

**MARION SENIOR SERVICES, INC.
INDEPENDENT AUDITORS' REPORT,
FINANCIAL STATEMENTS, AND
ADDITIONAL INFORMATION**

DECEMBER 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Marion Senior Services, Inc.
Ocala, Florida

We have audited the accompanying statements of financial position of Marion Senior Services, Inc. (a nonprofit organization) as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Marion Senior Services, Inc. as of December 31, 2015, 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.

Certified Public Accountants

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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

To the Board of Directors of Marion Senior Services, Inc.
Ocala, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Report on Summarized Comparative Information

We have previously audited the Marion Senior Services, Inc.'s 2014 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated April 13, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and Chapter 10.650, *Rules of the Auditor General*, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of functional expenses by program services is also presented for purposes of additional analysis and is 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 basic 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 April 5, 2016, on our consideration of Marion Senior Services, Inc.'s 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 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 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.



April 5, 2016
Ocala, Florida

FINANCIAL STATEMENTS

MARION SENIOR SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015,
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2014

ASSETS

	<u>2015</u>	<u>2014</u>
Current Assets		
Cash and Cash Equivalents	\$ 2,975,179	\$ 1,498,206
Grants Receivable	507,899	522,291
Accounts Receivable	90,330	269,011
Investments	10,951	7,082
Prepaid Expenses	13,853	6,641
Total Current Assets	<u>3,598,212</u>	<u>2,303,231</u>
Property and Equipment,		
Net of Accumulated Depreciation	94,741	58,046
Property and Equipment Temporarily		
Restricted for Federal and State Programs,		
Net of Accumulated Depreciation	<u>2,566,047</u>	<u>2,524,945</u>
Total Assets	<u><u>6,259,000</u></u>	<u><u>4,886,222</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	144,445	148,984
Accrued Expenses	92,826	178,220
Deferred Revenues	191,887	129,836
Current Portion of Accrued Legal Obligation	11,763	10,767
Current Portion of Obligations Under Capital Leases	4,092	2,977
Total Current Liabilities	<u>445,013</u>	<u>470,784</u>
Long-term Liabilities		
Accrued Legal Obligation, Net of Current Portion	100,000	120,000
Less Unamortized Discount	(22,709)	(30,946)
Obligations Under Capital Leases, Net of Current Portion	14,822	0
Total Long-term Liabilities	<u>92,113</u>	<u>89,054</u>
Total Liabilities	<u>537,126</u>	<u>559,838</u>
Net Assets		
Unrestricted	2,801,579	849,061
Temporarily Restricted, Operating	354,248	952,378
Temporarily Restricted, Fixed Assets	2,566,047	2,524,945
Total Net Assets	<u>5,721,874</u>	<u>4,326,384</u>
Total Liabilities and Net Assets	<u><u>\$ 6,259,000</u></u>	<u><u>\$ 4,886,222</u></u>

See accompanying notes.

MARION SENIOR SERVICES, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014

	Unrestricted Fund	Temporarily Restricted		2015	2014
		Operating	Fixed Assets		
Support and Revenue					
Federal and State Funds	\$ 4,486,398	\$ 16,952	\$ 0	\$ 4,503,350	\$ 4,884,233
Client Contributions and Fees	139,552	0	0	139,552	155,445
Client Co-pay	25,745	0	0	25,745	28,511
Other Contributions	151,173	0	0	151,173	76,225
In-kind Contributions	236,171	0	0	236,171	220,940
MSS Transportation Contracts	1,098,736	0	0	1,098,736	671,689
County Commission Funds	954,417	0	0	954,417	711,280
United Way	101,028	0	0	101,028	103,721
Preferred Care Fees	111,904	0	0	111,904	95,970
Managed Long-term Care	27,175	0	0	27,175	42,227
Community With a Heart	4,709	0	0	4,709	11,570
Interest and Dividends	1,004	0	0	1,004	1,041
Other Income	49,424	0	0	49,424	60,726
Gain (Loss) on Disposition of Assets	6,200	0	0	6,200	4,900
Net Assets Released from Restrictions:					
Satisfaction of Program Restrictions	615,082	(615,082)	0	0	0
Total Support and Revenue	8,008,718	(598,130)	0	7,410,588	7,068,478
Expenses					
Transportation Services	3,028,889	0	0	3,028,889	3,579,468
Support Services Title IIIB	324,933	0	0	324,933	366,003
Congregate Meals Title IIIC-1	409,383	0	0	409,383	413,881
Home Delivered Meals Title IIIC-2	394,794	0	0	394,794	472,130
Family Caregiver Support Title IIIE	101,541	0	0	101,541	91,964
Emergency Energy Assistance Title XXVI	13,231	0	0	13,231	51,858
Community Care for the Elderly	998,592	0	0	998,592	886,354
Alzheimer's Disease Initiative	247,537	0	0	247,537	113,122
Home Care for the Elderly	47,200	0	0	47,200	60,171
Local Services Program	18,130	0	0	18,130	34,892
Community Care for Disabled Adults	1,724	0	0	1,724	4,795
Medicaid Waiver	0	0	0	0	27,906
Assisted Living - Waiver	0	0	0	0	(611)
CDBG Service Facility	44,448	0	0	44,448	44,448
Volunteer Program	24,669	0	0	24,669	40,730
Meals on Wheels	139,961	0	0	139,961	163,832
Preferred Care	124,280	0	0	124,280	95,075
Managed Long-term Care	32,902	0	0	32,902	23,649
Other Program Services	62,884	0	0	62,884	122,481
Total Expenses	6,015,098	0	0	6,015,098	6,592,148
Change in Net Assets Before Fixed					
Asset Acquisitions and Dispositions	1,993,620	(598,130)	0	1,395,490	476,330
Fixed Asset Acquisitions and Dispositions, Net of Depreciation	(41,102)	0	41,102	0	0
Changes in Net Assets	1,952,518	(598,130)	41,102	1,395,490	476,330
Net Assets, Beginning of Year	849,061	952,378	2,524,945	4,326,384	3,850,054
Net Assets, End of Year	\$ 2,801,579	\$ 354,248	\$ 2,566,047	\$ 5,721,874	\$ 4,326,384

See accompanying notes.

