WELLSPRING FAMILY SERVICES AND SUBSIDIARY

Consolidated Financial Statements

For the Year Ended December 31, 2011

Table of Contents

CLARK NUBER

10900 NE 4th Street
Suite 1700
Bellevue WA 98004
tel 425 454 4919
fax 425 454 4620
800 504 8747
clarknuber.com

Certified Public
Accountants
and Consultants

Independent Auditors' Report

Board of Directors
Wellspring Family Services and Subsidiary
Seattle, Washington

We have audited the accompanying consolidated statement of financial position of Wellspring Family Services and its subsidiary (collectively, Wellspring) as of December 31, 2011, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended. These consolidated financial statements are the responsibility of Wellspring's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year comparative information had been derived from Wellspring's December 31, 2010, consolidated financial statements and, in our report dated May 25, 2011, we expressed an unqualified opinion on those financial statements.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Wellspring as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities on pages 15 through 16 are presented for purposes of additional analysis and are not a required part of the 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 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CLARK NUBER

Certified Public

Accountants

and Consultants

In accordance with *Government Auditing Standards*, we have issued a report dated May 23, 2012, on our consideration of Wellspring's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Clark Nuber PS

Certified Public Accountants
May 23, 2012

WELLSPRING FAMILY SERVICES AND SUBSIDIARY

Consolidated Statement of Financial Position
December 31, 2011
(With Comparative Totals for 2010)

	2011	*2010*
Assets		
Current Assets:		
Cash and cash equivalents	$ 1,981,210	$ 1,892,928
Accounts receivable, net of allowance for doubtful accounts of $0 ($4,879 - 2010)	1,380,005	1,308,826
Current portion of pledges receivable, net	83,621	82,911
Current portion of capital campaign pledges receivable, net	395,181	634,162
Prepaid expenses and other current assets	399,408	519,306
Total Current Assets	**4,239,425**	**4,438,133**
Property and equipment, net	15,395,843	15,626,020
Other Assets:		
Pledges receivable, less current portion	42,296	
Capital campaign pledges receivable, less current portion	14,438	44,614
Beneficial interest in assets held by The Seattle Foundation	185,706	250,728
Total Assets	**$ 19,877,708**	**$ 20,359,495**
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	$ 1,072,648	$ 1,004,225
Current portion of notes payable	197,725	193,127
Total Current Liabilities	**1,270,373**	**1,197,352**
Accrued interest payable	13,931	13,931
Notes payable, less current portion	5,905,393	6,101,690
Total Liabilities	**7,189,697**	**7,312,973**
Net Assets:		
Unrestricted	12,092,260	12,109,302
Temporarily restricted	553,251	894,720
Permanently restricted	42,500	42,500
Total Net Assets	**12,688,011**	**13,046,522**
Total Liabilities and Net Assets	**$ 19,877,708**	**$ 20,359,495**

See accompanying notes.

WELLSPRING FAMILY SERVICES AND SUBSIDIARY

Consolidated Statement of Activities
For the Year Ended December 31, 2011
(With Comparative Totals for 2010)

	Unrestricted	*Temporarily Restricted*	*Permanently Restricted*	*2011 Total*	*2010 Total*
Support, Revenue and Reclassifications:					
Program service fees	$ 7,420,095	$ -	$ -	$ 7,420,095	$ 7,715,699
United Way of King County	847,808			847,808	846,599
Fees and grants from governmental agencies, including federal assistance of $1,572,218 ($1,033,880 - 2010)	3,035,068			3,035,068	2,656,113
Contributions	1,185,242	163,781		1,349,023	1,288,365
Capital campaign program contributions	5,913			5,913	44,512
In-kind contributions	519,653	75,600		595,253	341,957
Training fee revenues	36,757			36,757	33,159
Investment return	(969)			(969)	30,817
Other	43,328			43,328	60,054
Net assets released from restrictions	580,850	(580,850)			
Total Support, Revenue and Reclassifications	**13,673,745**	**(341,469)**		**13,332,276**	**13,017,275**
Expenses:					
Program services-					
Clinical and training services	3,574,739			3,574,739	3,686,422
Employee assistance program	2,650,296			2,650,296	2,816,159
Homeless children's services	395,154			395,154	465,708
Homeless and at-risk families	4,136,555			4,136,555	3,737,004
Domestic violence intervention and prevention	326,230			326,230	330,633
Total program services	11,082,974			11,082,974	11,035,926
Supporting services-					
Management and general	1,571,373			1,571,373	1,522,580
Fundraising	500,243			500,243	475,087
Total supporting services	2,071,616			2,071,616	1,997,667
Total Expenses before Depreciation	**13,154,590**			**13,154,590**	**13,033,593**
Change in Net Assets before Depreciation	**519,155**	**(341,469)**		**177,686**	**(16,318)**
Depreciation and amortization	536,197			536,197	562,288
Total Change in Net Assets	**(17,042)**	**(341,469)**		**(358,511)**	**(578,606)**
Net assets, beginning of year	12,109,302	894,720	42,500	13,046,522	13,625,128
Net Assets, End of Year	**$12,092,260**	**$ 553,251**	**$ 42,500**	**$12,688,011**	**$13,046,522**

