation (FDIC) limits in October, 2008 from \$100,000 to \$250,000 on interest bearing accounts in separate financial institutions in effect through December 31, 2013 and 100% cash in non-interest bearing accounts, in effect through June 30, 2010.

For purposes of the cash flows statement, Senior Services considers all highly liquid investments available for current use with an initial maturity of three months or less to be a cash equivalent.

Cash paid for interest in 2009 and 2008 was \$11,230 and \$12,384, respectively.

**SENIOR SERVICES OF NORTHERN KENTUCKY, INC.  
AND AFFILIATE**

**NOTE 3 – FEES AND GRANTS**

The following is a summary of grants earned during the year and of grants receivable at June 30, 2009:

	Grants Receivable June 30, 2008	Year Ended June 30, 2009		Grants Receivable June 30, 2009
<u>Federal and State</u>	<u>2008</u>	<u>Amount Earned</u>	<u>Amount Received</u>	<u>2009</u>
Northern Kentucky Area Development District:				
Title III-B				
Outreach	\$ -	\$ -	\$ -	\$ -
Transportation	9,907	59,350	65,162	4,095
Ombudsman	1,385	16,545	17,265	665
Information and Assistance	-	-	-	-
Title III-C1				
Congregate Meals	13,468	162,823	160,391	15,900
Title III-C2				
Home Delivered Meals	14,369	160,677	156,378	18,668
Title III				
Center Operations	12,192	162,935	161,962	13,165
Title VII				
Elder Abuse	-	5,035	5,035	-
Title VII				
Ombudsman	668	8,774	8,630	812
State CMP				
Ombudsman	3,864	47,067	47,813	3,118
State Multipurpose Funds	15,979	66,308	75,727	6,560
U.S.D.A.	30,786	107,148	58,187	79,747
Home Care	14,884	164,220	167,899	11,205
Home Care Center Operations	5,669	51,226	52,449	4,446
Adult Day Care	1,035	5,964	6,999	-
State Other – HDM	-	-	-	-
ARRA – Home Delivered Meals	-	2,314	306	2,008
ARRA – Congregate	-	4,689	-	4,689
Department of Justice	18,621	134,393	108,936	44,078
State – Department of Transportation	-	35,000	35,000	-
Northern Kentucky Transit	<u>3,732</u>	<u>29,758</u>	<u>14,548</u>	<u>18,942</u>
Total Federal and State	<u>\$ 146,559</u>	<u>\$ 1,224,226</u>	<u>\$ 1,142,687</u>	<u>\$ 228,098</u>
<u>Local</u>				
Campbell County Senior Tax	\$ 12,980	\$ 119,971	\$ 118,076	\$ 14,875
Boone County Senior Tax	36,978	112,391	142,203	7,166
Kenton County Senior Tax	21,574	359,944	296,418	85,100
Miscellaneous	<u>-</u>	<u>315,248</u>	<u>248,742</u>	<u>66,506</u>
Total Local	<u>\$ 71,532</u>	<u>\$ 907,554</u>	<u>\$ 805,439</u>	<u>\$ 173,647</u>
Totals	<u>\$ 218,091</u>	<u>\$ 2,131,780</u>	<u>\$ 1,948,126</u>	<u>\$ 401,745</u>

**SENIOR SERVICES OF NORTHERN KENTUCKY, INC.  
AND AFFILIATE**

**NOTE 3 – FEES AND GRANTS (Continued)**

The following is a summary of grants earned during the year and of grants receivable at June 30, 2008:

	Grants Receivable June 30, 2007	Year Ended June 30, 2008		Grants Receivable June 30, 2008
		Amount Earned	Amount Received	
<u>Federal and State</u>				
Northern Kentucky Area Development District:				
Title III-B				
Outreach	\$ 1,477	\$ -	\$ 1,477	\$ -
Transportation	10,066	118,599	118,758	9,907
Ombudsman	1,372	16,545	16,532	1,385
Information and Assistance	487	-	487	-
Title III-C1				
Congregate Meals	13,748	167,072	167,352	13,468
Title III-C2				
Home Delivered Meals	7,356	152,366	145,353	14,369
Title III				
Center Operations	8,857	149,583	146,248	12,192
Title III-G				
Elder Abuse	1,528	4,989	6,517	-
Title VII				
Ombudsman	1,327	7,911	8,570	668
State CMP				
Ombudsman	6,640	47,051	49,827	3,864
State Multipurpose Funds	31,770	58,945	74,736	15,979
U.S.D.A.	28,052	118,774	116,040	30,786
Home Care	20,025	166,511	171,652	14,884
Home Care Center Operations	7,378	66,210	67,919	5,669
Adult Day Care	-	36,454	35,419	1,035
State Other – HDM	1,981	-	1,981	-
Department of Justice	31,600	62,295	75,274	18,621
Northern Kentucky Transit	<u>2,510</u>	<u>45,516</u>	<u>44,294</u>	<u>3,732</u>
Total Federal and State	\$ <u>176,174</u>	\$ <u>1,218,821</u>	\$ <u>1,248,436</u>	\$ <u>146,559</u>
<u>Local</u>				
Campbell County Senior Tax	\$ 14,356	\$ 155,718	\$ 157,094	\$ 12,980
Boone County Senior Tax	17,056	231,125	211,203	36,978
Kenton County Senior Tax	27,572	400,367	406,365	21,574
Miscellaneous	<u>149</u>	<u>126,674</u>	<u>126,823</u>	<u>-</u>
Total Local	\$ <u>59,133</u>	\$ <u>913,884</u>	\$ <u>901,485</u>	\$ <u>71,532</u>
Totals	\$ <u>235,307</u>	\$ <u>2,132,705</u>	\$ <u>2,149,921</u>	\$ <u>218,091</u>

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment and the related accumulated depreciation are as follows:

	June 30, 2009	
	Senior Services of Northern Kentucky, Inc.	SCNK, Inc.
Land and Building	\$ -	\$ 1,366,833
Office Furniture and Equipment	105,581	47,077
Vehicles	747,156	-
Leasehold Improvements	10,001	31,300
Computer Network System	125,003	-
	987,741	1,445,210
Accumulated Depreciation	734,372	614,380
Net Property and Equipment	\$ 253,369	\$ 830,830

	June 30, 2008	
	Senior Services of Northern Kentucky, Inc.	SCNK, Inc.
Land and Building	\$ -	\$ 1,338,602
Office Furniture and Equipment	101,786	47,077
Vehicles	576,246	-
Leasehold Improvements	10,001	31,300
Computer Network System	120,881	-
	808,914	1,416,979
Accumulated Depreciation	596,216	556,684
Net Property and Equipment	\$ 212,698	\$ 860,295

Certain of the equipment included above was purchased with federal grants. Federal regulations require that this equipment be used only for the approved purpose and be returned to the grantor upon termination of the program. However, useful lives of all such equipment do not exceed the expected lives of the programs.

**NOTE 5 – INVESTMENTS**

**SCNK, Inc.**

The approximate cost and fair values of investments in securities are summarized as follows:

	June 30, 2009		
	Cost	FMV	Unrealized Depreciation
Cash Equivalents	\$ 104,274	\$ 104,274	\$ -
Bonds and Equity Funds	426,124	401,505	(24,619)
Corporate Stocks	402,041	383,147	(18,894)
Total	\$ 932,439	\$ 888,926	\$ (43,513)

  

	June 30, 2008		
	Cost	FMV	Unrealized Appreciation
Cash Equivalents	\$ 179,394	\$ 179,394	\$ -
Bond and Equity Funds	418,220	479,019	60,799
Corporate Stocks	384,965	426,288	41,323
Total	\$ 992,579	\$ 1,084,701	\$ 102,122

The following schedule summarizes investment income and its classification in the statement of activities:

	June 30, 2009 Unrestricted	June 30, 2008 Unrestricted
Interest and Dividends	\$ 42,772	\$ 48,382
Realized Gains - Net	(77,137)	39,289
Unrealized (Loss) Gain	(148,661)	(108,582)
Total Investment Income	\$ (183,026)	\$ (20,911)

**NOTE 6 – LINE OF CREDIT**

In November, 2008, the Agency established a secured revolving line of credit agreement for \$200,000, which bears interest at the prime rate (3.25% at June 30, 2009) plus .50%. The line matures in December, 2009. The line of credit is collateralized by the investments of SCNK, Inc. At June 30, 2009, there was an outstanding balance of \$50,000 on the line of credit.

