

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

DECEMBER 31, 2017

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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, 2017, 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, 2017, 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

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309
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 2016 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated April 6, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, 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 May 9, 2018, 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.

Durvis, Gray and Company, LLP

May 9, 2018
Ocala, Florida

FINANCIAL STATEMENTS

MARION SENIOR SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017,
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2016

ASSETS

	<u>2017</u>	<u>2016</u>
Current Assets		
Cash and Cash Equivalents	\$ 3,097,080	\$ 3,097,121
Grants Receivable	707,837	732,237
Accounts Receivable	88,303	100,063
Investments	10,951	10,951
Prepaid Expenses	73,625	76,078
Total Current Assets	<u>3,977,796</u>	<u>4,016,450</u>
Property and Equipment,		
Net of Accumulated Depreciation	111,549	86,225
Property and Equipment Temporarily		
Restricted for Federal and State Programs,		
Net of Accumulated Depreciation	<u>2,396,301</u>	<u>2,292,902</u>
Total Assets	<u><u>6,485,646</u></u>	<u><u>6,395,577</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	201,720	186,678
Accrued Expenses	125,429	117,288
Deferred Revenues	44,477	36,840
Current Portion of Accrued Legal Obligation	14,039	12,851
Current Portion of Obligations Under Capital Leases	7,044	3,937
Total Current Liabilities	<u>392,709</u>	<u>357,594</u>
Long-term Liabilities		
Accrued Legal Obligation, Net of Current Portion	60,000	80,000
Less Unamortized Discount	(9,599)	(15,560)
Obligations Under Capital Leases, Net of Current Portion	16,961	10,885
Total Long-term Liabilities	<u>67,362</u>	<u>75,325</u>
Total Liabilities	<u>460,071</u>	<u>432,919</u>
Net Assets		
Unrestricted	2,474,551	2,642,383
Temporarily Restricted, Operating	1,154,723	1,027,373
Temporarily Restricted, Fixed Assets	2,396,301	2,292,902
Total Net Assets	<u>6,025,575</u>	<u>5,962,658</u>
Total Liabilities and Net Assets	<u><u>\$ 6,485,646</u></u>	<u><u>\$ 6,395,577</u></u>

See accompanying notes.

MARION SENIOR SERVICES, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016

	Unrestricted Fund	Temporarily Restricted		2017	2016
		Operating	Fixed Assets		
Support and Revenue					
Federal and State Funds	\$ 4,349,191	\$ 0	\$ 0	\$ 4,349,191	\$ 4,075,807
Client Contributions and Fees	147,528	0	0	147,528	148,828
Client Co-pay	32,524	0	0	32,524	39,021
Other Contributions	125,626	0	0	125,626	105,798
In-kind Contributions	236,441	0	0	236,441	213,140
MSS Transportation Contracts	388,935	127,350	0	516,285	719,600
County Commission Funds	853,375	0	0	853,375	790,001
United Way	94,964	0	0	94,964	92,293
Preferred Care Fees	58,322	0	0	58,322	74,376
Managed Long-term Care	43,936	0	0	43,936	31,467
Interest and Dividends	4,183	0	0	4,183	3,180
Other Income	54,402	0	0	54,402	54,331
Gain on Disposition of Assets	17,960	0	0	17,960	1,662
Total Support and Revenue	6,407,387	127,350	0	6,534,737	6,349,504
Expenses					
Transportation Services	3,088,277	0	0	3,088,278	2,975,647
Support Services Title IIIB	408,000	0	0	408,000	337,832
Congregate Meals Title IIIC-1	417,191	0	0	417,191	395,789
Home Delivered Meals Title IIIC-2	534,396	0	0	534,394	511,754
Family Caregiver Support Title IIIE	110,903	0	0	110,903	121,435
Emergency Energy Assistance Title XXVI	77,638	0	0	77,638	66,000
Community Care for the Elderly	1,039,822	0	0	1,039,823	895,111
Alzheimer's Disease Initiative	268,801	0	0	268,801	269,015
Home Care for the Elderly	55,473	0	0	55,473	45,989
Local Services Program	7,784	0	0	7,784	29,761
Community Care for Disabled Adults	1,024	0	0	1,024	998
CDBG Service Facility	44,448	0	0	44,448	44,447
Volunteer Program	52,216	0	0	52,215	43,324
Meals on Wheels	164,360	0	0	164,362	154,072
Preferred Care	98,992	0	0	98,993	118,681
Managed Long-term Care	47,462	0	0	47,462	39,314
Other Program Services	55,033	0	0	55,031	59,551
Total Expenses	6,471,820	0	0	6,471,820	6,108,720
Change in Net Assets Before Changes in Property and Equipment	(64,433)	127,350	0	62,917	240,784
Net Changes in Property and Equipment	(103,399)	0	103,399	0	0
Changes in Net Assets	(167,832)	127,350	103,399	62,917	240,784
Net Assets, Beginning of Year	2,642,383	1,027,373	2,292,902	5,962,658	5,721,874
Net Assets, End of Year	\$ 2,474,551	\$ 1,154,723	\$ 2,396,301	\$ 6,025,575	\$ 5,962,658