See accompanying notes.

WELLSPRING FAMILY SERVICES AND SUBSIDIARY

Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2011
(With Comparative Totals for 2010)

	Program Services						*Supporting Services*			
	Clinical & Training Services	*Employee Assistance Program*	*Homeless Children's Services*	*Homeless & At-Risk Families*	*Domestic Violence Intervention & Prevention*	*Total Program Services*	*Management and General*	*Fund Raising*	*Consolidated 2011 Total*	*Consolidated 2010 Total*
Salaries and wages	$ 2,135,038	$ 811,414	$ 261,782	$ 1,718,610	$ 203,271	$ 5,130,115	$ 871,557	$ 244,241	$ 6,245,913	$ 6,239,190
Payroll taxes	189,876	72,331	23,017	157,344	18,025	460,593	71,000	22,001	553,594	512,304
Employee benefits	325,119	163,324	39,558	283,678	33,263	844,942	101,503	23,014	969,459	895,001
Total salary and related expenses	2,650,033	1,047,069	324,357	2,159,632	254,559	6,435,650	1,044,060	289,256	7,768,966	7,646,495
Professional services	45,678	1,350,958	5,369	56,391	25,087	1,483,483	118,631	32,044	1,634,158	1,854,194
Human resources	1,355	451	274	981		3,061	38,709		41,770	64,683
Professional development and training	18,184	6,742	5,118	7,818	872	38,734	24,258	761	63,753	74,999
Occupancy	461,703	14,628	14,028	109,188	15,231	614,778	71,936	4,869	691,583	669,871
Electronic communications	21,710	55,732	6,222	24,602	2,680	110,946	16,144	1,692	128,782	126,800
Equipment maintenance	24,945	21,838	4,334	24,936	3,654	79,707	55,954	23,711	159,372	146,982
Agency sponsored conferences	300	558	14	120	62	1,054			1,054	1,247
Office/supplies/other	98,327	89,721	15,150	51,463	8,776	263,437	71,820	20,156	355,413	400,871
Postage and shipping	2,069	3,193	225	614	800	6,901	11,045	3,921	21,867	19,193
Insurance and financial	21,578	22,659	17,121	104,916	14,509	180,783	43,997	20,753	245,533	263,223
Volunteer and donor expenses	6	422	28	1,933		2,389	17,284	102,410	122,083	108,528
Marketing/promotion/public relations	7,529	36,325	275	1,350		45,479	57,366	670	103,515	100,397
Specific assistance	221,322		2,639	1,592,611		1,816,572	169		1,816,741	1,556,110
Total expenses before depreciation and amortization	3,574,739	2,650,296	395,154	4,136,555	326,230	11,082,974	1,571,373	500,243	13,154,590	13,033,593
Depreciation and amortization	40,237	45,343	45,964	264,662	37,333	433,539	89,832	12,826	536,197	562,288
Total Expenses	**$ 3,614,976**	**$ 2,695,639**	**$ 441,118**	**$ 4,401,217**	**$ 363,563**	**$11,516,513**	**$ 1,661,205**	**$ 513,069**	**$13,690,787**	**$13,595,881**

See accompanying notes.

