SOUND GENERATIONS AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2024

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YEAR ENDED DECEMBER 31, 2024

INDEPENDENT AUDITORS' REPORT

Board of Directors
Sound Generations and Affiliates
Seattle, Washington

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Sound Generations and Affiliates (collectively, Sound Generations), which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sound Generations as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Sound Generations and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Sound Generations' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Sound Generations' internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sound Generations' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities and changes in net assets are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2025 on our consideration of Sound Generations' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Sound Generations' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sound Generations' internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
November 12, 2025

SOUND GENERATIONS AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024

ASSETS

CURRENT ASSETS	
Cash and Cash Equivalents	$ 1,741,749
Accounts Receivable	178,510
Contributions Receivable	60,000
Government Grants and Contracts Receivable	3,473,537
Inventory	79,459
Prepaid Expenses	253,257
Total Current Assets	5,786,512
RESTRICTED CASH	2,320,456
UNEMPLOYMENT COMPENSATION TRUST DEPOSITS	138,064
INVESTMENTS	7,192,499
ENDOWMENTS INVESTMENTS	2,149,366
PROPERTY AND EQUIPMENT, NET	10,839,156
OPERATING ROU ASSETS, NET	1,071,233
Total Assets	$ 29,497,286

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts Payable and Other Accrued Expenses	$ 1,110,242
Accrued Payroll	1,854,740
Unearned Revenue	42,123
Lease Liabilities - Operating, Current Portion	277,473
Long-Term Debt, Current Portion	521,391
Total Current Liabilities	3,805,969
LONG-TERM LEASE LIABILITIES - OPERATING, NET	865,237
LONG-TERM DEBT, NET	9,532,573
Total Liabilities	14,203,779
NET ASSETS	
Without Donor Restrictions	10,867,713
With Donor Restrictions	4,425,794
Total Net Assets	15,293,507
Total Liabilities and Net Assets	$ 29,497,286

See accompanying Notes to Consolidated Financial Statements.

SOUND GENERATIONS AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT			
Government Grants	$ 16,996,783	$ 34,546	$ 17,031,329
Contributions of Cash and Other Financial Assets	3,390,880	540,090	3,930,970
Contributions of Nonfinancial Assets	1,184,878	-	1,184,878
Net Assets Released from Restrictions	1,335,517	(1,335,517)	-
Total Public Support	22,908,058	(760,881)	22,147,177
REVENUE AND GAIN			
Program Service Fees and Sales	1,710,323	-	1,710,323
Rental Income and Other	312,384	-	312,384
Net Investment Return	604,334	221,786	826,120
Total Revenue	2,627,041	221,786	2,848,827
Total Public Support, Revenue, and Gain	25,535,099	(539,095)	24,996,004
EXPENSES			
Program Services	18,712,234	-	18,712,234
Management and General	3,549,657	-	3,549,657
Fundraising	1,045,711	-	1,045,711
Total Expenses	23,307,602	-	23,307,602
CHANGE IN NET ASSETS BEFORE SPINOFF	2,227,497	(539,095)	1,688,402
Spinoff of Senior Center of West Seattle	(1,455,979)	-	(1,455,979)
CHANGE IN NET ASSETS AFTER SPINOFF	771,518	(539,095)	232,423
Net Assets - Beginning of Year	10,096,195	4,964,889	15,061,084
NET ASSETS - END OF YEAR	$ 10,867,713	$ 4,425,794	$ 15,293,507

See accompanying Notes to Consolidated Financial Statements.

SOUND GENERATIONS AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024

	Program Services											
					Senior Centers							
	Senior Information and Assistance	Transportation Services	Nutrition Projects	Health and Wellness	Affiliated	Agency Programs	Belltown, LLC	Sno Valley Senior Housing	Total Program Services	Management and General	Fundraising	Total All Services
PAYROLL EXPENSES												
Salaries and Wages	$ 1,891,030	$ 3,106,376	$ 1,718,589	$ 375,663	$ 1,138,271	$ 506,660	$ 77,964	$ -	$ 8,814,553	$ 2,129,857	$ 543,227	$ 11,487,637
Employee Benefits	292,320	490,089	270,349	57,358	173,388	79,558	12,348	-	1,375,410	332,474	84,299	1,792,183
Payroll Taxes	178,766	346,187	162,178	32,474	102,573	45,437	9,832	-	877,447	197,868	46,988	1,122,303
Total Payroll Expenses	2,362,116	3,942,652	2,151,116	465,495	1,414,232	631,655	100,144	-	11,067,410	2,660,199	674,514	14,402,123
EXPENSES												
Program Supplies and Equipment	91,516	55,156	2,476,662	4,399	285,184	18,457	7,362	1,646	2,940,382	15,924	27,052	2,983,358
Occupancy	117,467	63,968	97,749	5,240	313,764	16,508	145,273	3,578	763,547	72,539	31,872	867,958
Professional Fees and Instructions	313,495	86,383	314,556	104,545	413,168	96,662	2,342	655	1,331,806	450,404	156,582	1,938,792
In-Kind Rent and Other	7,098	646,171	321,617	738	158,096	1,805	4,675	-	1,140,200	6,978	22,143	1,169,321
Client and Other Transportation	130,904	164,010	43,479	3,153	29,280	5,311	3,058	-	379,195	15,284	5,194	399,673
Printing and Publications	6,960	5,678	(29,263)	3,261	44,964	465	136	-	32,201	120,422	50,381	203,004
Insurance	34,432	193,203	48,499	3,501	42,778	8,321	41,922	-	372,656	74,849	5,252	452,757
Interest	47,660	30,881	47,303	6,781	634	279	10,062	-	143,600	31,579	10,156	185,335
Telephone	34,336	66,196	27,912	4,349	19,158	3,748	2,395	-	158,094	18,837	6,130	183,061
Other	210	210	389	450	10,323	19	678	-	12,279	1,472	103	13,854
Bank Fees	664	1,316	10,397	1,888	23,078	114	15	-	37,472	18,635	10,929	67,036
Postage and Shipping	3,833	4,268	2,966	14	5,997	31	-	-	17,109	3,902	25,308	46,319
Taxes	1,470	121	(7,345)	(482)	20,110	180	824	-	14,878	3,474	(39)	18,313
Conference and Conventions	12,900	5,303	1,483	1,274	27,804	1,646	735	647	51,792	26,679	20,134	98,605
Depreciation and Amortization	36,442	45,388	121,172	14,467	52,890	13,586	107,234	-	391,179	28,480	-	419,659
Total Expenses	839,387	1,368,252	3,477,576	153,578	1,447,228	167,132	326,711	6,526	7,786,390	889,458	371,197	9,047,045
Total Payroll Expenses and Expenses	3,201,503	5,310,904	5,628,692	619,073	2,861,460	798,787	426,855	6,526	18,853,800	3,549,657	1,045,711	23,449,168
Less: Expenses Eliminated Upon Consolidation	(3,650)	-	96,836	830	47,600	(50)	-	-	141,566	-	-	141,566
Total Functional Expenses	$ 3,205,153	$ 5,310,904	$ 5,531,856	$ 618,243	$ 2,813,860	$ 798,837	$ 426,855	$ 6,526	$ 18,712,234	$ 3,549,657	$ 1,045,711	$ 23,307,602

See accompanying Notes to Consolidated Financial Statements.