MARION SENIOR SERVICES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014

Expenses	Transportation Services	Support Services Title IIB	Congregate Meals Title IIC-1	Home Delivered Meals Title IIC-2
Salaries and Benefits	\$ 1,577,023	\$ 126,986	\$ 194,330	\$ 151,376
In-kind Salaries	0	0	0	15,813
Travel	1,785	6,461	7,336	36,091
Building Space	21,739	3,135	7,684	4,788
In-kind Building Space	0	35,777	38,327	25,096
Communications and Utilities	25,811	2,794	19,727	4,657
Printing and Supplies	30,204	3,416	7,050	6,801
Meals	0	0	117,751	134,926
Emergency Energy Assistance	0	0	0	0
Insurance	137,653	3,353	7,168	4,918
Fuel	330,214	0	0	0
Vehicle Expenditures	363,794	0	0	0
Service Subcontracts	0	137,180	0	0
Other Indirect Costs	71,640	5,831	8,630	9,384
Community With a Heart	0	0	0	0
Depreciation	469,026	0	1,380	944
Total Expenses	\$ 3,028,889	\$ 324,933	\$ 409,383	\$ 394,794

See accompanying notes.

Family Caregiver Support Title III E	Emergency Energy Assistance Title XXVI	Community Care for the Elderly	Alzheimer's Disease Initiative	Home Care for the Elderly	Local Services Program
\$ 25,928	\$ 886	\$ 277,429	\$ 67,295	\$ 23,874	\$ 5,390
10,401	0	101,157	0	0	0
235	9	17,308	1,157	1,100	50
715	0	9,724	1,052	330	220
0	0	0	0	0	0
602	0	8,589	822	252	183
1,181	0	9,021	826	33	238
0	0	52,136	0	0	0
0	12,309	0	0	0	0
829	0	14,239	387	38	311
0	0	0	0	0	0
0	0	0	0	0	0
42,538	0	490,874	174,601	247	11,334
19,112	27	17,808	1,397	21,326	404
0	0	0	0	0	0
0	0	307	0	0	0
<u>\$ 101,541</u>	<u>\$ 13,231</u>	<u>\$ 998,592</u>	<u>\$ 247,537</u>	<u>\$ 47,200</u>	<u>\$ 18,130</u>

See accompanying notes.

MARION SENIOR SERVICES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014
(Concluded)

	Community Care for Disabled Adults	CDBG Service Facility	Volunteer Program	Meals on Wheels
Expenses (Concluded)				
Salaries and Benefits	\$ 0	\$ 0	\$ 10,254	\$ 59,006
In-kind Salaries	0	0	0	9,000
Travel	0	0	40	13,743
Building Space	0	0	1,314	1,942
In-kind Building Space	0	0	0	0
Communications and Utilities	0	0	1,047	1,708
Printing and Supplies	0	0	856	1,707
Meals	1,724	0	0	45,649
Emergency Energy Assistance	0	0	0	0
Insurance	0	0	1,788	1,843
Fuel	0	0	0	0
Vehicle Expenditures	0	0	0	0
Service Subcontracts	0	0	0	0
Other Indirect Costs	0	0	9,370	4,570
Community With a Heart	0	0	0	0
Depreciation	0	44,448	0	793
Total Expenses	\$ 1,724	\$ 44,448	\$ 24,669	\$ 139,961

See accompanying notes.

Preferred Care	Managed Long-term Care	Other Program Services	2015 Totals	2014 Totals
\$ 30,487	\$ 7,641	\$ (3,329)	\$ 2,554,576	\$ 2,790,026
0	0	0	136,371	115,265
5,587	3,566	0	94,468	95,210
750	252	0	53,645	58,640
0	0	0	99,200	99,675
605	201	210	67,208	68,234
971	55	217	62,576	74,790
49,033	16,868	128	418,215	512,303
0	0	0	12,309	44,064
496	0	0	173,023	168,723
0	0	0	330,214	588,919
0	0	0	363,794	467,340
34,544	0	0	891,318	822,578
1,807	4,319	47,140	222,765	216,496
0	0	6,735	6,735	11,080
0	0	11,783	528,681	458,805
<u>\$ 124,280</u>	<u>\$ 32,902</u>	<u>\$ 62,884</u>	<u>\$ 6,015,098</u>	<u>\$ 6,592,148</u>

See accompanying notes.