See accompanying notes.

MARION SENIOR SERVICES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016

Expenses	Transportation Services	Support Services Title IIB	Congregate Meals Title IIC-1	Home Delivered Meals Title IIC-2
Salaries and Benefits	\$ 1,703,718	\$ 148,235	\$ 202,258	\$ 204,021
In-kind Salaries	0	0	0	23,580
Travel	4,118	9,024	5,777	42,885
Building Space	18,825	2,643	6,784	3,826
In-kind Building Space	0	38,390	35,350	23,941
Communications and Utilities	28,123	3,004	20,722	4,994
Printing and Supplies	44,744	4,672	7,681	7,736
Meals	0	0	119,275	202,661
Emergency Energy Assistance	0	0	0	0
Equipment	1,686	238	282	269
Insurance	128,263	3,073	8,200	5,938
Fuel	298,884	0	0	0
Vehicle Expenditures	413,976	0	0	0
Service Subcontracts	0	192,983	0	0
Other Indirect Costs	97,888	5,738	9,175	13,568
Depreciation	348,052	0	1,687	977
Total Expenses	\$ 3,088,277	\$ 408,000	\$ 417,191	\$ 534,396

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
\$ 48,275	\$ 13,084	\$ 244,047	\$ 54,767	\$ 27,071	\$ 2,918
9,132	0	97,048	0	0	0
1,320	531	15,062	1,398	597	22
592	0	5,229	1,368	488	59
0	0	0	0	0	0
615	0	5,791	1,411	500	70
2,015	50	11,865	1,250	26,480	186
0	0	44,442	0	0	0
0	63,929	0	0	0	0
59	9	325	192	3	24
1,153	0	14,942	399	39	22
0	0	0	0	0	0
0	0	0	0	0	0
29,980	0	554,482	206,456	0	4,326
17,762	35	46,271	1,560	295	157
0	0	318	0	0	0
<u>\$ 110,903</u>	<u>\$ 77,638</u>	<u>\$ 1,039,822</u>	<u>\$ 268,801</u>	<u>\$ 55,473</u>	<u>\$ 7,784</u>

See accompanying notes.

MARION SENIOR SERVICES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016
(Concluded)

	Community Care for Disabled Adults	CDBG Service Facility	Volunteer Program	Meals on Wheels
Expenses (Concluded)				
Salaries and Benefits	\$ 0	\$ 0	\$ 35,969	\$ 69,591
In-kind Salaries	0	0	0	9,000
Travel	0	0	88	11,959
Building Space	0	0	786	1,308
In-kind Building Space	0	0	0	0
Communications and Utilities	0	0	993	1,762
Printing and Supplies	0	0	1,261	1,985
Meals	1,024	0	0	58,142
Emergency Energy Assistance	0	0	0	0
Equipment	0	0	268	17
Insurance	0	0	1,915	2,132
Fuel	0	0	0	0
Vehicle Expenditures	0	0	0	0
Service Subcontracts	0	0	0	0
Other Indirect Costs	0	0	10,936	7,695
Depreciation	0	44,448	0	769
Total Expenses	\$ 1,024	\$ 44,448	\$ 52,216	\$ 164,360

See accompanying notes.