WELLSPRING FAMILY SERVICES AND SUBSIDIARY

Consolidated Statement of Cash Flows
For the Year Ended December 31, 2011
(With Comparative Totals for 2010)

	2011	*2010*
Cash Flows from Operating Activities:		
Change in net assets	$ (358,511)	$ (578,606)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities-		
Depreciation and amortization	536,197	562,288
Net loss (gain) from the beneficial interest held by The Seattle Foundation	5,022	(24,682)
Donated software	(260,739)	
(Increase) decrease in assets:		
Accounts receivable	(71,179)	95,874
Pledges receivable	78,562	389,463
Prepaid expenses and other current assets	119,898	(76,859)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	68,423	132,740
Net Cash Provided by Operating Activities	**117,673**	**500,218**
Cash Flows from Investing Activities:		
Purchase of property and equipment	(45,281)	(41,178)
Distribution of beneficial interest in asset held by The Seattle Foundation	60,000	
Net Cash Provided (Used) by Investing Activities	**14,719**	**(41,178)**
Cash Flows from Financing Activities:		
Payments on notes payable	(191,699)	(187,167)
Proceeds from contributions restricted for the acquisition of long-term assets	147,589	420,646
Net Cash (Used) Provided by Financing Activities	**(44,110)**	**233,479**
Net Change in Cash and Cash Equivalents	**88,282**	**692,519**
Cash and cash equivalents, beginning of year	1,892,928	1,200,409
Cash and Cash Equivalents, End of Year	**$ 1,981,210**	**$ 1,892,928**
Supplementary Disclosure of Cash Flow Information:		
Cash paid during the year for interest	$ 162,138	$ 166,670
Software acquired through in-kind donation	$ 260,739	$ 5,178

See accompanying notes.

Note 1 - Purpose and Programs

Mission Statement

Wellspring Family Services' mission is to build emotionally healthy, self-sufficient families and a non-violent community in which they can thrive.

Wellspring Family Services has provided the greater Seattle/King County community with a spectrum of social services for over one hundred years.

Wellspring Family Services moved into The Rotary Support Center for Families (the Support Center) during June 2009. The Support Center consolidated administration, employee assistance, and family stabilization programs, formerly in leased space, and has expanded services to children.

Real estate for the project was acquired and Family Services Property LLC (FSP LLC) was formed to own and operate the Support Center. FSP LLC has one member, Wellspring Family Services.

Program Services

Wellspring Family Services helps families and individuals who are dealing with issues such as depression and anxiety, problems in the workplace, aging, parenting and family issues, homelessness and domestic violence. By providing therapeutically focused services, Wellspring Family Services helps people address underlying root causes of the problems, as well as respond to immediate needs.

Wellspring Family Services' programs include three service groups:

Clinical and Training Services (CTS)

- Counseling Services
- Multi-Cultural Counseling Services
- New Parents Services
- Training Services
- The Certificate Program in Clinical Theory and Practice and Human Development

Employee Assistance Program (EAP)

Community Services (CS)

- Homeless Children's Services
- Morningsong Early Learning Center
- Baby Boutique
- Housing Services Intervention and Prevention for Homeless and At-Risk Families
- Domestic Violence Intervention and Prevention

Note 2 - Summary of Significant Accounting Policies

Principles of Consolidation - The consolidated financial statements include the accounts of Wellspring Family Services and its subsidiary, collectively referred to as Wellspring. All inter-company transactions have been eliminated.

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

> <u>Unrestricted Net Assets</u> - Net assets that are not subject to externally imposed restrictions. Restricted contributions for which restrictions are met in the same reporting period are reported through unrestricted net assets.
>
> <u>Temporarily Restricted Net Assets</u> - Net assets subject to externally imposed restrictions that will be met either by actions of Wellspring and/or the passage of time. Temporarily restricted net assets subject to time and program restrictions were $553,251 and $894,720, as of December 31, 2011 and 2010, respectively (Note 4).
>
> <u>Permanently Restricted Net Assets</u> - Net assets subject to donor-imposed stipulations that they be maintained permanently by Wellspring. As of December 31, 2011 and 2010, Wellspring Family Services had $42,500 of permanently restricted net assets whose earnings are available for program purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions and are not met either by actions of Wellspring and/or the passage of time in the same reporting period. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets are reported as reclassifications between the applicable classes of net assets. It is Wellsprings' policy to recognize restricted contributions in the unrestricted net asset class if the restrictions have been met in the same year that they were received.

Cash and Cash Equivalents - Wellspring considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Credit Risk - Wellspring maintains cash deposits in bank accounts which, at times, exceed federally insured limits during the year.

Accounts Receivable - Trade accounts receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. Changes in the valuation allowance have not been material to the consolidated financial statements.

Property and Equipment - Assets are recorded at cost or at their fair value when received, if donated. The costs of repairs and maintenance are expensed as incurred.

Note 2 - Continued

Wellspring capitalizes all items over $1,000 which provide a future benefit. Depreciation is computed using the straight-line method based on estimated useful lives, which range from three to forty years.