MARION SENIOR SERVICES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014

	2015	2014
Cash Flows from Operating Activities		
Change in Net Assets Before Fixed Asset Acquisitions	\$ 1,395,490	\$ 476,330
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	528,681	458,805
Loss (Gain) on Disposed Assets	(6,200)	(4,900)
Investment in Securities	(3,869)	0
Amortization of Legal Obligation	9,233	10,146
Noncash Assistance, Vehicles, and Computers	(346,126)	(335,521)
Funds Restricted for Fixed Asset Acquisitions	(193,924)	(233,634)
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Grants Receivable	14,392	156,218
(Increase) Decrease in Accounts Receivable	178,681	(164,055)
(Increase) Decrease in Prepaid Expenses	(7,212)	58,623
Increase (Decrease) in Accounts Payable	(4,539)	(54,083)
Increase (Decrease) in Accrued Annual Leave	(3,329)	(7,420)
Increase (Decrease) in Accrued Payroll and Payroll Liabilities	(82,065)	(4,687)
Increase (Decrease) in Deferred Revenues	62,051	11,361
Net Cash Provided by (Used in) Operating Activities	1,541,264	367,183
Cash Flows from Investing Activities		
Proceeds from Sale of Assets	6,500	4,900
Purchase of Equipment	(238,801)	(236,069)
Net Cash Provided by (Used in) Investing Activities	(232,301)	(231,169)
Cash Flows from Financing Activities		
Payments on Capital Leases	(5,914)	(3,965)
Payment on Legal Obligation	(20,000)	(20,000)
Proceeds Restricted for Fixed Asset Acquisitions	193,924	233,634
Net Cash Provided by (Used in) Financing Activities	168,010	209,669
Net Increase (Decrease) in Cash and Cash Equivalents	1,476,973	345,683
Cash and Cash Equivalents, Beginning of Year	1,498,206	1,152,523
Cash and Cash Equivalents, End of Year	\$ 2,975,179	\$ 1,498,206
<u>Supplemental Disclosure of Cash Flow Information</u>		
Cash Paid During the Year for Interest	\$ 838	\$ 434

Supplemental Disclosure of Noncash Investing and Financial Activities

Noncash investing activities include noncash assistance from Florida Department of Transportation for vehicles in the amount of \$346,126.

Noncash activities include in-kind donations of volunteer hours and building space.

See accompanying notes.

MARION SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 1 - Summary of Significant Accounting Policies

Organization

Marion Senior Services, Inc. (Senior Services) is a nonprofit organization organized under the laws of the State of Florida on September 5, 1973. Senior Services was established to provide a variety of services to elderly, disabled, and disadvantaged persons in Marion County, Florida. Senior Services receives a substantial portion of its revenue as a sub-recipient from State and Federal grants passed through Elder Options also serving as Mid-Florida Area Agency on Aging. Senior Services is governed by a Board of Directors made up of individuals who are nominated by a nominating committee and elected by the Board of Directors.

Basis of Accounting

Senior Services uses the accrual basis of accounting, which recognizes revenue when earned and expenses as incurred. Federal, state, and local government and public grants are recorded as support when performance occurs under the terms of the grant agreement.

Revenues and contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted revenues and contributions are reported as an increase in unrestricted net assets if the restriction is met in the reporting period in which the revenues and contributions are received.

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of Senior Services and is presented on the accrual basis of accounting. The information in this 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* and Chapter 10.650, *Rules of the Auditor General*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Financial Statement Presentation

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

Unrestricted Net Assets—Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets—Net assets subject to donor-imposed stipulations that may or will be met either by actions of Senior Services and/or the passage of time.

Permanently Restricted Net Assets—Net assets subject to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of Senior Services.

Allocation of Expenditures

The costs of providing the various programs and other activities have been detailed in the Statement of Functional Expenses. Salaries and other expenses which are associated with a specific program are charged directly to that program. Salaries and other expenses, which

MARION SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Allocation of Expenditures (Concluded)

benefit more than one program, are allocated to the various programs based on the relative benefit provided. Administrative expenses are allocated to the programs based on various allocation methods which meet Federal and State guidelines for administrative expense allocation.

Property, Equipment, and Depreciation

Senior Services follows the practice of capitalizing at cost all expenditures for property and equipment in excess of \$1,000. Property and equipment restricted for federal and state purposes are stated at cost at date of acquisition. Depreciation expense is computed using the straight-line method over the estimated useful life of the asset (see Note 4).

Donated Space and Services

All in-kind contributions are considered to be available for unrestricted use, unless specifically restricted by the donor, and have been treated as in-kind contributions for purposes of meeting federal or state matching requirements. Volunteer home delivered meals drivers are used for the Title IIIC-2, CCE, and Meals on Wheels programs. Volunteer senior companions are used for the CCE and Title IIIE programs. Volunteer services of \$136,371 are recorded at values consistent with those amounts that would be paid to salaried personnel for similar services. Donated building space is used for the Title IIIB, C1, and C2 programs. Donated building space of \$99,200 is recorded based on the appraised value provided by a real estate agent. Senior Services also has volunteers serving as assistant site managers, site aides, and program aides. Such contributed services do not meet the criteria for recognition of contributed services contained in generally accepted accounting principles and, accordingly, are not reflected in the accompanying financial statements.

Income Taxes

Senior Services is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Accordingly, the financial statements do not reflect a provision for income taxes. Senior Services is no longer subject to federal and state examinations by tax authorities for years before 2012. Interest and penalties assessed to Senior Services as a result of federal and state income tax positions are recorded as an operating expense. For the year ended December 31, 2015, there were no interest or penalties recorded in the accompanying financial statements.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash equivalents include all highly liquid investments purchased with a maturity of three months or less. Cash and cash equivalents consist primarily of a money market account and checking accounts.

The checking accounts and money market account are covered by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The uninsured balance in the checking accounts at December 31, 2015, is \$2,600,528.

MARION SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

Investments

In 2013 and 2015, Senior Services received donations of securities which were recorded at fair value as of the date the donation was received. Unrealized gains or losses were not recorded at December 31, 2015. Any unrealized gain or loss is immaterial to the financial statements.