Preferred Care	Managed Long-term Care	Other Program Services	2017 Totals	2016 Totals
\$ 43,156	\$ 13,244	\$ 7,849	\$ 2,818,203	\$ 2,675,064
0	0	0	138,760	118,849
7,176	4,190	0	104,147	100,524
812	387	(291)	42,816	55,320
0	0	0	97,681	93,687
894	430	588	69,897	66,045
1,621	159	989	112,694	60,597
25,715	28,581	0	479,840	475,882
0	0	0	63,929	56,587
36	3	880	4,291	36,591
749	82	0	166,907	195,920
0	0	0	298,884	278,129
0	0	0	413,976	346,109
16,736	0	0	1,004,963	873,383
2,097	386	31,136	244,699	236,361
0	0	13,882	410,133	439,672
<u>\$ 98,992</u>	<u>\$ 47,462</u>	<u>\$ 55,033</u>	<u>\$ 6,471,820</u>	<u>\$ 6,108,720</u>

See accompanying notes.

MARION SENIOR SERVICES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016

	2017	2016
Cash Flows from Operating Activities		
Change in Net Assets Before Fixed Asset Acquisitions	\$ 62,917	\$ 240,784
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	410,133	439,672
Loss (Gain) on Disposed Assets	807	(1,662)
Amortization of Legal Obligation	7,149	8,237
Noncash Assistance, Vehicles	(316,908)	0
Funds Restricted for Fixed Asset Acquisitions	(103,100)	(138,074)
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Grants Receivable	24,400	(224,338)
(Increase) Decrease in Accounts Receivable	11,760	(9,733)
(Increase) Decrease in Prepaid Expenses	2,453	(62,225)
Increase (Decrease) in Accounts Payable	15,042	42,233
Increase (Decrease) in Accrued Annual Leave	7,850	6,469
Increase (Decrease) in Accrued Payroll and Payroll Liabilities	291	17,993
Increase (Decrease) in Deferred Revenues	7,637	(155,047)
Net Cash Provided by (Used in) Operating Activities	130,431	164,309
Cash Flows from Investing Activities		
Proceeds from Sale of Assets	18,768	2,000
Purchase of Equipment	(227,623)	(158,349)
Net Cash Provided by (Used in) Investing Activities	(208,855)	(156,349)
Cash Flows from Financing Activities		
Payments on Capital Leases	(4,717)	(4,092)
Payment on Legal Obligation	(20,000)	(20,000)
Proceeds Restricted for Fixed Asset Acquisitions	103,100	138,074
Net Cash Provided by (Used in) Financing Activities	78,383	113,982
Net Increase (Decrease) in Cash and Cash Equivalents	(41)	121,942
Cash and Cash Equivalents, Beginning of Year	3,097,121	2,975,179
Cash and Cash Equivalents, End of Year	\$ 3,097,080	\$ 3,097,121
<u>Supplemental Disclosure of Cash Flow Information</u>		
Cash Paid During the Year for Interest	\$ 710	\$ 864

Supplemental Disclosure of Noncash Investing and Financial Activities

Marion Senior Services capitalized \$13,900 in leased equipment and recorded a corresponding obligation in 2017.

Noncash investing activities include noncash assistance from the Florida Department of Transportation for vehicles in the amount of \$316,908.

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, 2017

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 (the Board) made up of individuals who are nominated by a nominating committee and elected by the Board.

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 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.

MARION SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

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 \$138,761 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 \$97,681 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 2014. 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, 2017, 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 money market and checking accounts.

The checking and money market accounts are covered by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The uninsured balance in the checking accounts at December 31, 2017, is \$1,698,744.

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, 2017. 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.

MARION SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

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, 2016, 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, 2017:

Petty Cash	\$ 220
Checking Accounts	1,912,804
Money Market Accounts	<u>1,184,056</u>
Total	<u>\$ 3,097,080</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, 2017, Senior Services contributed \$80,063 to the Plan for covered employees.