Income Taxes - The IRS has determined that Wellspring Family Services is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). As such, it is subject to income taxes only on unrelated business income. FSP LLC is not subject to income taxes; such are the responsibility of its members. During the years ended December 31, 2011 and 2010, Wellspring had no unrelated business income and accordingly, no provision for federal income taxes has been reported in the accompanying consolidated financial statements. Wellspring Family Services is subject to income tax examination for the current year and certain prior years based on the applicable laws and regulations.

Contributions - Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received.

In-Kind Contributions - Wellspring receives free use of several facilities under annual renewals. In-kind contributions consist of the following for the years ending December 31:

	2011	*2010*
Facilities	$ 129,480	$ 105,750
Software	260,739	
Supplies	164,680	195,139
Services	40,354	41,068
	$ 595,253	**$ 341,957**

In addition, a substantial number of unpaid volunteers have made significant contributions of time (approximately 7,358 hours and 8,031 hours for December 31, 2011 and 2010, respectively (unaudited)) to develop and carry out the programs of Wellspring. The value of this contributed time is not reflected in the consolidated statement of activities since it does not meet the requirements of current accounting standards.

Functional Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates - The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations - Wellspring had one customer comprising of 14% of revenues during each of the years ended December 31, 2011 and 2010.

Note 2 - Continued

Reclassifications - Certain reclassifications were made to the December 31, 2010 consolidated financial statements to conform to the current period presentation. The reclassifications have no effect on previously reported change in net assets or net assets.

Comparative Totals for 2010 - The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Wellspring's consolidated financial statements for the year ended December 31, 2010, from which the summarized information was derived.

Subsequent Events - Wellspring has evaluated subsequent events through May 23, 2012, the date on which the consolidated financial statements were available to be issued.

Note 3 - Pledges Receivable

Wellspring has received pledges for contributions to be received in future periods. Such pledges have been discounted at a 5% discount rate. These contributions are receivable as follows at December 31:

	2011	*2010*
Less than one year	$ 506,255	$ 754,814
One to five years	58,268	52,645
	564,523	807,459
Allowance for uncollectible pledges	(28,225)	(40,373)
Present value discount	(762)	(5,399)
	$ 535,536	**$ 761,687**

Pledges receivable from one donor represents 14% of total pledges receivable at December 31, 2011. Capital campaign pledges have been spent on their intended purpose and therefore are no longer classified as assets restricted for the acquisition of long-term assets on the statement of financial position.

Note 4 - Temporarily Restricted Net Assets

Wellspring's temporarily restricted net assets consist of the following at December 31:

	2011	*2010*
Capital campaign - time restricted	$ 215,709	$ 566,144
Project Permanency	97,311	190,728
Contributed facilities	51,450	75,600
Infant mental health program		37,248
No Child Homeless initiative	163,781	
Operating programs	25,000	25,000
	$ 553,251	**$ 894,720**

Net assets released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors are as follows:

	2011	*2010*
Purpose restriction-		
Project Permanency	$ 93,417	$ 60,000
Infant mental health program	37,248	60,000
Homeless program		72,050
Time restriction-		
Capital campaign - program and other	350,435	356,114
Pledges for future periods		25,000
Contributed rent for future periods	99,750	99,750
	$ 580,850	**$ 672,914**

Note 5 - Property and Equipment

Property and equipment consist of the following at December 31:

	2011	*2010*
Land	$ 2,456,349	$ 2,456,349
Building	13,588,083	13,588,083
Furniture and equipment	717,912	687,352
Leasehold improvements	436,954	422,232
Software rights available for use	260,739	
	17,460,037	17,154,016
Less accumulated depreciation	(2,064,194)	(1,527,996)
	$ 15,395,843	**$ 15,626,020**

Note 6 - Beneficial Interest in Asset Held by The Seattle Foundation

Wellspring transferred $330,000 to The Seattle Foundation in 2003. The agreement permits Wellspring's Board of Directors to transfer funds back to Wellspring and stipulates that the timing and amount of distributions will be on an as needed basis. Under generally accepted accounting principles these funds are to be recorded as a contribution and a beneficial interest in assets held by others. At December 31, 2011 and 2010, the balance of $185,706 and $250,728, respectively, is recorded as an asset.

Note 7 - Fair Value Measurements

Generally accepted accounting principles (GAAP) define fair value, establish a framework for measuring fair value, and require disclosures about fair value measurements. To increase consistency and comparability in fair value measurements, GAAP uses a fair value hierarchy that prioritizes the inputs to valuation approaches into three broad levels. The hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3).