**NOTE 7 – NOTES PAYABLE**

The Agencies have the following outstanding loans:

	2009	2008
<b><u>SCNK, Inc.</u></b>		
Installment loan for the purchase and renovation of a building. Monthly payments are of varying amounts based on interest rate changes. The note matures on April 1, 2013 and charges interest at a rate of 66% of the "current index" as established by the bank. The rate in effect at June 30, 2009 was 5.11%. The loan is collateralized by the building.	\$ 165,578	\$ 204,404
Less Current Portion	41,361	39,153
Long-Term Portion	\$ 124,217	\$ 165,251

Requirements to retire debt over the next five years and thereafter are:

<u>Years Ending June 30,</u>	<u>SCNK, Inc.</u>
2010	\$ 41,361
2011	43,694
2012	45,456
2013	35,067
	\$ 165,578

**NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily Restricted Net Assets at the end of the year include unspent grants or contributions from various programs as follows:

	2009	2008
Transportation Services	\$ 294	\$ 294
Wish List Funds	11,623	3,108
Congregate meals	30,233	-
Home Delivered Meals	10,800	-
Total Temporarily Restricted Net Assets	\$ 52,950	\$ 3,402

**NOTE 9 – DONATED RENTAL SPACE, SERVICES AND EQUIPMENT**

Senior Services receives donated rental space, equipment and services from various organizations and individuals. Under the FASB pronouncement entitled Accounting for Contributions Received and Contributions Made, the contributed services must meet certain requirements to be recorded in the financial statements. The Agency receives certain contributed services that qualify and other services that do not qualify for financial statement recognition. The following schedule summarizes all donated rental space, equipment and services.

**NOTE 9 – DONATED RENTAL SPACE, SERVICES AND EQUIPMENT (Continued)**

Donated rental space and services that meet the requirements under the standard:

Senior Services leases eight senior centers and nine congregate meal sites from various cities or county organizations. The fair rental value for leased facilities was \$265,569, which exceeds the amount paid by \$258,969 for 2008. The fair rental value for leased facilities was \$319,451 which exceeds the amount paid by \$289,238 for 2007. Total value of donated rental space and services that meet the criteria for recognition under the standard shown below:

	2009	2008
Donated Rent	\$ <u>258,969</u>	\$ <u>289,238</u>
Donated Services	\$ <u>3,713</u>	\$ <u>3,675</u>

The programs for which the contributed services were used are as follows:

	2009		
	Donated Rent	Donated Services	Total
Nutrition Services	\$ 258,969	\$ -	\$ 258,969
Ombudsman	-	3,713	3,713
	\$ 258,969	\$ 3,713	\$ 262,682
	2008		
	Donated Rent	Donated Services	Total
Nutrition Services	\$ 289,238	\$ -	\$ 289,238
Ombudsman	-	3,675	3,675
	\$ 289,238	\$ 3,675	\$ 292,913

The Agencies recognize 100% of the above donated rental space and services as revenue and expense in the current year. The donated equipment received is recorded as revenue and fixed asset. The equipment is depreciated according to the Agency's depreciation policy.

Donated services that do not meet the requirements under the standard:

While these donated services are not reported in the financial statements, the Agency believes the time provided by volunteers is an integral part of the programs provided by the Agency

	2009	2008
Donated Services	\$ <u>147,370</u>	\$ <u>153,558</u>

The volunteer services noted above provide a significant contribution to SSNK. The volunteers are coordinated by internal staff. If such services were not provided by volunteers, the organization would have to seek other sources of funding to pay for the cost of providing such services.