MARION SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017
(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, 2017			Balance December 31, 2017		
	2017	Additions	Deletions	2017		
Preferred Care	\$ 322	\$ 278	\$ 0	\$ 600		
Meals on Wheels	5,914	1,055	0	6,969		
Service Facility	105,861	0	0	105,861		
General Use	125,893	39,449	(18,103)	147,239		
Accumulated Depreciation	(151,765)	(14,651)	17,296	(149,120)		
Total	\$ 86,225	\$ 26,131	\$ (807)	\$ 111,549		

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, 2017			Balance December 31, 2017		
	2017	Additions	Deletions	2017		
CCE General Administration	\$ 25,238	\$ 3,215	\$ 0	\$ 28,453		
Alzheimer's Disease Initiative	1,168	243	0	1,411		
Community Care for Disabled Adults	152	0	0	152		
Title III B	7,980	973	0	8,953		
Title III C-1	33,895	11,121	(167)	44,849		
Title III C-2	32,373	3,023	(12,984)	22,412		
Title III E	438	347	0	785		
Title III F	1,520	0	0	1,520		
Local Services Program	111	69	0	180		
CDBG Service Facility	2,009,890	0	0	2,009,890		
Transportation Services	3,613,748	479,680	(295,766)	3,797,662		
Volunteer Program	470	209	0	679		
Accumulated Depreciation	(3,434,081)	(395,481)	308,917	(3,520,645)		
Total	\$ 2,292,902	\$ 103,399	\$ 0	\$ 2,396,301		

MARION SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017
(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. Senior Services entered into a capital lease for one color copier which expires in 2023. 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 \$33,949 and \$23,584, respectively, at December 31, 2017. 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, 2017, for each of the next five years and in the aggregate are:

Year	Capital Leases
2018	\$ 7,788
2019	7,788
2020	4,071
2021	2,832
2022-2023	3,068
Total Future Minimum Lease Payments	25,547
Less: Executory Costs	0
Less: Amount Representing Interest	(1,542)
Present Value of Net Minimum Lease Payments	\$ 24,005

The total present value of net minimum lease payments of \$24,005 is presented in the accompanying financial statements as \$7,044 as the current portion and \$16,961 as the long-term portion.

The interest rate included on the capitalized lease is 5.07%. The amount of interest cost incurred was \$710 in 2017, 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, 2017
(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. The lease is now month to month. In 2014, Senior Services entered into an operating lease for a copier, which expired in 2017. Total lease expense for 2017 was \$3,222.

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. GOB83, FM No. 43202718401/43202818401 16/17 provides for state funding of 90 percent and local funding of 10 percent, and includes support for non-sponsored trips and capital equipment.

	2016-2017	2017	2016
	Contract	Actual	Actual
	Budget		
State Funds	\$ 933,860	\$ 466,778	\$ 467,082
Voluntary Dollar Contributions	150	150	0
Local Cash Match	103,762	51,864	51,898
In-kind Match	17	17	0
Total Project Costs	\$ 1,037,789	\$ 518,809	\$ 518,980

Contract No. G0M62, FM No. 43202718401/43202818401 17/18 provides for state funding of 90 percent and local funding of 10 percent, and includes support for non-sponsored trips and capital equipment.

	2017-2018	2017
	Contract	Actual
	Budget	
State Funds	\$ 724,293	\$ 282,755
2017-18 Legislative Proviso Funds	86,614	0
Voluntary Dollar Contributions	101	0
Local Cash Match	90,101	31,417
In-kind Match	10	10
Total Project Costs	\$ 901,119	\$ 314,182

MARION SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017
(Continued)

Note 9 - Support from Transportation Services (Continued)

State of Florida Commission for the Transportation Disadvantaged (Concluded)

Contract No. GOG21, FM No. 41065618401 2017 provides the state funding of 90 percent and local funding of 10 percent, and includes support for capital equipment.

	2017	2017
	Contract	Actual
	Budget	Actual
State Funds	\$ 56,779	\$ 56,779
Local Cash Match	6,309	6,309
Total Project Costs	<u>\$ 63,088</u>	<u>\$ 63,088</u>

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. 424121-1-84-34; Federal Aid No. FL-18-X034 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:

	2016-2017	2017	2016
	Contract	Actual	Actual
	Budget	Actual	Actual
FTA Participation	\$ 770,718	\$ 623,552	\$ 147,165
Local	770,718	623,552	147,165
Total Project Costs	<u>\$ 1,541,436</u>	<u>\$ 1,247,104</u>	<u>\$ 294,330</u>

Senior Services received a portion of its support from the State of Florida Department of Transportation under Contract No. G0Q89, Financial Project No. 433312-1-84-36; CFDA No. 20.509.