Receivables

Receivables are recorded by Senior Services for funds to be received from various sources, including Federal and State grants. An allowance for uncollectible receivables has not been recorded as all amounts are deemed collectible.

Accounting Estimates

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

Fair Value of Financial Instruments

Unless otherwise indicated, the fair value of all reported asset and liabilities which represent financial instruments approximate the carrying value of such amounts.

Prior Period Information

The 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 generally accepted accounting principles. Certain prior year amounts may have been reclassified to conform to current year financial reporting and to facilitate comparison of financial data. Accordingly, such information should be read in conjunction with Senior Services' financial statements for the year ended December 31, 2014, from which the summarized information was derived.

Note 2 - Cash and Cash Equivalents

Cash and cash equivalents are comprised of the following at December 31, 2015:

Petty Cash	\$ 220
Checking Accounts	2,797,255
Money Market Account	<u>177,704</u>
Total	<u>\$ 2,975,179</u>

Note 3 - Retirement Plan

Senior Services participates in a voluntary retirement annuity 403(b) Plan (the Plan) for eligible employees through Mutual of America. All employees are eligible for participation in the Plan after a period of twelve months and a minimum of 1,000 hours of service during the twelve-month period. Five percent (5%) of each eligible employee's salary is contributed by Senior Services to the Plan. During the year ended December 31, 2015, Senior Services contributed \$83,107 to this plan for covered employees.

MARION SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)

Note 4 - Property, Equipment, and Accumulated Depreciation

The following is a schedule of changes in unrestricted property and equipment owned by Senior Services:

	Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015
Preferred Care	\$ 322	\$ 0	\$ 0	\$ 322
Meals on Wheels	5,929	1,437	(1,452)	5,914
Service Facility	60,086	45,775	0	105,861
General Use	125,413	0	(1,198)	124,215
Accumulated Depreciation	<u>(133,704)</u>	<u>(12,854)</u>	<u>4,987</u>	<u>(141,571)</u>
Total	<u>\$ 58,046</u>	<u>\$ 34,358</u>	<u>\$ 2,337</u>	<u>\$ 94,741</u>

Senior Services also retains property and equipment whose acquisition has been funded by various federal and state programs. The title for the equipment remains with the federal and state grantor. The use, removal, or replacement of the equipment is controlled by the granting agency. Titles for vehicles purchased with funds from the Florida Department of Transportation and the State of Florida Commission for the Transportation Disadvantaged are transferred to Senior Services after 5 years and/or 200,000 miles. Any funds received from the disposition of these older vehicles must be used in the Transportation Program. Senior Services, as custodian of the equipment, maintains a physical record of the equipment as a temporarily restricted net asset. Senior Services' service facility in Ocala, Florida was funded with a Community Development Block Grant (CDBG) through Marion County and with unrestricted funds. This property is subject to a lien for 30 years or until the CDBG funds are repaid. The land was donated to Senior Services by the City of Ocala.

The following is a schedule of changes in temporarily restricted property and equipment by program:

	Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015
CCE General Administration	\$ 25,251	\$ 1,245	\$ (1,258)	\$ 25,238
Alzheimer's Disease Initiative	1,168	0	0	1,168
Community Care for Disabled Adults	152	0	0	152
Title III B	7,980	0	0	7,980
Title III C-1	33,927	3,066	(3,098)	33,895
Title III C-2	32,413	3,832	(3,872)	32,373
Title III E	438	0	0	438
Title III F	1,520	0	0	1,520
Local Services Program	111	0	0	111
CDBG Service Facility	2,009,890	0	0	2,009,890
Transportation Services	3,387,091	551,423	(204,081)	3,734,433
Volunteer Program	470	0	0	470
Accumulated Depreciation	<u>(2,975,466)</u>	<u>(518,464)</u>	<u>212,309</u>	<u>(3,281,621)</u>
Total	<u>\$ 2,524,945</u>	<u>\$ 41,102</u>	<u>\$ 0</u>	<u>\$ 2,566,047</u>

MARION SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)

Note 5 - Obligations Under Capital Leases

In 2015, Senior Services entered into a capital lease for three copiers which expires in 2020. Three leased copiers were traded in during 2015. Each asset and liability under the capital lease is recorded at the lower of the present value of the minimum lease payments or the fair market value of the asset. The gross cost and accumulated depreciation of the assets held under the capital lease is \$21,850 and \$3,157, respectively, at December 31, 2015. The assets are being depreciated over the term of the lease. Depreciation of assets held under the capital lease is included in depreciation expense.

Minimum future lease payments under the capital lease as of December 31, 2015, for each of the next five years and in the aggregate are:

Year	Capital Leases
2016	\$ 4,956
2017	4,956
2018	4,956
2019	4,956
2020	1,239
Total Future Minimum Lease Payments	21,063
Less: Executory Costs	0
Less: Amount Representing Interest	2,149
Present Value of Net Minimum Lease Payments	\$ 18,914

The interest rate included on the capitalized lease is 5.07%. The amount of interest cost incurred was \$838 in 2015, all of which was charged to operations.

Note 6 - Accrued Legal Obligation

During 2011, Senior Services settled a claim resulting from a lawsuit that was filed against the organization in a prior year. Terms of the agreement include payment of \$25,000 in 2011 and annual payments of \$20,000 for ten years beginning September 30, 2012, with the future payments being discounted.

Note 7 - Commitments and Contingencies

Senior Services receives a substantial amount of its support from federal and state governments. A significant reduction in the level of this support, if this were to occur, may have an effect on Senior Services' programs and activities. Grants require the fulfillment of certain conditions set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to grantors. Although this is a possibility, the Board deems the contingency remote, since by accepting the grants and their terms; it has accommodated the objectives of Senior Services to the provisions of the grants.