**NOTE 9 – DONATED RENTAL SPACE, SERVICES AND EQUIPMENT (Continued)**

The programs for which the contributed services were used are as follows:

	Donated Services	
Nutrition Services	\$ 99,676	\$ 107,121
Other Client Services	22,319	-
Transportation	4,029	5,184
Other	21,346	41,253
	\$ 147,370	\$ 153,558

**NOTE 10 – RETIREMENT BENEFIT PLAN**

Senior Service's contribution related to the Retirement Benefit Plan was \$26,760 and \$35,572 in 2009 and 2008, respectively.

**NOTE 11 – OPERATING LEASES**

**Facilities**

Space is leased for various centers in the area. The lease expense for 2009 and 2008 was \$6,350 and \$10,067, respectively for leases, which are generally annual or are cancelable.

**Equipment**

The Agency leases equipment classified as operating leases. The total monthly payments are \$638. The leases have varying expiration dates from February, 2010 to October, 2011. Total rental expense was \$11,151 and \$12,660 for 2009 and 2008, respectively. Future minimum lease payments for the remainder of the leases are as follows:

Years Ending June 30,		
2010	\$	4,091
2011		2,616
2012		872
Total	\$	7,579

**NOTE 12 – OTHER PROGRAM EXPENSES**

Senior Services' other program expenses included within the statement of functional expenses include the following programs:

	2009	2008
Commercial Congregate	\$ 112,774	\$ 160,736
Information and Assistance	2,888	10,288
Strategic Planning	20,422	-
Wish List	4,785	7,143
Plant	138,971	125,681
Department of Justice Grant	134,392	62,056
Angel Guild Auxiliary	-	1,824
Total Other Program Expense	\$ 414,232	\$ 367,728

**NOTE 13 – FUNDRAISING**

The Agency recognized revenues comprised of special events, gifts, grants and commissions of \$647,929 and \$372,581 from its fundraising activities and incurred related expenses of \$202,356 and \$239,018 and restricted grant expenses of \$171,677 and \$43,000 for the years ended June 30, 2009 and 2008, respectively.

**NOTE 14 – RISKS AND UNCERTAINTIES**

The Agency invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect total net assets and investment income.

**NOTE 15 – FAIR VALUES OF FINANCIAL INSTRUMENTS**

The following methods and assumptions were used by the Agency in estimating its fair value disclosures for financial instruments:

Cash, cash equivalents, short-term pledges receivable, accounts and other receivables, short-term notes payable and accounts payable and accrued liabilities: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

Short-term and endowment investments: The fair values of investments are based on quoted market prices for those or similar investments.

Long-term pledge receivables and long-term bonds payable: The fair values are estimated by discounting the future cash flows using a current risk free rate of return based on the yield of a U.S. Treasury security with a maturity date similar to the expected collection period, or using stated interest rates.

The estimated fair values of the Agency's financial instruments as of June 30, 2009, none of which are held for trading purposes, are as follows:

	<u>Carrying Value</u>	<u>Fair Value</u>
Financial Assets		
Cash and Cash Equivalents	\$ 147,340	\$ 147,340
Grants Receivable	401,745	401,745
Investments	888,926	888,926
Financial Liabilities		
Accounts Payable, Accrued and Other Liabilities	350,723	350,723
Note Payable	165,578	165,578

**NOTE 15 – FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)**

Accounting Pronouncements establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

**Level 1** – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Agency has the ability to access.

**Level 2** – Inputs for the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

**Level 3** – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at June 30, 2009.

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

The following asset was measured at fair value as of June 30, 2009:

	Level 1 Quoted Price In Active Markets for Identical Assets	Level 2 Significant Other Observable Inputs	Level 3 Significant Unobservable Inputs
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Investments	\$ <u>888,926</u>	\$ <u>          -</u>	\$ <u>          -</u>

**NOTE 16 – SUBSEQUENT EVENTS**

The date to which events occurring after June 30, 2009, the date of the most recent consolidated statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is October 28, 2009, which is the date on which the financial statements were available to be issued.