SOUND GENERATIONS AND AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ 232,423
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	419,659
Noncash Lease Expenses	11,005
Realized and Unrealized Gain on Investments	(543,780)
Spinoff of Senior Center of West Seattle	1,455,979
(Increase) Decrease in Assets:	
Accounts Receivable	(103,830)
Contributions Receivable	(60,000)
Government Grants and Contracts Receivable	(411,333)
Inventory	(17,153)
Prepaid Expenses	(19,733)
Increase (Decrease) in Liabilities:	
Accounts Payable and Other Accrued Expenses	(132,730)
Accrued Payroll	82,810
Unearned Revenue	7,035
Net Cash Provided by Operating Activities	920,352
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Property and Equipment	(4,990,619)
Purchases of Investments	(2,861,423)
Proceeds from Sales of Investments	3,934,895
Net Cash Used by Investing Activities	(3,917,147)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from Long-Term Debt	2,775,687
Principal Payments on Long-Term Debt	(171,890)
Net Cash Provided by Financing Activities	2,603,797
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(392,998)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	4,593,267
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	$ 4,200,269

See accompanying Notes to Consolidated Financial Statements.

SOUND GENERATIONS AND AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR PER THE CONSOLIDATED STATEMENT OF CASH FLOWS TO CASH, CASH EQUIVALENTS, AND RESTRICTED CASH PER THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION	
Cash and Cash Equivalents	$ 1,741,749
Restricted Cash	2,320,456
Unemployment Compensation Trust Deposits	138,064
Total Cash, Cash Equivalents, and Restricted Cash per Consolidated Statement of Cash Flows	$ 4,200,269
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash Paid During the Year for Interest	$ 184,739
Noncash Investing Activity - Construction of Apartment Building in Accounts Payable	$ 485,135

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sound Generations and Affiliates (Sound Generations) is a multi-service, not-for-profit agency that was established in 1967 to provide a spectrum of services to support seniors in their efforts to live healthy, independent lives. This mission is carried out through numerous programs, senior centers, and adult day health programs providing services throughout King County.

The following affiliated senior centers were in operation during 2024. Their financial position, changes in their net assets, and cash flows have been included in the accompanying consolidated financial statements. All inter-entity transactions and accounts have been eliminated in consolidation.

- Northwest (Ballard)
- Shoreline/Lake Forest Park
- Sno-Valley

As of January 1, 2024, The Center for Active Living (formerly known as Senior Center of West Seattle) deconsolidated from Sound Generations to chart an independent path and serve its community's unique needs and aspirations.

Programs Provided by Sound Generations

Assistance Services

Assistance Services - Assistance Services is the single access point for the wide range of community services for older adults. Staff provide information to callers, initiate services for those unable to act on their own behalf and follow up to ensure that services are in place and are appropriate.

Caregiver Outreach and Support - This program provides outreach, education, and services coordination throughout King County through community and workplace presentations. Caregiver Advocates offer information about community resources, encourage caregivers to utilize the full range of services available to them and the older persons for whom they care, and assist them in securing needed resources.

Community Information and Assistance - This program is designed to identify individuals 60 years of age and older who face cultural and racial barriers. The goal of the program is to inform these persons about available services and to encourage participation.

Senior Rights Assistance - This program provides peer counseling by trained volunteers. Information and advocacy is provided on insurance, Social Security, Medicare, wills, powers of attorney, end of life choices, landlord/tenant issues, and other health, consumer, and legal issues.

Minor Home Repair - This program performs critically needed plumbing, electrical, or carpentry repairs or modifications for low-income Seattle homeowners and disabled renters. The need for repair is related to preventing harm to the security, safety, or health of the resident.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Programs Provided by Sound Generations (Continued)

Assistance Services (Continued)

Geriatric Regional Assessment Team (GRAT) - The GRAT team provides reliable guidance for older adults. GRAT offers outreach, comprehensive assessment and early intervention for aging adults who are escalating toward crisis. The heart of GRAT is engaging with an elder, learning about their health and support, their strengths, difficulties, day to day functioning, and what they care about most. GRAT then helps connect older adults and loved ones with community resources for stabilization.

Transportation

Hyde Shuttle - Hyde Shuttles transport older adults (55+) and adults with disabilities of all ages to hot lunches at community partner sites, senior centers, grocery shopping, and other errands within King County, Washington. Neighborhood vans are provided for errands such as grocery shopping, banking, or visiting friends.

Volunteer Transportation - Volunteer Transportation helps older adults (60+) get to medical, dental, and other essential healthcare appointments.

Nutrition Projects

Community Dining - This program provides a variety of nutritional services to senior citizens in Seattle/King County. The objective of the program is to assist older persons to improve their health through good nutrition and connecting with caring social support networks. The program is designed to supplement the individuals dietary needs by serving nutritious meals and to provide knowledge about nutrition by giving nutrition education presentations.

Meals on Wheels - This program delivers nutritious meals to homebound older or disabled persons who reside in Seattle/King County. The goal is to enable homebound elderly persons to remain in their homes as long as possible by providing nutritious meals, which they would otherwise be unable to obtain.

Health and Wellness

This project includes several evidence-based components: EnhanceFitness, an exercise program; EnhanceWellness, a health behavior change program; A Matter of Balance, for falls prevention; and Pearls, for reducing depressive symptoms. Programs are offered to older adults in community settings in King County and various locations around the county. The programs are marketed to senior programs across the United States of America.

Senior Centers

These centers, located throughout King County, are community focal points where older adults have comprehensive access to programs and services that maximize their health and independence.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of Consolidation

The financial statements consolidate the assets, liabilities, and activities of Sound Generations, its affiliated senior centers, Sno-Valley Affordable Senior Housing, and its wholly owned subsidiary, Belltown Senior Apartments, LLC (Belltown, LLC).

The Belltown building is divided into two separate condominium units: a residential unit and a commercial unit. The commercial unit consists of three floors occupied by Sound Generations for county-wide operations, a senior health and wellness center, and a community room. The residential unit consists of 25 affordable senior housing units on five floors managed by Sound Generations.

Sound Generations, its affiliated senior centers, and Belltown, LLC and Sno-Valley Affordable Senior Housing are collectively referred to as Sound Generations in these consolidated financial statements. All significant inter-entity transactions have been eliminated in the consolidation.

Basis of Presentation

The consolidated financial statements of Sound Generations have been prepared on the accrual basis. In the consolidated statement of financial position, assets and liabilities are presented on a classified basis, in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

Financial Statement Presentation

In accordance with generally accepted accounting principles in the United States of America (GAAP), Sound Generations is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net assets without donor restrictions are available without restriction for support of Sound Generations' operations. Sound Generations' Board of Directors has designated certain amounts as investment funds which Sound Generations can use 4% of the fund each year for operations. The board-designated investment funds are $4,610,572 at December 31, 2024.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

Some net assets with donor restrictions are temporary in nature and consist of unexpended contributions restricted for particular programs or time periods. Other net assets have perpetual donor restrictions, where the principal of the contributions is restricted in perpetuity and the income from which is utilized for the purposes specified by the donors. Net assets with temporary donor restrictions are transferred to net assets without donor restrictions as expenditures are incurred for the restricted programs or as the time restrictions are met. Contributions and investment gains are reported as without donor restrictions if donor restrictions are met in the year the contribution, or the investment gain is earned. Net assets with donor restrictions as of December 31, 2024 are as follows:

Subject to Expenditure for Specified Purpose:	
Nutrition Program	$ 1,817,237
Health and Wellness	62,827
Transportation	36,171
Assistance Services	20,001
Senior Centers	101,693
Senior Rights Assistance Program	238,499
Total	2,276,428
Endowments:	
Perpetual in Nature, Earnings from Which are Subject to Endowment Spending Policy and Appropriation:	
Senior Center	5,000
General Use	2,144,366
Total	2,149,366
Total Endowments	2,149,366
Total	$ 4,425,794