MARION SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)

Note 8 - Operating Leases

Senior Services entered into a lease with the City of Ocala in December 2006 for the use of additional land adjacent to land owned by Senior Services for overflow parking of vehicles used for transportation. The lease began January 2007 and expired December 2011, with an automatic renewal until terminated by one of the parties. Rent of \$5 was paid for the initial five-year term. Annual rent is \$1 beginning in 2012. The fair value of the rent has not been determined.

In 2013, Senior Services entered into an operating lease for a credit card terminal which expires in 2017. In 2014, Senior Services entered into an operating lease for a copier, which expires in 2017. Total lease expense for 2015 was \$3,222.

Year	Operating Leases
2016	\$ 2,963
2017	1,438
2018-2020	0
Total Future Minimum Lease Payments	\$ 4,401

Note 9 - Support from Transportation Services

State of Florida Commission for the Transportation Disadvantaged

Senior Services received a portion of its support from the Florida Commission for the Transportation Disadvantaged under Trip and Equipment Grant Agreements.

Contract No. ARG15, FM No. 43202718401/43202818401 14/15 provides for state funding of 90 percent and local funding of 10 percent, and includes support for non-sponsored trips and capital equipment.

	2014-2015 Contract Budget	2015 Actual	2014 Actual
State Funds	\$ 822,167	\$ 456,372	\$ 365,795
Voluntary Dollar Contributions	49	49	0
Local Cash Match	91,352	50,713	40,644
In-kind Match	5	0	0
Total Project Costs	\$ 913,573	\$ 507,134	\$ 406,439

MARION SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)

Note 9 - Support from Transportation Services (Continued)

State of Florida Commission for the Transportation Disadvantaged (Concluded)

Contract No. GO174, FM No. 43202718401/43202818401 15/16 provides for state funding of 90 percent and local funding of 10 percent, and includes support for non-sponsored trips and capital equipment.

	2015-2016	2015
	Contract	Actual
	Budget	Actual
State Funds	\$ 822,167	\$ 411,137
Voluntary Dollar Contributions	49	0
Local Cash Match	91,352	45,682
In-kind Match	5	0
Total Project Costs	\$ 913,573	\$ 456,819

Contract No. ARP84, FM No. 41065618401 2015 provides for state funding of 90 percent and local funding of 10 percent, and includes support for capital equipment.

	2015	2015
	Contract	Actual
	Budget	Actual
State Funds	\$ 138,168	\$ 138,168
Local Cash Match	15,352	16,132
Total Project Costs	\$ 153,520	\$ 154,300

Florida Department of Transportation - Section 5311 Funds

Senior Services received a portion of its support from the State of Florida Department of Transportation under Contract No. AQQ65, Financial Project No. 424121-1-84-33; Federal Aid No. FL-18-X033 CFDA No. 20.509.

Contract No. AQQ65 is for administrative and operating assistance with the Federal Transit Administration (FTA) participation and local funds as listed below:

	2014-2015	2015	2014
	Contract	Actual	Actual
	Budget	Actual	Actual
FTA Participation	\$ 760,522	\$ 512,360	\$ 247,556
Local	760,522	512,360	247,556
Total Project Costs	\$ 1,521,044	\$ 1,024,720	\$ 495,112

Senior Services received a portion of its support from the State of Florida Department of Transportation under Contract No. AQQ65, Financial Project No. 424121-1-84-34; Federal Aid No. FL-18-X034 CFDA No. 20.509.

MARION SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Concluded)

Note 9 - Support from Transportation Services (Concluded)

Florida Department of Transportation - Section 5311 Funds (Concluded)

Contract No. AQQ65 is for administrative and operating assistance with the Federal Transit Administration (FTA) participation and local funds as listed below:

	2015-2016 Contract Budget	2015 Actual
FTA Participation	\$ 752,857	\$ 210,372
Local	752,857	210,372
Total Project Costs	\$ 1,505,714	\$ 420,744

Senior Services received a portion of its support from the State of Florida Department of Transportation through one grant under U.S.C. Section 5310, CFDA No. 20.513. The support for the grant was received in the form of five buses with total grant funding of \$346,126. Local funds of \$39,624 were used to meet the match requirements of the grant. Total project cost was \$385,750.

Note 10 - Designation of Unrestricted Net Assets

In 1994, the Board of Directors established a quasi-endowment fund. The principal designated by the Board and the revenues earned may be used at the Board's discretion. The principal and revenue are included with cash and cash equivalents at December 31, 2015. The change in the designated unrestricted net assets for the current year is as follows:

Designated Unrestricted Net Assets at January 1, 2015	\$ 177,128
Revenues Earned in 2015	576
Withdrawals in 2015	0
Designated Unrestricted Net Assets at December 31, 2015	\$ 177,704

Note 11 - Related Parties

Senior Services obtains health insurance from a company that employs one of its Board members. Senior Services' by-laws state that Board members should abstain from voting on any issues that would be a conflict of interest.

Note 12 - Subsequent Events

Senior Services is a defendant in a lawsuit filed in a personal injury case resulting from a traffic accident that involved one of the agency's buses. A claim has been filed with Senior Services' insurance carrier. Management believes that it is adequately insured in the event it is unsuccessful in defending against the claim.