**SUPPLEMENTAL INFORMATION**

**SENIOR SERVICES OF NORTHERN KENTUCKY, INC.**  
**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**  
**June 30, 2009**

	<u>Operations</u>			<b>Senior Services of Northern Kentucky, Inc. Total</b>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Property</u>	
<b>Current Assets</b>				
Cash	\$ 815	\$ -	\$ 113,799	\$ 114,614
Grants Receivable	-	401,745	-	401,745
Prepaid Expenses and Miscellaneous Receivables	57,224	44,423	-	101,647
Due From Other Funds	197,564	(197,564)	-	-
<b>Total Current Assets</b>	<u>255,603</u>	<u>248,604</u>	<u>113,799</u>	<u>618,006</u>
<b>Property and Equipment</b>	-	-	987,741	987,741
Less Accumulated Depreciation	-	-	(734,372)	(734,372)
<b>Total Property and Equipment</b>	<u>-</u>	<u>-</u>	<u>253,369</u>	<u>253,369</u>
<b>Total Assets</b>	<u>\$ 255,603</u>	<u>\$ 248,604</u>	<u>\$ 367,168</u>	<u>\$ 871,375</u>
<b>Current Liabilities</b>				
Line of Credit	\$ 50,000	\$ -	\$ -	\$ 50,000
Accounts Payable	36,690	82,466	-	119,156
Accrued Liabilities	68,379	113,188	-	181,567
<b>Total Current Liabilities</b>	<u>155,069</u>	<u>195,654</u>	<u>-</u>	<u>350,723</u>
<b>Net Assets</b>				
Unrestricted	100,534	-	367,168	467,702
Temporarily Restricted	-	52,950	-	52,950
<b>Total Net Assets</b>	<u>100,534</u>	<u>52,950</u>	<u>367,168</u>	<u>520,652</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 255,603</u>	<u>\$ 248,604</u>	<u>\$ 367,168</u>	<u>\$ 871,375</u>

**SENIOR SERVICES OF NORTHERN KENTUCKY, INC.**  
**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**  
**June 30, 2008**

	<u>Operations</u>			<b>Senior Services of Northern Kentucky, Inc. Total</b>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Property</u>	
<b>Current Assets</b>				
Cash	\$ 128,559	\$ -	\$ 115,372	\$ 243,931
Grants Receivable	-	218,091	-	218,091
Prepaid Expenses and Miscellaneous Receivables	8,457	121,879	-	130,336
Due From Other Funds	120,259	(120,259)	-	-
<b>Total Current Assets</b>	<u>257,275</u>	<u>219,711</u>	<u>115,372</u>	<u>592,358</u>
<b>Property and Equipment</b>	-	-	808,914	808,914
Less Accumulated Depreciation	-	-	(596,216)	(596,216)
<b>Total Property and Equipment</b>	<u>-</u>	<u>-</u>	<u>212,698</u>	<u>212,698</u>
<b>Total Assets</b>	<u>\$ 257,275</u>	<u>\$ 219,711</u>	<u>\$ 328,070</u>	<u>\$ 805,056</u>
<b>Current Liabilities</b>				
Accounts Payable	\$ 28,051	\$ 88,154	\$ -	\$ 116,205
Accrued Liabilities	69,523	128,155	-	197,678
Due To SCNK, Inc.	2,500	-	-	2,500
<b>Total Current Liabilities</b>	<u>100,074</u>	<u>216,309</u>	<u>-</u>	<u>316,383</u>
<b>Net Assets</b>				
Unrestricted	157,201	-	328,070	485,271
Temporarily Restricted	-	3,402	-	3,402
<b>Total Net Assets</b>	<u>157,201</u>	<u>3,402</u>	<u>328,070</u>	<u>488,673</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 257,275</u>	<u>\$ 219,711</u>	<u>\$ 328,070</u>	<u>\$ 805,056</u>