Contract No. G0Q89 is for administrative and operating assistance with the FTA participation and local funds as listed below:

	2017-2018	2017
	Contract	Actual
	Budget	Actual
FTA Participation	\$ 774,658	\$ 96,158
Local	774,658	96,158
Total Project Costs	<u>\$ 1,549,316</u>	<u>\$ 192,316</u>

MARION SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017
(Concluded)

Note 9 - Support from Transportation Services (Concluded)

Florida Department of Transportation - Section 5310 Funds

Contract No. G0G31 is for procurement of scheduling software with the FTA participation and local funds as listed below:

	2016-2017 Contract Budget	2017 Actual	2016 Actual
FTA Participation	\$ 225,000	\$ 4,320	\$ 220,131
Local	25,000	480	24,459
Total Project Costs	\$ 250,000	\$ 4,800	\$ 244,590

Contract No. 1001-2017-15 is for procurement of 5 New Cutaway buses with Cameras/Tablets with the FTA participation and local funds as listed below:

	2017-2018 Contract Budget	2017 Actual
FTA Participation	\$ 409,145	\$ 316,908
Local	45,460	35,212
Total Project Costs	\$ 454,605	\$ 352,120

Note 10 - Designation of Unrestricted Net Assets

In 1994, the Board 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, 2017. The change in the designated unrestricted net assets for the current year is as follows:

Designated Unrestricted Net Assets at January 1, 2017	\$ 178,374
Revenues Earned in 2017	740
Withdrawals in 2017	<u>0</u>
Designated Unrestricted Net Assets at December 31, 2017	\$ <u>179,114</u>

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.

**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, 2017,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016

	PROGRAM SERVICES					
	Adult Day Care	Case Management	Case Aide	Congregate Meals	Emergency Alert Response	Home Delivered Meals
Expenses						
Salaries	\$ 2,303	\$ 81,482	\$ 20,172	\$ 114,678	\$ 4,738	\$ 163,941
Payroll Taxes and Benefits	541	21,983	7,714	21,363	1,381	34,009
Travel	28	2,952	848	5,145	69	56,234
Building Space	40	1,976	859	5,747	98	3,830
Communications/Utilities	46	2,023	879	18,178	100	5,315
Printing/Supplies	39	136	154	2,647	63	3,790
Equipment	23	141	0	79	17	124
Insurance	0	0	0	10,105	0	936
Meals	0	0	0	119,275	0	276,708
Service Subcontracts	4,326	0	0	0	7,263	0
Depreciation	0	0	0	782	0	1,295
Vehicle Related Expenses	0	0	0	0	0	0
Other Costs	31	485	201	2,794	395	16,914
In-kind Salaries and Building Space	0	0	0	35,350	0	71,045
Total Expenses	<u>7,377</u>	<u>111,178</u>	<u>30,827</u>	<u>336,143</u>	<u>14,124</u>	<u>634,141</u>
Allocation of Management and General	<u>2,112</u>	<u>31,837</u>	<u>8,828</u>	<u>96,258</u>	<u>4,045</u>	<u>181,594</u>
Total Expenses After Allocation	<u>\$ 9,489</u>	<u>\$ 143,015</u>	<u>\$ 39,655</u>	<u>\$ 432,401</u>	<u>\$ 18,169</u>	<u>\$ 815,735</u>
Total Units						

PROGRAM SERVICES

In Home Services									
Personal Care	Companionship	Home Health Aide	Homemaker	Respite In Home	Respite In Facility	Nutrition Education	Outreach		
\$ 10,941	\$ 5,915	\$ 649	\$ 28,412	\$ 38,936	\$ 4,324	\$ 4,233	\$ 17,689		
2,833	1,456	229	0	12,366	1,121	841	0		
197	180	103	7,795	3,490	62	197	402		
168	140	6	1,358	414	56	28	35		
171	143	7	565	419	57	413	548		
172	53	5	579	412	68	55	311		
63	7	0	370	134	48	0	0		
0	0	0	112	0	0	374	499		
0	0	0	0	0	0	0	0		
112,195	36,787	60,773	372,028	375,577	19,278	0	0		
0	0	0	0	0	0	0	0		
0	0	0	0	0	0	0	0		
127	96	1	257	308	47	274	397		
0	0	0	111,915	7,466	0	0	0		
126,867	44,777	61,773	523,391	439,522	25,061	6,415	19,881		
36,330	12,822	17,689	149,878	125,862	7,176	1,837	5,693		
<u>\$ 163,197</u>	<u>\$ 57,599</u>	<u>\$ 79,462</u>	<u>\$ 673,269</u>	<u>\$ 565,384</u>	<u>\$ 32,237</u>	<u>\$ 8,252</u>	<u>\$ 25,574</u>		