Gifts of property and equipment are reported as without donor restrictions support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those assets must be maintained, expirations of donor restrictions are reported when the donated or acquired assets are placed in service.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

Net assets with perpetual restrictions represent endowment gifts given with the intent that the principal will be maintained intact in perpetuity, and the income may be used for specific purposes or current operations.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended December 31, 2024:

Satisfaction of Purpose Restrictions	
Nutrition Program	$ 108,802
Health and Wellness	33,696
Transportation	13,602
Assistance Services	49,484
Senior Centers	130,250
Senior Rights Assistance Program	85,000
Sno-Valley Affordable Senior Apartments	717,620
General Operations	197,063
Total	$ 1,335,517

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of general checking and savings accounts and money market accounts (unless those funds are held for long-term purposes and classified as investments). Sound Generations maintains its cash and cash equivalents in bank accounts that may exceed federally insured limits at times during the year. Sound Generations has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk. Replacement and operating cash reserves have been established according to terms of the contracts related to Belltown, LLC.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents (Continued)

Cash reserves are considered restricted cash and consist of the following for the year ended December 31, 2024:

Belltown, LLC	
Replacement Reserves	$ 198,725
Operating Reserves	68,395
Tenant Security Deposits	13,407
Total	280,527
Sno-Valley Affordable Senior Apartments	
Tenant Security Deposits	2,000
Total	2,000
Agency	
Nutrition Projects	1,817,237
Health and Wellness	62,827
Transportation	36,171
Assistance Services	20,001
Senior Centers	101,693
Total	2,037,929
	$ 2,320,456

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Sound Generations' policy does not provide for accrual of interest or other service charges on accounts receivable. At December 31, 2024 and 2023, accounts receivable was $178,510 and $74,680, respectively.

Allowance for Credit Losses

Sound Generations operates in a not-for-profit industry and its accounts receivable related primarily to contractual amounts due in the ordinary course of business. The allowance estimate is derived from a review of Sound Generations' historical losses based on the aging of accounts receivable. The estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by Sound Generations. Sound Generations believes that the composition of accounts receivable at year-end is consistent with historical conditions as credit terms and practices and the customer base has not changed significantly. Based on the information, management expects no credit losses at December 31, 2024.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions Receivable

Sound Generations records unconditional contributions receivable that are expected to be collected within one year at net realizable value. Unconditional contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contributions in the statement of activities and changes in net assets. Sound Generations determines the allowance for uncollectible receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. At December 31, 2024, there is no discount on contributions receivable, and no allowance for uncollectible receivable has been established by management based on Sound Generations' historical experience in the collection of balance due. At December 31, 2024, unconditional contributions receivable were $60,000 which are estimated to be collected within one year.

Government Grants and Contracts Receivable

Government grants and contracts receivable consist primarily of non-interest-bearing amounts due from public grantors. Accounts are individually analyzed for collectability. Sound Generations determines the allowance for uncollectible receivable based on historical experience and an assessment of economic conditions and subsequent collections. Write-off receivable occurs when deemed uncollectible. Management determined that no allowance against these receivables was necessary at December 31, 2024. All receivables are deemed collectible by management.

Inventory

Inventory, which consists of food, supplies, and items donated for fundraising purposes, is stated at the lower of cost (determined on the first-in, first-out method) or net realizable value.

Unemployment Compensation Trust Deposits

Sound Generations is self-insured for unemployment benefits payable to terminated employees. Sound Generations maintains reserves in a trust (the Trust), which facilitates claims. The balance in the Trust was $138,064 at December 31, 2024. Total claims incurred in 2024 were $93,421.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

Fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability. There are three levels that prioritize the inputs used in measuring fair value as follows:

Level 1 – Observable market inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3 – Unobservable market inputs where there is little or no market data, which require the reporting entity to develop its own assumptions.

An asset's or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Investments

Sound Generations records its investments in fixed income securities, equity securities, and certificates of deposits at their fair values in the consolidated statement of financial position. The fair value of investments was determined using Level 1 observable market inputs, within the fair value hierarchy, consisting of quoted prices in active markets (such as national exchanges) for identical assets. Certain money market funds and certificates of deposit are classified as investments based on their inclusion in investment portfolios. Investments are classified as long-term assets, as they are either restricted for the endowment (see Note 5 for further discussion) or Sound Generations is not planning to utilize them within the next year.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following is a summary of the estimated fair value of Sound Generations' investments as of December 31, 2024:

Description	Total	Level 1	Level 2	Level 3
Money Market Funds	$ 737,368	$ 737,368	$ -	$ -
Equity Exchange-Traded Funds:				
Large Cap	1,383,397	1,383,397	-	-
Mid Cap	1,299,164	1,299,164	-	-
Small Cap	865,008	865,008	-	-
Emerging Markets	422,784	422,784	-	-
Developed Markets	851,196	851,196	-	-
Fixed Income Exchange-Traded Funds:				
High Yield Bonds	439,162	439,162	-	-
Core Bonds	2,480,895	2,480,895	-	-
International Bonds	147,150	147,150	-	-
Real Estate Exchange-Traded Funds:				
Domestic	409,768	409,768	-	-
International Developed	150,328	150,328	-	-
Total Assets at Fair Value	9,186,220	$ 9,186,220	$ -	$ -
Insured Bank Deposit	155,645			
Total Investments	$ 9,341,865			

Investments are presented in the consolidated statement of financial position as follows as of December 31, 2024:

Investments	$ 7,192,499
Endowment Investments	2,149,366
Total	$ 9,341,865

Net investment return (or loss) is reported on the consolidated statement of activities and changes in net assets and consists of interest and dividend income, realized and unrealized gains and losses, less external investment expenses.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are stated at cost, if purchased, or at fair value at the time of the donation, if donated. Sound Generations capitalizes all items over $5,000 with a useful life of more than one year.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Depreciation expense was $419,659 for the year ended December 31, 2024, and is included with occupancy on the consolidated statement of functional expenses. Leasehold improvements are amortized over the shorter of the useful lives of the assets or the original lease term. Maintenance costs are expensed as incurred. Substantially all of the Belltown building serves as underlying assets for operating leases.

Property and equipment consist of the following at December 31, 2024:

	Estimated Useful Lives	Amount
Buildings	20 - 30 Years	$ 8,761,798
Furniture and Equipment	5 - 10 Years	896,285
Leasehold Improvements	5 - 10 Years	265,062
Vehicles	5 Years	470,696
Total		10,393,841
Less: Accumulated Depreciation and Amortization		(7,848,533)
Total		2,545,308
Land		1,033,600
Construction in Progress		7,260,248
Total		$ 10,839,156

Impairment of Long-Lived Assets

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 360, *Property, Plant and Equipment*, requires Sound Generations to review long-lived assets, such as fixed assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. There were no impairments recognized in 2024.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Revenue from government grants is recorded when the conditions are met and the grant becomes unconditional (generally when service is provided or the related qualified expenditure is incurred).

Revenue from government agencies is subject to audit, which could result in adjustments to revenue. The adjustments are recorded at the time that such amounts can first be reasonably determined, normally upon notification by the government agency. During the year ended December 31, 2024, no such adjustments were made.

Contributions (including those received through special events) are recorded when cash, securities or other assets, or an unconditional promise to give is received. Bequests are recognized as revenue when Sound Generations is notified by the executor as to the amount to be received and the estate has cleared probate.