**SENIOR SERVICES OF NORTHERN KENTUCKY, INC.  
AND AFFILIATE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2009**

<u>Federal Grantor/ Pass Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Health and Human Services</u> (Passed through the Commonwealth of Kentucky)			
Title III, Part B *	93.044	HS-A-09-SSNK	\$ 164,906 (2)
Title III, Part C *	93.045	HS-A-09-SSNK	333,638 (1)
Title III, Part D	93.043	HS-A-09-SSNK	7,840 (2)
Title VII	93.042	HS-A-09-SSNK	8,774 (2)
Title VII	93.041	HS-A-09-SSNK	5,035 (2)
Social Services Block Grant	93.667	HS-A-09-SSNK	5,965 (2)
ARRA – Aging Home-Delivered Nutrition Services for States	93.705		2,314 (2)
ARRA – Aging Congregate Nutrition for States	93.707		4,689 (2)
<u>U.S. Department of Agriculture</u> (Passed through the Commonwealth of Kentucky)			
Cash in Lieu of Commodities	10.570	HS-A-09-SSNK	58,187 (2)
<u>U. S. Department of Justice</u> Office on Violence Against Women Enhanced Training and Services to End Violence and Abuse of Women Later in Life			
	16.528		134,393 (2)
<u>U.S. Department of Homeland Security</u> Emergency Food and Shelter National Board Program			
	97.024		<u>16,831 (2)</u>
			<u>\$ 742,572</u>

**Note – Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Senior Services of Northern Kentucky, Inc. and Affiliate and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements.

\* Denotes major program

(1) Type A Programs (\$300,000 and greater)

(2) Type B Programs (all others)



**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  
Senior Services of Northern Kentucky, Inc.  
and Affiliate  
Covington, Kentucky

We have audited the financial statements of Senior Services of Northern Kentucky, Inc. and Affiliate (the Agency) as of and for the year ended June 30, 2009, and have issued our report thereon dated October 28, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards 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**

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control 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 material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency's consolidated 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 and 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the finance committee, Board of Directors, management, others within the Agency the Northern Kentucky Development District, and pass-through entities and is not and should not be used by anyone other than these specified parties.

*VonLehman & Company Inc.*

Fort Mitchell, Kentucky  
October 28, 2009



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

Board of Directors  
Senior Services of Northern Kentucky, Inc.  
and Affiliate  
Covington, Kentucky

**Compliance**

We have audited the compliance of Senior Services of Northern Kentucky, Inc. and Affiliate (the Agency) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The Agency's major federal programs are identified in the summary of auditor's 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 the Agency's management. Our responsibility is to express an opinion on the Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; 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 the Agency'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 on the Agency's compliance with those requirements.

In our opinion, the Agency complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

**Internal Control Over Compliance**

The management of the Agency is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Agency's internal control over compliance with 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, 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 the Agency's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 the finance committee, Board of Directors, management, others within the Agency, the Northern Kentucky Area Development District and pass-through entities and is not and should not be used by anyone other than these specified parties.

*VonLehman & Company Inc.*

Fort Mitchell, Kentucky  
October 28, 2009

**SENIOR SERVICES OF NORTHERN KENTUCKY, INC.  
AND AFFILIATE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2009**

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditor's report issued: Unqualified  
 Internal control over financial reporting:  
 Material weakness(es) identified? \_\_\_\_\_ Yes     No  
 Control deficiencies identified  
 not considered to be material weaknesses? \_\_\_\_\_ Yes     None Reported  
 Noncompliance material to financial statements  
 noted? \_\_\_\_\_ Yes     No

**Federal Awards**

Internal Control over major programs:  
 Material weakness(es) identified? \_\_\_\_\_ Yes     No  
 Control deficiencies identified  
 not considered to be material weaknesses? \_\_\_\_\_ Yes     None Reported  
 Types of auditor's report issued on compliance  
 for major programs: Unqualified  
 Any audit findings disclosed that are required  
 to be reported in accordance with  
 Circular A-133, Section .510(a)?  Yes    \_\_\_\_\_ No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.044	Title III, Part B
93.045	Title III, Part C
93.705	ARRA – Aging Home-Delivered Nutrition Services for States
93.707	ARRA – Aging Congregate Nutrition for States

Dollar threshold used to distinguish  
 between Type A and Type B programs:            \$    300,000  
 Auditee qualified as low-risk auditee?             Yes    \_\_\_\_\_ No

**Section II - Financial Statement Findings**

– NONE –

**Section III - Federal Award Findings and Questioned Costs**

– NONE –

**SENIOR SERVICES OF NORTHERN KENTUCKY, INC.  
AND AFFILIATE  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**- NONE -**