**ADDITIONAL INFORMATION REQUIRED BY THE
DEPARTMENT OF ELDER AFFAIRS**

MARION SENIOR SERVICES, INC.
SCHEDULE OF FUNCTIONAL EXPENSES BY PROGRAM SERVICES
FOR THE YEAR ENDED DECEMBER 31, 2015,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014

	PROGRAM SERVICES					
	Adult Day Care	Case Management	Case Aide	Congregate Meals	Emergency Alert Response	Home Delivered Meals
Expenses						
Salaries	\$ 4,684	\$ 78,207	\$ 26,166	\$ 113,163	\$ 4,321	\$ 111,985
Payroll Taxes and Benefits	1,033	16,997	10,438	24,114	1,114	23,257
Travel	50	4,614	746	6,737	89	48,845
Building Space	55	3,968	1,121	5,885	115	4,771
Communications/Utilities	50	3,186	916	16,741	103	4,966
Printing/Supplies	41	127	139	3,372	43	4,038
Equipment	9	110	24	222	19	611
Insurance	0	0	0	10,583	0	980
Meals	0	0	0	117,751	0	187,062
Service Subcontracts	34,299	0	0	0	9,135	0
Depreciation	0	0	0	0	0	0
Vehicle Related Expenses	0	0	0	0	0	0
Other Costs	39	139	124	1,509	36	3,938
In-kind Salaries and Building Space	3,919	10,818	2,970	36,857	2,555	55,036
Total Expenses	<u>44,179</u>	<u>118,166</u>	<u>42,644</u>	<u>336,934</u>	<u>17,530</u>	<u>445,489</u>
Allocation of Management and General	<u>15,335</u>	<u>41,015</u>	<u>14,802</u>	<u>116,950</u>	<u>6,085</u>	<u>154,628</u>
Total Expenses After Allocation	<u>\$ 59,514</u>	<u>\$ 159,181</u>	<u>\$ 57,446</u>	<u>\$ 453,884</u>	<u>\$ 23,615</u>	<u>\$ 600,117</u>
Total Units	5,696	3,192	1,025	26,817	13,050	41,338

PROGRAM SERVICES

In Home Services									
Personal Care	Companionship	Home Health		Homemaker	Respite In Home	Respite In Facility	Nutrition Education	Outreach	
		Aide							
\$ 7,321	\$ 2,994	\$ 222	\$ 24,415	\$ 18,046	\$ 9,718	\$ 4,091	\$ 5,325		
1,588	609	31	5,551	5,571	3,008	865	1,161		
76	85	9	487	208	178	255	335		
108	89	4	550	286	36	97	126		
95	78	3	481	254	33	484	643		
97	36	0	281	223	20	0	0		
24	0	0	98	53	5	0	0		
0	0	0	0	0	0	392	522		
0	0	0	0	0	0	0	0		
88,988	10,541	14,480	335,697	352,732	10,903	0	0		
0	0	0	0	0	0	0	0		
0	0	0	0	0	0	0	0		
81	8	0	222	215	25	217	61		
<u>14,151</u>	<u>1,519</u>	<u>2,044</u>	<u>49,691</u>	<u>28,484</u>	<u>0</u>	<u>874</u>	<u>1,837</u>		
112,529	15,959	16,793	417,473	406,072	23,926	7,275	10,010		
<u>39,059</u>	<u>5,539</u>	<u>5,829</u>	<u>144,905</u>	<u>140,948</u>	<u>8,305</u>	<u>2,525</u>	<u>3,474</u>		
<u>\$ 151,588</u>	<u>\$ 21,498</u>	<u>\$ 22,622</u>	<u>\$ 562,378</u>	<u>\$ 547,020</u>	<u>\$ 32,231</u>	<u>\$ 9,800</u>	<u>\$ 13,484</u>		
5,028	638	815	23,378	24,046	1,674	2,481	878		

MARION SENIOR SERVICES, INC.
SCHEDULE OF FUNCTIONAL EXPENSES BY PROGRAM SERVICES
FOR THE YEAR ENDED DECEMBER 31, 2015
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014
(Concluded)

	PROGRAM SERVICES							
	Screening/ Assessment	Supplemental Services	Support Groups	Material Aid	Specialized Medical Equipment, Services, and Supplies	Total Other DOEA Services	Non-DOEA Related Services	
Expenses (Concluded)								
Salaries	\$ 54,885	\$ 0	\$ 3,134	\$ 0	\$ 0	\$ 468,677	\$ 1,009,374	
Payroll Taxes and Benefits	14,495	0	828	0	0	110,660	337,950	
Travel	5,910	0	59	0	0	68,683	23,039	
Building Space	1,563	0	128	0	0	18,902	4,718	
Communications/Utilities	1,521	0	102	337	0	29,993	9,696	
Printing/Supplies	356	0	6	681	0	9,460	9,630	
Equipment	87	0	0	0	0	1,262	480	
Insurance	262	0	0	0	0	12,739	327	
Meals	0	0	0	0	0	304,813	113,402	
Service Subcontracts	0	0	0	0	0	856,775	34,543	
Depreciation	0	0	0	0	0	0	0	
Vehicle Related Expenses	0	0	0	0	0	0	694,008	
Other Costs	337	17,099	82	0	21,270	45,402	51,641	
In-Kind Salaries and Building Space	<u>13,261</u>	<u>1,900</u>	<u>570</u>	<u>85</u>	<u>0</u>	<u>226,571</u>	<u>9,000</u>	
Total Expenses	<u>92,677</u>	<u>18,999</u>	<u>4,909</u>	<u>1,103</u>	<u>21,270</u>	<u>2,153,937</u>	<u>2,297,808</u>	
Allocation of Management and General	<u>32,168</u>	<u>6,595</u>	<u>1,704</u>	<u>383</u>	<u>7,383</u>	<u>747,632</u>	<u>797,569</u>	
Total Expenses After Allocation	<u>\$ 124,845</u>	<u>\$ 25,594</u>	<u>\$ 6,613</u>	<u>\$ 1,486</u>	<u>\$ 28,653</u>	<u>\$ 2,901,569</u>	<u>\$ 3,095,377</u>	
Total Units	2,554	68	110	6	107	N/A	N/A	