Valuation Techniques - Financial assets and liabilities valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets and liabilities valued using Level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Financial assets and liabilities using Level 3 inputs were primarily valued using management's assumptions about the assumptions market participants would utilize in pricing the asset or liability. Valuation techniques utilized to determine fair value are consistently applied.

The following is a description of the valuation methodologies used for asset measured at fair value. There have been no changes in methodologies used at December 31, 2011 and 2010.

> Beneficial Interest in Asset Held by The Seattle Foundation - Valued using the net asset value (NAV) provided by The Seattle Foundation. The NAV is based on the fair value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of units outstanding at the valuation date.

A reconciliation of the beginning and ending balances, by each major category of assets and liabilities, for fair value measurements made at December 31, 2011, using significant unobservable inputs (Level 3) is as follows:

Beginning balance	$ 250,728
Grants paid	(60,000)
Net investment return	(2,065)
Fees	(2,957)
	$ 185,706

Note 8 - Notes Payable

On November 13, 2008, Wellspring entered into a New Markets Tax Credit transaction to help finance the construction of the real estate located at 1900 Rainier Avenue South, Seattle, Washington named the Rotary Support Center for Families (the Support Center).

Note 8 - Continued

The New Markets Tax Credit Program was designed to stimulate investment and economic growth in specially designated Low-Income Communities (LICs) by offering a seven-year, 39% federal tax credit for Qualified Equity Investments (QEI) made through investment vehicles known as Community Development Entities (CDE). CDEs use capital derived from tax credits to make loans to or investments in Qualified Active Low Income Community Businesses (QALICBs) located in LICs. The Support Center is identified as a QALICB for this purpose.

At December 31, 2011 and 2010, the balance of the loan is $6,103,118 and $6,294,817, respectively. Interest accrues at 2.57% per annum and the rate lock fees are 2%. The balance of the loan is due in 2015.

As of December 31, 2011, future minimum payments on the notes are as follows:

For the Year Ending December 31,	
2012	$ 197,725
2013	202,867
2014	208,143
2015	5,494,383
	$ 6,103,118

Note 9 - Commitments and Contingencies

Leases - Wellspring leases space for several of its offices in the Seattle area under operating lease agreements expiring through December 2015. Lease expense under these operating leases in 2011 was $770,372. As of December 31, 2011, future minimum lease payments under operating leases with terms in excess of one year are as follows:

For the Year Ending December 31,	
2012	$ 758,253
2013	768,893
2014	633,544
2015	480,000
	$ 2,640,690

Note 10 - Retirement Plan

Wellspring's Tax Deferred Annuity Retirement Plan (the Plan) covers all eligible employees. The benefit formula used to determine Wellspring's contribution to the Plan is based on a stated contribution formula. Contributions to the defined contribution plan amounted to $225,987 and $220,198 for the years ended December 31, 2011 and 2010, respectively. Employer contributions vest incrementally based on years of service up to five years.

Note 11 - Line of Credit

Wellspring has available an $800,000 line of credit with a bank expiring September 1, 2012. There was no outstanding balance on the line at December 31, 2011. The line bears interest at the greater of prime rate plus 0.875% or 5% (5% at December 31, 2011). The line is collateralized with assets owned by Wellspring.

SUPPLEMENTARY INFORMATION

WELLSPRING FAMILY SERVICES AND SUBSIDIARY

Consolidating Statement of Financial Position
December 31, 2011
(With Comparative Totals for 2010)