Conditional promises to give, that is, those with a measurable performance or barrier and a right of return, are not recognized until the conditions on which they depend have been met. Sound Generations has conditional awards outstanding from government agencies and other donors for the following purposes at December 31, 2024:

Transportation	$ 570,098
Assistance Services	276,611
Health and Wellness	97,926
Senior Centers	52,224
Total	$ 996,859

Program service fees consist of member fees and fees for classes and activities. Program sales consist of meals provided at senior center café and sales at senior center thrift shops. Sound Generations recognizes program service fee and sales revenue based on published prices. Sound Generations does not have any significant financing components as payment is received at registration or shortly after the service is provided, which occurs over a period of less than one day. Payments are required at the time of sale or start of the membership period; amounts received in advance are deferred to the applicable period.

Program service fees and sales are disaggregated by timing of satisfaction of performance obligations for the year ended December 31, 2024 as follows:

Performance Obligations Satisfied at a Point in Time	$ 1,637,632
Performance Obligations Satisfied Over Time	72,691
Total	$ 1,710,323

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

There are no significant judgments affecting the determination of amount and timing of program service fees and sales.

Sound Generations receives regular monthly income from tenants, including subsidy payments, with operating leases at Belltown, LLC. Revenue from lease payments is recognized under the accrual method in accordance with lease contracts. Generally, lease contracts are for a one-year term and are cancelable with a 30-day notice by either party. Rent received in advance is recognized as prepaid rent until the rental service period.

Sound Generations also receives lease payments from tenants renting temporary space associated with the senior center buildings. Revenue from lease payments for renting spaces is recognized under the accrual method. Lease payments are included in rental income as rents become due. At the commencement of an operating lease, no revenue is recognized; subsequently, lease payments received are recognized in revenue on the straight-line basis.

Contributions of Nonfinancial Assets

Contributed nonfinancial assets consist primarily of contributed facilities, equipment, and program supplies. Unless otherwise noted, Sound Generations does not sell donated in-kind gifts, contributed nonfinancial assets are utilized by Sound Generations' program services, and there are no donor-imposed restrictions associated with the contributed nonfinancial assets.

Sound Generations occupies certain premises at either reduced rates or no charge. Sound Generations recognizes in-kind contribution revenue and a corresponding expense in the consolidated statement of activities and changes in net assets and functional expenses in an amount approximating the annual estimated fair value per square foot for similar space.

Sound Generations estimated the fair value of contributed vehicles, vehicle maintenance and fuel on the basis of recent comparable U.S. prices (principal market) for identical vehicle rental, similar vehicle maintenance services, and fuel.

Sound Generations also receives donated supplies which are valued at estimated fair value using U.S. prices (principal market) for identical products using pricing data under a "like-kind" methodology.

Volunteers contribute significant amounts of time to Sound Generations' program services; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions of Nonfinancial Assets (Continued)

For the year ended December 31, 2024, contributed nonfinancial assets recognized within the consolidated statement of activities and changes in net assets included the following:

Occupancy	$	475,235
Vehicles, Vehicle Maintenance and Fuel		646,000
Program Supplies		63,643
Total	$	1,184,878

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and changes in net assets and functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited. Occupancy and depreciation and amortization are allocated based on estimates of space supporting each function. Payroll, program supplies, professional fees, client and other transportation, insurance, printing and publications, interest, and other expenses are allocated based on estimates of time and effort.

Leases

Sound Generations leases facility, warehouse and equipment. Sound Generations determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on the consolidated statement of financial position.

ROU assets represent Sound Generations' right to use an underlying asset for the lease term and lease liabilities represent Sound Generations' obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, Sound Generations uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU assets also include any lease payments made and exclude lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that Sound Generations will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Sound Generations has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the consolidated statement of financial position.

Sound Generations has not elected to separate nonlease components from lease components.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentrations and Commitments

89% of government grants and contracts receivable were from two government agencies at December 31, 2024. Management is aware of the related vulnerability and believes the balances are fully collectible. For the year ended December 31, 2024, 54% of total public support, revenue, and gain were from two government agencies.

Federal Income Taxes

The Internal Revenue Service has recognized Sound Generations and its affiliated senior centers as exempt from federal income tax under the provisions of Section 501(a) of the Internal Revenue Code as nonprofit organizations as described in Section 501(c)(3), and not as private foundations. Sound Generations obtained a group exemption in 1981, which allows Sound Generations to fulfill the Internal Revenue Service's filing requirements for its affiliated senior centers. Federal income tax is not payable by or provided for Belltown, LLC, which is considered a disregarded entity for federal income tax purposes. Sound Generations is still open to examination by U.S. tax authorities from 2018 forward. For the year ended December 31, 2024, there was no interest or penalties recorded in the consolidated statement of activities and changes in net assets related to uncertain tax positions.

Subsequent Events

Sound Generations has evaluated subsequent events through the date these consolidated financial statements were available to be issued, which was November 12, 2025.

On January 3, 2025, Sound Generations paid off the outstanding balance of the Seattle Bank loan of $384,163 and received the loan proceeds from the Washington Community Reinvestment Association of $645,000 for the construction of Sno-Valley Affordable Senior Housing.

NOTE 2 LIQUIDITY AND AVAILABILITY OF RESOURCES

Generally, Sound Generations maintains liquid financial assets sufficient to cover 90 days of general expenditures. General expenditures beyond 90 days and within one year are held in cash and cash equivalent and short-term marketable securities. Endowment investments are comprised of highly liquid securities, none of which carry liquidity restrictions beyond one year. The amounts shown below as board-designated investment funds are available for general expenditure with the Board of Directors' approval.

NOTE 2 LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

The following table reflects Sound Generations' financial assets as of December 31, 2024, reduced by amounts that are not available to meet general expenditures within one year of the consolidated statement of financial position date because of contractual restrictions:

Financial Assets at Year End:	
Cash and Cash Equivalents (Including Restricted Cash)	$ 4,062,205
Investments	9,341,865
Accounts Receivable	178,510
Contributions Receivable	60,000
Government Grants and Contracts Receivable	3,473,537
Total	17,116,117
Less: Amounts Not Available to be Used Within One Year:	
Restricted Cash	(2,320,456)
Senior Center Investments	(388,646)
Board-Designated Investment Funds	(4,610,572)
Investments With Endowment Restrictions and Designations	(2,149,366)
Net Assets With Donor Restrictions for Particular Purposes	(2,276,428)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 5,370,649

NOTE 3 LONG-TERM DEBT

Long-term debt consists of the following as of December 31, 2024:

Description	Amount
Sound Generations	
Note payable to HomeStreet Bank, with interest at 4.45%, and monthly principal and interest repayments of $17,712 through maturity of March 1, 2029. An anticipated balloon payment of approximately $2.3 million is due at maturity. Secured by the commercial portion (the first three floors) of the Belltown building (with carrying value of $1,654,572 at December 31, 2024), assignment of rents, and generally all other assets. The note maintains certain financial covenants, and Sound Generations met its financial covenants for the year ended December 31, 2024.	$ 2,723,321

NOTE 3 LONG-TERM DEBT (CONTINUED)