Services for Other DOE Programs	Total Program Costs	Unallowable Expenses	Management and General Admin/MIS	Total Supporting Services	2015 Totals	2014 Totals
\$ 0	\$ 1,478,051	\$ 0	\$ 515,760	\$ 515,760	\$ 1,993,811	\$ 2,136,453
0	448,610	0	112,155	112,155	560,765	653,573
0	91,722	0	2,746	2,746	94,468	95,210
0	23,620	0	30,025	30,025	53,645	58,640
0	39,689	0	27,519	27,519	67,208	68,234
0	19,090	0	43,486	43,486	62,576	74,790
0	1,742	0	1,798	1,798	3,540	11,550
0	13,066	0	159,957	159,957	173,023	168,723
0	418,215	0	0	0	418,215	512,303
0	891,318	0	0	0	891,318	822,578
0	0	0	528,681	528,681	528,681	458,805
0	694,008	0	0	0	694,008	1,056,259
13,475	110,518	0	127,751	127,751	238,269	260,090
<u>0</u>	<u>235,571</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>235,571</u>	<u>214,940</u>
13,475	4,465,220	0	1,549,878	1,549,878	6,015,098	6,592,148
<u>4,677</u>	<u>1,549,878</u>	<u>0</u>	<u>(1,549,878)</u>	<u>(1,549,878)</u>	<u>0</u>	<u>0</u>
<u>\$ 18,152</u>	<u>\$ 6,015,098</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,015,098</u>	<u>\$ 6,592,148</u>
N/A	N/A	N/A	N/A	N/A	N/A	N/A

**ADDITIONAL INFORMATION REQUIRED BY
UNIFORM GUIDANCE,
*GOVERNMENT AUDITING STANDARDS, AND
RULES OF THE AUDITOR GENERAL***

MARION SENIOR SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2015

<u>Grantor/Pass-Through Agency</u>	<u>CFDA/CSFA Number</u>	<u>Contract Grant Number</u>	<u>Expenditures</u>
<u>U.S. Department of Health and Human Services</u>			
Passed Through State of Florida Department of Elder Affairs			
Through Elder Options:			
Aging Cluster:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers Program IIIB	93.044	OAA-15-MAR	\$ 322,010
Special Programs for the Aging - Title III, Part C - Nutrition Services			
Program C-1	93.045	OAA-15-MAR	344,947
Program C-2	93.045	OAA-15-MAR	368,179
Nutrition Services Incentive Program			
10/1/2014 - 9/30/2015	93.053	NSIP-15-MAR	36,841
10/1/2015 - 9/30/2016	93.053	NSIP-16-MAR	8,851
Total Aging Cluster			<u>1,080,828</u>
National Family Caregiver Support, Title III, Part E	93.052	OAA-15-MAR	91,140
Low-Income Home Energy Assistance	93.568	EA-14-MAR	<u>12,351</u>
Total U.S. Department of Health and Human Services			<u><u>1,184,319</u></u>
<u>Federal Transit Administration</u>			
Passed Through Florida Department of Transportation:			
Formula Grants for Rural Areas (Section 5311)	20.509	AQQ65	512,360
	20.509	AQQ65	<u>210,372</u>
Total Formula Grants for Rural Areas			722,732
Enhanced Mobility of Seniors and Individuals with Disabilities (Section 5310)	20.513	FL-16-X008	<u>346,126</u>
Total Federal Transit Administration			<u><u>1,068,858</u></u>
<u>Corporation for National and Community Service</u>			
Passed through State of Florida Department of Elder Affairs:			
Senior Companion Program	94.016		1,207
	94.016		<u>563</u>
Total Senior Companion Program			<u>1,770</u>
Total Corporation for National and Community Service			<u><u>1,770</u></u>
Total Expenditures of Federal Awards			<u><u>\$ 2,254,947</u></u>

See accompanying notes.

MARION SENIOR SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

<u>Grantor/Pass-Through Agency</u>	<u>CFDA/CSFA Number</u>	<u>Contract Grant Number</u>	<u>Expenditures</u>
Passed Through State of Florida Department of Elder Affairs through Elder Options:			
Community Care for the Elderly	65.010	CCE-14-MAR	\$ 416,131
	65.010	CCE-15-MAR	490,785
Total Community Care for the Elderly			<u>906,916</u>
Alzheimer Model Day Care, Memory Disorder Clinics, and Alzheimer Special Projects	65.002	ADI-14-MAR	137,332
	65.002	ADI-15-MAR	98,652
Total Alzheimer Model Day Care, Memory Disorder Clinics, and Alzheimer Special Projects			<u>235,984</u>
Local Services Program	65.009	LSP-14-MAR	1,499
	65.009	LSP-15-MAR	16,075
Total Local Services Program			<u>17,574</u>
Home Care for the Elderly	65.001	HCE-14-MAR	22,405
	65.001	HCE-15-MAR	22,044
Total Home Care for the Elderly			<u>44,449</u>
State of Florida Commission for the Transportation Disadvantaged:			
Commission for the Transportation Disadvantaged (CTD) Trip and Equipment Grant Program	55.001	ARG15	456,421
	55.001	GO174	411,137
Shirley Conroy Rural Area Capital Assistance	55.001	ARP84	138,168
Total State of Florida Commission for the Transportation Disadvantaged			<u>1,005,726</u>
Total Expenditures of State Financial Assistance			<u>2,210,649</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u>\$ 4,465,596</u>

See accompanying notes.