	Wellspring Family Services	Family Services Property LLC	Eliminations	2011 Total	2010 Total
Assets					
Current Assets:					
Cash and cash equivalents	$ 1,708,982	$ 272,228	$ -	$ 1,981,210	$ 1,892,928
Accounts receivable, net of allowance for doubtful accounts of $0 ($4,879 - 2010)	11,128,293		(9,748,288)	1,380,005	1,308,826
Current portion of pledges receivable, net	83,621			83,621	82,911
Current portion of capital campaign pledges receivable, net	395,181			395,181	634,162
Prepaid expenses and other current assets	287,561	111,847		399,408	519,306
Total Current Assets	**13,603,638**	**384,075**	**(9,748,288)**	**4,239,425**	**4,438,133**
Property and equipment, net	472,037	14,923,806		15,395,843	15,626,020
Other Assets:					
Pledge receivable less current portion	42,296			42,296	
Capital campaign pledges receivable, net, less current portion	14,438			14,438	44,614
Beneficial interest in assets held by The Seattle Foundation	185,706			185,706	250,728
Total Assets	**$ 14,318,115**	**$ 15,307,881**	**$ (9,748,288)**	**$ 19,877,708**	**$ 20,359,495**
Liabilities and Net Assets					
Current Liabilities:					
Accounts payable and accrued expenses	$ 1,072,648	$ 9,748,288	$ (9,748,288)	$ 1,072,648	$ 1,004,225
Current portion of notes payable		197,725		197,725	193,127
Total Current Liabilities	**1,072,648**	**9,946,013**	**(9,748,288)**	**1,270,373**	**1,197,352**
Accrued interest payable		13,931		13,931	13,931
Notes payable, less current portion		5,905,393		5,905,393	6,101,690
Total Liabilities	**1,072,648**	**15,865,337**	**(9,748,288)**	**7,189,697**	**7,312,973**
Net Assets:					
Unrestricted	12,649,716	(557,456)		12,092,260	12,109,302
Temporarily restricted	553,251			553,251	894,720
Permanently restricted	42,500			42,500	42,500
Total Net Assets	**13,245,467**	**(557,456)**		**12,688,011**	**13,046,522**
Total Liabilities and Net Assets	**$ 14,318,115**	**$ 15,307,881**	**$ (9,748,288)**	**$ 19,877,708**	**$ 20,359,495**

See independent auditors' report.

WELLSPRING FAMILY SERVICES AND SUBSIDIARY

Consolidating Statement of Activities
For the Year Ended December 31, 2011
(With Comparative Totals for 2010)

	Unrestricted	*Temporarily Restricted*	*Permanently Restricted*	*Wellspring Family Services Total*	*Family Services Property LLC Unrestricted*	*Eliminations*	*2011 Total*	*2010 Total*
Support, Revenue and Reclassifications:								
Program service fees	$ 7,420,095	$ -	$ -	$ 7,420,095	$ -	$ -	$ 7,420,095	$ 7,715,699
United Way of King County	847,808			847,808			847,808	846,599
Fees and grants from governmental agencies, including federal assistance of $1,572,218 ($1,033,880 - 2010)	3,035,068			3,035,068			3,035,068	2,656,113
Contributions	1,185,242	163,781		1,349,023			1,349,023	1,288,365
Capital campaign program contributions	5,913			5,913			5,913	44,512
In-kind contributions	519,653	75,600		595,253			595,253	341,957
Training fee revenues	36,757			36,757			36,757	33,159
Investment return (loss)	(969)			(969)			(969)	30,817
Rental income					520,000	(520,000)		
Other	43,328			43,328			43,328	60,054
Net assets released from restrictions	580,850	(580,850)						
Total Support, Revenue and Reclassifications	**13,673,745**	**(341,469)**		**13,332,276**	**520,000**	**(520,000)**	**13,332,276**	**13,017,275**
Expenses:								
Program services-								
Clinical and training services	3,574,739			3,574,739			3,574,739	3,686,422
Employee assistance program	2,650,296			2,650,296			2,650,296	2,816,159
Homeless children's services	395,154			395,154			395,154	465,708
Homeless and at-risk families	4,136,555			4,136,555			4,136,555	3,737,004
Domestic violence intervention and prevention	326,230			326,230			326,230	330,633
Total program services	11,082,974			11,082,974			11,082,974	11,035,926
Supporting services-								
Management and general	1,929,235			1,929,235	162,138	(520,000)	1,571,373	1,522,580
Fundraising	500,243			500,243			500,243	475,087
Total supporting services	2,429,478			2,429,478	162,138	(520,000)	2,071,616	1,997,667
Total Expenses before Depreciation	**13,512,452**			**13,512,452**	**162,138**	**(520,000)**	**13,154,590**	**13,033,593**
Change in Net Assets before Depreciation	**161,293**	**(341,469)**		**(180,176)**	**357,862**		**177,686**	**(16,318)**
Depreciation and amortization	59,221				476,976		536,197	562,288
Total Change in Net Assets	**102,072**	**(341,469)**		**(180,176)**	**(119,114)**		**(358,511)**	**(578,606)**
Net assets, beginning of year	12,547,644	894,720	42,500	13,484,864	(438,342)		13,046,522	13,625,128
Net Assets, End of Year	**$ 12,649,716**	**$ 553,251**	**$ 42,500**	**$ 13,304,688**	**$ (557,456)**	**$ -**	**$ 12,688,011**	**$ 13,046,522**

See independent auditors' report.