Description (Continued)	Amount
Sound Generations (Continued)	
Series A and B revenue bonds issued through Washington State Housing Finance Commission, with interest at 3.63%, and combined monthly principal and interest repayments of $8,253 through maturity of March 2044. Secured by the commercial portion (the first three floors) of the Belltown building (with a carrying value of $1,654,572 at December 31, 2024), and assignment of rents.	$ 1,360,348
Sound Generations Subtotal	4,083,669
Sno-Valley Senior Center	
State of Washington Department of Commerce note, original amount of $299,730; no interest, principal forgiven at maturity, July 2030, provided Sound Generations complies with all loan requirements.	299,730
State of Washington Department of Commerce note, original amount of $1,982,037; bearing simple interest at 1% per annum; both principal and interest are deferred and due until maturity, June 30, 2074. Secured by land and building (with a carrying value of $649,844 at December 31, 2024).	1,882,935
Federal Home Loan Bank of Des Moines note, original amount of $600,000; no interest, principal forgiven at maturity, October 2039, provided Sound Generations compiles with all loan requirements.	600,000
State of Washington Department of Commerce note, original amount of $1,406,016; bearing simple interest at 1% per annum; both principal and interest are deferred and due until maturity, June 30, 2074. Secured by deed of trust for the land and building of Sno-Valley Affordable Senior Housing.	1,195,114
Sno-Valley Senior Center Subtotal	3,977,779
Belltown, LLC	
State of Washington Department of Commerce note, with interest at 1% and annual principal and interest repayments of $9,937. All principal and interest is due in full in December 2052. Secured by the deed of trust for the residential units of the Belltown Project (with a carrying value of $1,057,169 at December 31, 2024).	241,643

NOTE 3 LONG-TERM DEBT (CONTINUED)

Description (Continued)	Amount
Belltown, LLC (Continued)	
City of Seattle note, bearing interest at 1% per annum; principal and interest repayments calculated at 50% of available net cash flows of the current year, due by June 30 of the following year. There were $0 available net cash flows at December 31, 2024 (including within the current portion of long-term debt). All principal and interest is due in full in October 2051, with the option to extend for one 25 year period. The note is secured by the deed of trust for the residential units of the Belltown Projects (with a carrying value of $1,057,169 at December 31, 2024) and assignment of rents.	$ 647,254
Belltown, LLC Subtotal	888,897
Sno-Valley Affordable Senior Housing	
King County note, original amount of $799,396; bearing interest at 1% per annum, compounded annually, beginning April 1 2025. All principal and interest is due in full in March 2075. Secured by deed of trust for the land and building of Sno-Valley Affordable Senior Housing, assignment of rents, and generally all other assets.	719,456
Seattle Bank note, original amount of $600,000. Monthly interest payment at the Wall Street Journal Published Prime Rate (resulting in a rate of 7.75% at December 31, 2024). All principal and interest is due in full on January 1, 2025. Secured by deed of trust for the land and building of Sno-Valley Affordable Senior Housing, assignment of rents, and generally all other assets.	384,163
Sno-Valley Affordable Senior Housing Subtotal	1,103,619
Total Long-Term Debt	10,053,964
Less: Current Portion	(521,391)
Total Long-Term Debt, Net	$ 9,532,573

NOTE 3 LONG-TERM DEBT (CONTINUED)

Principal maturities on all long-term debt are as follows:

Year Ending December 31,	Amount
2025	$ 521,391
2026	154,661
2027	161,061
2028	167,300
2029	2,405,460
Thereafter	6,644,091
Total	$ 10,053,964

Interest has not been imputed on any of the above long-term debt that carry below-market rate interest as they are payable to governmental agencies and carry legal restrictions. The restrictions require Sound Generations to use the property for senior housing who have low or moderate household income, as defined by the mortgage notes' regulatory agreements.

NOTE 4 LEASES

Lessee

Sound Generations leases equipment as well as a warehouse and a facility for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2029. The agreements generally require Sound Generations to pay real estate taxes, insurance, and repairs.

The following table provides quantitative information concerning Sound Generations' leases for the year ended December 31, 2024:

Lease Costs:	
Operating Lease Costs	$ 295,828
Short-Term Lease Costs	32,795
Variable Lease Costs	82,331
Total Lease Costs	$ 410,954
Other Information:	
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:	
Operating Cash Flows from Operating Leases	$ 284,751
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	$ 6,403
Weighted-Average Remaining Lease Term - Operating Leases	3.8 Years
Weighted-Average Discount Rate - Operating Leases	2.03%

NOTE 4 LEASES (CONTINUED)

Lessee (Continued)

Sound Generations classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2024, is as follows:

Year	Amount
2025	$ 277,473
2026	310,989
2027	319,899
2028	256,295
2029	21,031
Total Lease Payments	1,185,687
Less: Imputed Interest	(42,977)
Present Value of Lease Liabilities	$ 1,142,710
Lease Liabilities - Operating, Current Portion	$ 277,473
Long-Term Lease Liabilities - Operating, Net	865,237
	$ 1,142,710

Lessor

Leasing operations consist principally of operating leases of commercial real estate expiring in various years through 2026 in which Sound Generations is the lessor. Certain leases provide for renewal options and increases in lease payments based on fixed percentages.

Revenue from lease payments recognized as rental income and other in the consolidated statement of activities and changes in net assets is $62,057 for the year ended December 31, 2024.

Following is a maturity analysis of annual undiscounted cash flows to be received from operating leases as of the end of 2024:

Year	Amount
2025	$ 35,908
2026	21,248
Total Minimum Future Rentals	$ 57,156

Following is a summary of property on or held for lease at December 31, 2024:

	Amount
Building	$ 2,676,853
Less Accumulated Depreciation	(2,128,080)
Total Leased Property	$ 548,773

NOTE 5 ENDOWMENT

Sound Generations endowment consists of four individual funds established to support a variety of program areas. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of Sound Generations has interpreted the State of Washington Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted perpetual endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Sound Generations retains in perpetuity (a) the original value of gifts donated to the perpetual endowment, plus (b) the original value of subsequent gifts to the perpetual endowment and accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity are subject to appropriate for expenditure by Sound Generations in a manner consistent with the standard of prudence prescribed by PMIFA. In accordance with UPMIFA, Sound Generations considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

- The duration and preservation of the endowment fund
- The purposes of Sound Generations and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation or deflation
- The expected total return from income and the appreciation of investments
- Other resources of Sound Generations
- The investment policies of Sound Generations

Endowment net assets consisted of the following as of December 31, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds			
Senior Center Endowments	$ -	$ 5,000	$ 5,000
General Endowments	-	2,144,366	2,144,366
Total	$ -	$ 2,149,366	$ 2,149,366

NOTE 5 ENDOWMENT (CONTINUED)

Interpretation of Relevant Law (Continued)

Changes in endowment net assets are as follows as of December 31, 2024:

		With Donor Restrictions		
	Without Donor Restrictions	Accumulated Earnings	Perpetual Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	$ -	$ -	$ 2,149,366	$ 2,149,366
Investment Return, Net	-	197,064	-	197,064
Appropriations for Expenditure	-	(197,064)	-	(197,064)
Total Endowment Net Assets - End of Year	$ -	$ -	$ 2,149,366	$ 2,149,366

Return Objectives and Risk Parameters

Sound Generations has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the entity must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a well-diversified, balanced portfolio intended to capture the broad market return. This means the portfolio assumes moderate investment risk consistent with the broad market.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, Sound Generations relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Sound Generations targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to the Spending Policy

Sound Generations has a policy of appropriating for distribution each year 5% of its endowment fund's fair value at October 31 of the year preceding the fiscal year in which the distribution is planned. In establishing this policy, Sound Generations considered the long-term expected return on its endowment. Accordingly, over the long term, Sound Generations expected the current spending policy to allow its endowment to grow at a rate consistent with the broad market return. This is consistent with Sound Generations' objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE 5 ENDOWMENT (CONTINUED)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires Sound Generations to retain as a fund of perpetual duration. As of December 31, 2024, there were no endowed funds in which the fair value of the endowed assets was less than the related donor-related amounts.