MARION SENIOR SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2015
(Concluded)

OTHER INFORMATION

Significant accounting policies used in preparing the schedule of expenditures of federal awards and state financial assistance are disclosed in Note 1 beginning on page 10.

The amount of federally-supported insurance in effect during the year, and loans or loan guarantees outstanding at year-end is \$0.

Reconciliation of Schedule of Expenditures of Federal Awards and State Financial Assistance to the Statement of Activities:

Total Federal Awards and State Financial Assistance	\$ 4,465,596
Additional Federal and State Funds not Included on Schedule of Expenditures of Federal Awards and State Financial Assistance:	
CTD Medicaid Non-emergency Transportation	34,998
Community Care for Disabled Adults	<u>2,756</u>
Total Federal and State Funds	<u><u>\$ 4,503,350</u></u>
Presented in the Accompanying Statement of Activities as Federal and State Funds	<u><u>\$ 4,503,350</u></u>

See accompanying notes.

**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***

To the Board of Directors of
Marion Senior Services, Inc.
Ocala, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Marion Senior Services, Inc. (a nonprofit organization), which are comprised of the statement of financial position as of December 31, 2015, related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 5, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Marion Senior Services, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Marion Senior Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Marion Senior Services, Inc.'s 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 the entity's 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. Given these limitations during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Certified Public Accountants

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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

To the Board of Directors of
Marion Senior Services, Inc.
Ocala, Florida

**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*
(Concluded)**

Compliance and Other Matters

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

Purpose of this Report

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

Durvis, Gray and Company, LLP

April 5, 2016
Ocala, Florida

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL

To the Board of Directors of
Marion Senior Services, Inc.
Ocala, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited Marion Senior Services, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the *Florida Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of Marion Senior Services, Inc.'s major federal programs and state projects for the year ended December 31, 2015. Marion Senior Services, Inc.'s major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Marion Senior Services, Inc.'s major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). Those standards, the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program and state project occurred. An audit includes examining, on a test basis, evidence about Marion Senior Services, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of Marion Senior Services, Inc.'s compliance.

Certified Public Accountants

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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

To the Board of Directors of
Marion Senior Services, Inc.
Ocala, Florida

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL
(Concluded)

Opinion on Each Major Federal Program and State Project

In our opinion, Marion Senior Services, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended December 31, 2015.

Report on Internal Control Over Compliance

Management of Marion Senior Services, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Marion Senior Services, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Marion Senior Services, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program and state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program and state project 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 and state project 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Durvis, Gray and Company, LLP

April 5, 2016
Ocala, Florida

MARION SENIOR SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS PROGRAMS AND
STATE FINANCIAL ASSISTANCE PROJECTS
IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND
THE RULES OF THE AUDITOR GENERAL
FOR THE YEAR ENDED DECEMBER 31, 2015

PART A - SUMMARY OF AUDITORS' RESULTS

1. The independent auditors' report expresses an unmodified opinion on the financial statements of Marion Senior Services, Inc. as of and for the year ended December 31, 2015.
2. No significant deficiencies relating to the audit of the financial statements are reported in the report on internal control over financial reporting and on compliance and other matters based on an audit of basic financial statements of Marion Senior Services, Inc. No material weaknesses were identified.
3. No instances of noncompliance material to the financial statements of Marion Senior Services, Inc. were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal programs or state projects are reported in the report on compliance with requirements applicable to each major federal program and state project and on internal control over compliance in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, *Rules of the Auditor General*. No material weaknesses were identified.
5. The auditors' report on compliance for the major federal programs and state projects for Marion Senior Services, Inc. expresses an unmodified opinion.
6. The audit disclosed no findings related to federal programs and state projects required to be disclosed under Uniform Guidance and Chapter 10.650, *Rules of the Auditor General* for Marion Senior Services, Inc.
7. The programs tested as major federal programs and major state projects included:
 - **Federal Programs**
 - U.S. Department of Health and Human Services:
 - ▶ Programs for Aging Cluster
 - Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers; CFDA No. 93.044
 - Special Programs for the Aging – Title III, Part C – Nutrition Services; CFDA No. 93.045
 - Nutrition Services Incentive Program; CFDA No. 93.053
 - **State Projects**
 - State of Florida Commission for the Transportation Disadvantaged:
 - ▶ Trip and Equipment Grant Program and the Shirley Conroy Rural Area Capital Assistance Support Grant Program; CSFA No. 55.001
 - State of Florida Department of Elder Affairs:
 - ▶ Community Care for the Elderly; CSFA No. 65.010

MARION SENIOR SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS PROGRAMS AND
STATE FINANCIAL ASSISTANCE PROJECTS
IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND
THE RULES OF THE AUDITOR GENERAL
FOR THE YEAR ENDED DECEMBER 31, 2015
(Concluded)

PART A - SUMMARY OF AUDITORS' RESULTS *(Concluded)*

8. The threshold for distinguishing Type A and Type B federal programs was \$750,000 and the threshold for state projects was \$300,000.
9. The auditee qualifies as a low-risk auditee pursuant to Uniform Guidance. This does not apply to state financial assistance projects.

PART B - FINDINGS - FINANCIAL STATEMENTS

There were no current year findings.

PART C - FINDINGS AND QUESTIONED COSTS

There were no current year findings.

PART D - OTHER ISSUES

No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to federal programs or state projects.

No management letter is required because there were no findings required to be reported in a management letter.