NOTE 6 RETIREMENT PLAN

Sound Generations provides a 401(k) plan (the Plan) for all eligible employees and contributes 3% of total employee earnings regardless of employee contribution levels. Total contributions made by Sound Generations was $336,918 for the year ended December 31, 2024.

NOTE 7 SPINOFF OF SENIOR CENTER OF WEST SEATTLE

Effective January 1, 2024, Senior Center of Weste Seattle deconsolidated from Sound Generations to chart an independent path and serve its community's unique needs and aspirations.

Assets and liabilities of the deconsolidated Senior Center of West Seattle as of January 1, 2024 were as follows:

Cash and Cash Equivalents	$ 209,142
Government Grants and Contracts Receivable	39,522
Due from (to) Other Funds	(214,006)
Property and Equipment, Net	1,461,572
Operating ROU Assets, Net	17,774
Accounts Payable and Other Accrued Expenses	(8,310)
Accrued Payroll	(4,128)
Unearned Revenue	(27,812)
Lease Liabilities - Operating	(17,775)
Net Assets	$ 1,455,979

SUPPLEMENTARY INFORMATION

SOUND GENERATIONS AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024

	Agency	Belltown, LLC	Sno-Valley Affordable Senior Housing	Senior Centers: Ballard	Senior Centers: Shoreline/Lake Forest Park	Senior Centers: Sno-Valley	Total Senior Centers	Eliminations	Total
ASSETS									
CURRENT ASSETS									
Cash and Cash Equivalents	$ 1,195,656	$ -	$ 18,001	$ 264,651	$ 263,296	$ 145	$ 528,092	$ -	$ 1,741,749
Accounts Receivable	178,321	-	189	-	-	24,000	24,000	(24,000)	178,510
Contributions Receivable	60,000							-	60,000
Government Grants and Contracts Receivable	3,118,214	9,505	-	57,455	70,290	218,073	345,818	-	3,473,537
Inventory	63,900	-	-	-	-	15,559	15,559	-	79,459
Due from (to) Other Funds	377,471	(157,711)	(95)	(13,854)	(183,310)	(22,501)	(219,665)	-	-
Prepaid Expenses	233,854	19,403	-	-	-	-	-	-	253,257
Total Current Assets	5,227,416	(128,803)	18,095	308,252	150,276	235,276	693,804	(24,000)	5,786,512
RESTRICTED CASH	2,037,929	280,527	2,000	-	-	-	-	-	2,320,456
UNEMPLOYMENT COMPENSATION TRUST DEPOSITS	138,064	-	-	-	-	-	-	-	138,064
INVESTMENTS	6,803,853	-	-	-	-	388,646	388,646	-	7,192,499
ENDOWMENTS INVESTMENTS	2,144,366	-	-	-	-	5,000	5,000	-	2,149,366
INVESTMENT IN RELATED ENTITY	446,661	-	-	-	-	5,803,191	5,803,191	(6,249,852)	-
PROPERTY AND EQUIPMENT, NET	1,776,381	1,061,478	7,376,532	-	-	676,244	676,244	(51,479)	10,839,156
OPERATING ROU ASSETS, NET	790,970	-	-	8,489	241,479	30,295	280,263	-	1,071,233
Total Assets	$ 19,365,640	$ 1,213,202	$ 7,396,627	$ 316,741	$ 391,755	$ 7,138,652	$ 7,847,148	$ (6,325,331)	$ 29,497,286

SOUND GENERATIONS AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2024

	Agency	Belltown, LLC	Sno Valley Affordable Senior Housing	Senior Centers: Ballard	Senior Centers: Shoreline/Lake Forest Park	Senior Centers: Sno Valley	Total Senior Centers	Eliminations	Total
LIABILITIES AND NET ASSETS									
CURRENT LIABILITIES									
Accounts Payable and Other Accrued Expenses	$ 432,279	$ 130,966	$ 495,913	$ 24,180	$ 13,261	$ 37,643	$ 75,084	$ (24,000)	$ 1,110,242
Accrued Payroll	1,854,740	-	-	-	-	-	-	-	1,854,740
Unearned Revenue	-	-	-	13,884	17,698	10,541	42,123	-	42,123
Lease Liabilities - Operating, Current Portion	198,896	-	-	2,461	65,839	10,277	78,577	-	277,473
Long-Term Debt, Current Portion	129,707	7,521	384,163	-	-	-	-	-	521,391
Total Current Liabilities	2,615,622	138,487	880,076	40,525	96,798	58,461	195,784	(24,000)	3,805,969
LONG-TERM LEASE LIABILITIES - OPERATING, NET	622,271	-	-	6,029	216,919	20,018	242,966	-	865,237
LONG-TERM DEBT, NET	3,953,962	881,376	719,456	-	-	3,977,779	3,977,779	-	9,532,573
Total Liabilities	7,191,855	1,019,863	1,599,532	46,554	313,717	4,056,258	4,416,529	(24,000)	14,203,779
NET ASSETS									
Without Donor Restrictions	7,747,991	193,339	5,797,095	270,187	78,038	3,082,394	3,430,619	(6,301,331)	10,867,713
With Donor Restrictions	4,425,794	-	-	-	-	-	-	-	4,425,794
Total Net Assets	12,173,785	193,339	5,797,095	270,187	78,038	3,082,394	3,430,619	(6,301,331)	15,293,507
Total Liabilities and Net Assets	$ 19,365,640	$ 1,213,202	$ 7,396,627	$ 316,741	$ 391,755	$ 7,138,652	$ 7,847,148	$ (6,325,331)	$ 29,497,286

SOUND GENERATIONS AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2024

				Senior Centers						
	Agency	Belltown, LLC	Sno Valley Affordable Senior Housing	Ballard	Shoreline/Lake Forest Park	Sno Valley	West Seattle	Total Senior Centers	Eliminations	Total
PUBLIC SUPPORT										
Government Grants	$ 15,313,720	$ -	$ -	$ 307,623	$ 295,038	$ 1,114,948	$ -	$ 1,717,609	$ -	$ 17,031,329
Contributions of Cash and Other Financial Assets	3,159,910	2,756	-	261,378	124,723	382,203	-	768,304	-	3,930,970
Contributions of Nonfinancial Assets	1,006,558	4,669	-	155,297	1,495	16,859	-	173,651	-	1,184,878
Total Public Support	19,480,188	7,425	-	724,298	421,256	1,514,010	-	2,659,564	-	22,147,177
REVENUE AND GAIN										
Program Service Fees and Sales	918,023	-	-	239,868	351,348	342,650	-	933,866	(141,566)	1,710,323
Rental Income and Other	30,978	255,195	430	2,849	18,329	4,603	-	25,781	-	312,384
Net Investment Return	761,967	-	-	1,413	6,099	56,641	-	64,153	-	826,120
Total Revenue and Gain	1,710,968	255,195	430	244,130	375,776	403,894	-	1,023,800	(141,566)	2,848,827
Total Public Support, Revenue, and Gain	21,191,156	262,620	430	968,428	797,032	1,917,904	-	3,683,364	(141,566)	24,996,004
EXPENSES										
Program Services	15,558,959	426,855	6,526	971,812	875,620	1,014,028	-	2,861,460	(141,566)	18,712,234
Management and General	3,549,657	-	-	-	-	-	-	-	-	3,549,657
Fundraising	1,045,711	-	-	-	-	-	-	-	-	1,045,711
Total Expenses	20,154,327	426,855	6,526	971,812	875,620	1,014,028	-	2,861,460	(141,566)	23,307,602
CHANGE IN NET ASSETS BEFORE ALLOCATION AMONG FUNDS	1,036,829	(164,235)	(6,096)	(3,384)	(78,588)	903,876	-	821,904	-	1,688,402
Allocations Among Funds	154,595	(76,651)	-	(28,300)	(29,619)	(20,025)	-	(77,944)	-	-
CHANGE IN NET ASSETS BEFORE SPINOFF	1,191,424	(240,886)	(6,096)	(31,684)	(108,207)	883,851	-	743,960	-	1,688,402
Spinoff of Senior Center of West Seattle	-	-	-	-	-	-	(1,455,979)	-	-	(1,455,979)
CHANGE IN NET ASSETS AFTER SPINOFF	$ 1,191,424	$ (240,886)	$ (6,096)	$ (31,684)	$ (108,207)	$ 883,851	$ (1,455,979)	$ 743,960	$ -	$ 232,423

INDEPENDENT AUDITORS' 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
Sound Generations and Affiliates
Seattle, Washington

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Sound Generations and Affiliates (collectively, Sound Generations), which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued report thereon dated November 12, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Sound Generations' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 Sound Generations' internal control. Accordingly, we do not express an opinion on the effectiveness of Sound Generations' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Sound Generations' consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a material weakness.

Board of Directors
Sound Generations and Affiliates

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sound Generations' consolidated financial statements are free from 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Sound Generations' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Sound Generations' response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Sound Generations' response was not subjected to the other auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Sound Generations' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sound Generations' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
November 12, 2025

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Sound Generations and Affiliates
Seattle, Washington

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Sound Generations' and Affiliates (collectively, Sound Generations) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Sound Generations' major federal programs for the year ended December 31, 2024. Sound Generations' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Sound Generations complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200*, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Sound Generations and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Sound Generations' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Sound Generations' federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Sound Generations' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Sound Generations' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Sound Generations' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Sound Generations internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Sound Generations' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
November 12, 2025

SOUND GENERATIONS AND AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Community Development Block Grants/ Entitlement Grants Cluster			
Passed Through from City of Seattle Human Services Department			
Community Development Block Grants/ Entitlement Grants	14.218	DA24-1477	$ 500,000
Passed Through from City of Bellevue			
Community Development Block Grants/ Entitlement Grants	14.218	CDBG-364	14,677
Community Development Block Grants/ Entitlement Grants	14.218	CDBG-381	30,000
Passed Through from City of Shoreline			
Community Development Block Grants/ Entitlement Grants	14.218	1237099	91,370
Passed Through from King County			
Community Development Block Grants/ Entitlement Grants	14.218	6360361	23,642
Community Development Block Grants/ Entitlement Grants	14.218	6360363	351,262
Total Community Development Block Grants/ Entitlement Grants Cluster			1,010,951
Passed Through from Washington State Department of Commerce			
National Housing Trust Fund	14.275	21-42502-003	1,195,114
Total U.S. Department of Housing and Urban Development			2,206,065
U.S. DEPARTMENT OF TRANSPORTATION			
Transit Services Program Cluster			
Passed Through from Washington State Department of Transportation			
Enhanced Mobility of Seniors and Individuals With Disabilities	20.513	PTD0725	992,831
Passed Through from King County Department of Transportation			
Enhanced Mobility of Seniors and Individuals With Disabilities	20.513	1074-19-JAS	750,000
Total Services Program Cluster			1,742,831
Total U.S. Department of Transportation			1,742,831

See accompanying Notes to Schedule of Expenditures of Federal Awards.

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF THE TREASURY			
Passed Through from Washington State Department of Commerce			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	22-96720-214	$ 397,950
Total U.S. Department of the Treasury			397,950
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through from City of Seattle Human Services Department			
National Family Caregiver Support, Title III, Part E	93.052	DA23-1874	144,012
Total National Family Caregiver Support, Title III, Part E			144,012
Aging Cluster			
Passed Through from City of Seattle Human Services Department			
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	DA23-1874	143,357
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	DA23-1818	409,872
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	DA24-0031	855,840
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	DA24-0030	789,101
Total Aging Cluster			2,198,170
Passed Through from National Council on Aging			
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048	None	21,719
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048	90ADCI0008-01-05	26,269
Total Special Programs for the Aging, Title IV, and Title II, Discretionary Projects			47,988

See accompanying Notes to Schedule of Expenditures of Federal Awards.

SOUND GENERATIONS AND AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)			
Passed Through from Special Olympics, Inc.			
Disabilities Prevention	93.184	2023-3683	$ 6,294
Disabilities Prevention	93.184	2024-4410	44,311
Total Disabilities Prevention			50,605
Medicaid Cluster			
Passed Through from City of Seattle Human Services Department			
Medical Assistance Program	93.778	DA23-1874	53,500
Total Medicaid Cluster			53,500
Passed Through from University of Washington			
Aging Research	93.866	BPO42362	7,699
Total U.S. Department of Health and Human Services			2,501,974
Total Expenditures of Federal Awards			$ 6,848,820

See accompanying Notes to Schedule of Expenditures of Federal Awards.

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Sound Generations and Affiliates (Sound Generations) under programs of the federal government for the year ended December 31, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of Sound Generations, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Sound Generations.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available. Sound Generations had no subrecipients.

NOTE 3 INDIRECT COST RATE

Sound Generations has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4 FEDERAL LOANS WITH CONTINUING COMPLIANCE REQUIREMENTS

Sound Generations received the following funding through a loan. Loan documents require compliance with program regulations until the maturity date of the loan. The balance of loan outstanding at December 31, 2024, is included in the accompanying Schedule and is as follows:

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Loan Number	Maturity Date	Outstanding Loan Balance
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed Through from Washington State Department of Commerce				
National Housing Trust Fund	14.275	21-42502-003	June 30, 2074	$ 1,195,114
Total				$ 1,195,114

SOUND GENERATIONS AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2024

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:

   - Material weakness(es) identified? ___x___ yes ________ no

   - Significant deficiency(ies) identified? ________ yes ___x___ none reported

3. Noncompliance material to financial statements noted? ________ yes ___x___ no

Federal Awards

1. Internal control over major federal programs:

   - Material weakness(es) identified? ________ yes ___x___ no

   - Significant deficiency(ies) identified? ________ yes ___x___ none reported

2. Type of auditors' report issued on compliance for major federal programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ________ yes ___x___ no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
93.044, 93.045, 93.053	Aging Cluster
14.275	Housing Trust Fund
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

Auditee qualified as low-risk auditee? ________ yes ___x___ no

Section II – Financial Statement Findings

2024 – 001

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: During the current year audit, it was noted that Sound Generations' Schedule of Expenditures of Federal Awards (SEFA) presented for the audit was not complete and accurate, resulting in multiple changes to the SEFA and delays in obtaining sufficient audit evidence to support the contracts and the amounts on the SEFA. As a result, the SEFA was understated by $448,515. Sound Generation has since made revisions and the federal expenditures and Assistance Listing Numbers (ALN) are properly presented on the SEFA at December 31, 2024.

It was also noted that some errors in the consolidated financial statements related to cash, investment in entity, accounts receivable, property and equipment, accounts payable, long-term debt, net assets, restricted contributions, and expenses. The effect of auditors proposed adjustments to correct the errors was to decrease total assets by $168,045, decrease total liabilities by $36,456, decrease total net assets by $194,335, increase total public support, revenue and gain by $17,513, and decrease total expenses by $45,233. A total of $174,500 was reclassified from restricted contributions to unrestricted contributions for nutrition, senior centers, transportation, and assistance services programs. The effect of auditors proposed adjustments to correct the errors was to decrease the change in net assets of the net asset with donor restrictions and increase the change in net assets of the net asset without donor restrictions by $174,500 at December 31, 2024.

Criteria or specific requirement: CFR Part 200.508 Auditee Responsibilities state that the auditee must prepare the SEFA, which must list individual Federal awards by Federal Agency, including the total Federal awards expended, name of the pass-through entity, ALN, and total amount provided to subrecipients. The information contained in the SEFA should be derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements.

Management is responsible for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements in accordance with the accrual basis of accounting that are free from material misstatements, whether due to fraud or error.

Effect: Inaccurate financial reporting may affect decisions made by organizations utilizing the SEFA. Sound Generations had expenditures that should not have been included in the SEFA, federal expenditures missing from the SEFA, and federal expenditures with incorrect amounts. An inaccurate and incomplete SEFA could lead to the incorrect major program being tested which puts Sound Generations at risk with potential noncompliance.

Cause: Sound Generations does not have controls in place to maintain adequate records to support all federal contracts and to allow for the timely completion of an accurate SEFA. Although upon completion of the audit, sufficient audit evidence was obtained, Sound Generations did not have a system in place to maintain adequate records for all federal contracts, resulting in material changes to the SEFA.

Sound Generations’ current policies and procedures do not include adequate reconciliation of its activities.

Section II – Financial Statement Findings (Continued)

2024 – 001 (Continued)

Type of Finding: Material Weakness in Internal Control over Financial Reporting (Continued)

Repeat Finding: Yes.

Recommendation: We recommend Sound Generations create a centralized process to keep records of contract agreements and expenditures and update the SEFA at least semi-annually.

We also recommend Sound Generations reviews and updates its accounting policies and procedures and ensure accounts to be reconciled and reviewed by appropriate personnel in a timely manner and any intercompany activity is eliminated upon consolidation.

Views of responsible officials and planned corrective actions: Please see the attached Management's Corrective Action Plan.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

SOUND generations
Senior Services is now Sound Generations

Summary Schedule of Prior Audit Findings

United States Department of Health and Human Services
United States Department of Housing and Urban Development

Sound Generations respectfully submits the following summary schedule of prior audit findings for the year ended December 31, 2024.

Audit period: January 01, 2024 through December 31, 2024

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

2023 – 001 Material Weakness in Internal Control over Financial Reporting

Condition: During the audit, it was noted that there were some errors in the consolidated financial statements related to property and equipment, investment in entity, accounts payable and other accrued expenses, restricted contributions, contribution of nonfinancial assets, expenses, and net assets. The effect of auditors proposed adjustments to correct the errors was to increase total assets by $14,128, increase total liabilities by $250,526, decrease total net assets by $164,356, increase total public support, revenue, and gain by $390,546, and increase total expenses by $462,588. Additionally, Sound Generations was not aware of the need to make required consolidating entries to eliminate the intercompany capital contribution transactions.

A prior period adjustment of $589,092 is proposed related to contribution of in-kind vehicles, vehicle maintenance and fuel from a government agency in 2022. This prior period adjustment has no impact on the 2022 change in net assets.

A total of $237,204 was reclassified from unrestricted contributions to restricted contributions for the Meals on Wheels program. The effect of auditors proposed adjustment increases the change in net assets of the net asset with donor restrictions and decreases the change in net assets of the net asset without donor restrictions by $237,204 at December 31, 2023.

Status: See current year finding 2024-001.

Reason for finding's recurrence: The corrective action plan identified by management for the prior year's finding has not been fully implemented in 2024 resulting from staff turnover in the accounting department.

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FINDINGS—FINANCIAL STATEMENT AUDIT (CONTINUED)

2023 – 001 Material Weakness in Internal Control over Financial Reporting (Continued)

Corrective Action: Sound Generations implemented a work management system at the end of 2024, which tracks needed reconciliations and their status. Reconciliations for balance sheet accounts were prepared, reviewed, and approved for the month of December 2024. Required consolidating entries and an annual review of Meals on Wheels restricted donations are performed by the Controller and tracked in the annual task list in the work management system as of December 31, 2024. The new Accounting/Finance management team (Chief Financial Officer, Controller, and Assistant Controller) have worked with accounting staff and outside consultants to improve policies and procedures and the accuracy of reconciliations in 2025.

FINDINGS— FEDERAL AWARD PROGRAMS AUDIT

2023 – 002 Significant Deficiency in Internal Control over Compliance - Reporting

Condition: During testing of reporting, it was noted that, for one sample, documentation was not retained of approval of financial reporting

Status: Corrected. Sound Generations has restructured the Accounting/Finance department and updated procedures in 2024 so that financial reports are prepared by a Revenue Accountant and the Grants and Contracts Manager reviews and signs on the PDF copy, which is retained. The financial reports are also sent to the program managers for review, although program manager approval is not explicitly required.

2023 – 003 Significant Deficiency in Internal Control over Compliance – Activities Allowed or Unallowed, Allowable Costs / Cost Principles

Condition: During testing of payroll, it was noted that three employees' wages had been misallocated between contracts. These misallocations occurred due to clerical errors and inadequate monitoring and review of the allocation process.

Status: Corrected. Sound Generations improved its procedures in 2024 to add a monthly review of payroll allocations by the Grants and Contracts Manager and streamlined its automation to reduce opportunities for manual inputs and clerical errors. The Payroll Accountant performs additional reviews of allocations to identify errors in input and calculations.

If the Department of Health and Human Services has questions regarding this schedule, please call Kristina Morgan, Controller, at 206.445.5671.

SOUND generations

Senior Services is now Sound Generations

SOUND GENERATIONS AND AFFILIATES
CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2024

U.S. Department of Health and Human Services
U.S. Department of the Treasury
U.S. Department of Housing and Urban Development

Sound Generations and Affiliates respectfully submits the following corrective action plan for the year ended December 31, 2024.

Audit period: January 1, 2024 through December 31, 2024

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESS

2024-001 Financing Reporting

Recommendation: Sound Generations should create a centralized process to keep records of contract agreements and expenditures and update the SEFA at least semi-annually.

Sound Generations should also review and update its accounting policies and procedures and ensure accounts to be reconciled and reviewed by appropriate personnel in a timely manner and any intercompany activity is eliminated upon consolidation.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Sound Generations hired experienced accountants, invested in Uniform Guidance Training, and added Grant staff. We have used Monday.com to help us project-manage close activity and reconciliations. Sound Generations is preparing to migrate to a new accounting program in 2026 with internal controls embedded in the software. Contract agreements and expenditures will be attached in the new accounting software giving us centralized files available with drill down from transactions. This will make reconciliations easier to track, perform and more transparent. One feature is the automatic intercompany activity elimination for consolidation.

Name(s) of the contact person(s) responsible for corrective action: Lynn LaSof

Planned completion date for corrective action plan: July 1, 2026

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SOUND GENERATIONS AND AFFILIATES
CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2024

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

There were no findings in the current year that required a corrective action plan.

If the U.S. Department of Health and Human Services, the U.S. Department of the Treasury, and the U.S. Department of Housing and Urban Development has questions regarding this plan, please call Lynn LaSof at (206) 448-5757.