MARION SENIOR SERVICES, INC.
SCHEDULE OF FUNCTIONAL EXPENSES BY PROGRAM SERVICES
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016
(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	\$ 59,602	\$ 0	\$ 4,114	\$ 0	\$ 0	\$ 562,129	\$ 1,124,371
Payroll Taxes and Benefits	19,350	0	1,164	0	0	126,351	318,797
Travel	7,444	0	108	0	0	85,254	19,480
Building Space	1,417	0	69	0	0	16,241	3,445
Communications/Utilities	1,708	0	71	0	0	30,643	10,473
Printing/Supplies	251	0	81	0	0	8,816	17,454
Equipment	0	0	0	0	0	1,006	1,282
Insurance	249	0	0	0	0	12,275	2,881
Meals	0	0	0	0	0	395,983	83,856
Service Subcontracts	0	0	0	0	0	988,227	16,736
Depreciation	0	0	0	0	0	2,077	769
Vehicle Related Expenses	0	0	0	0	0	0	722,651
Other Costs	568	21,856	925	24,777	25,870	96,323	78,412
In-Kind Salaries and Building Space	0	1,666	0	0	0	227,442	0
Total Expenses	90,589	23,522	6,532	24,777	25,870	2,552,767	2,400,607
Allocation of Management and General	25,941	6,736	1,871	7,095	7,406	731,010	687,438
Total Expenses After Allocation	\$ 116,530	\$ 30,258	\$ 8,403	\$ 31,872	\$ 33,276	\$ 3,283,777	\$ 3,088,045
Total Units							

Services for Other DOE Programs	Total Program Costs	Unallowable Expenses	Management and General Admin/MIS	Total Supporting Services	2017 Totals	2016 Totals
\$ 9,356.00	\$ 1,695,856	\$ 0	\$ 529,502	\$ 529,502	\$ 2,225,358	\$ 2,118,748
3,728	448,876	0	136,257	136,257	585,133	556,316
531	105,265	0	5,235	5,235	110,500	100,524
0	19,686	0	23,925	23,925	43,611	55,320
0	41,116	0	28,766	28,766	69,882	66,045
36	26,306	0	60,191	60,191	86,497	60,597
9	2,297	0	1,999	1,999	4,296	36,591
0	15,156	0	151,861	151,861	167,017	195,920
0	479,839	0	0	0	479,839	475,882
0	1,004,963	0	0	0	1,004,963	873,383
0	2,846	0	407,288	407,288	410,134	439,672
0	722,651	0	0	0	722,651	624,238
64,077	238,812	0	95,685	95,685	334,497	292,948
0	227,442	0	0	0	227,442	212,536
77,737	5,031,111	0	1,440,709	1,440,709	6,471,820	6,108,720
22,261	1,440,709	0	(1,440,709)	(1,440,709)	0	0
\$ 99,998	\$ 6,471,820	\$ 0	\$ 0	\$ 0	\$ 6,471,820	\$ 6,108,720
					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, 2017

<u>Grantor/Pass-Through Agency</u>	<u>CFDA/CSFA Number</u>	<u>Contract Grant Number</u>	<u>Expenditures</u>
<u>Federal Transit Administration</u>			
Passed Through Florida Department of Transportation:			
Formula Grants for Rural Areas (Section 5311)	20.509	GOQ89	\$ 96,158
Formula Grants for Rural Areas (Section 5311)	20.509	AQQ65	623,552
Enhanced Mobility of Seniors and Individuals with Disabilities (Section 5310)	20.513	GOG31	4,350
Enhanced Mobility of Seniors and Individuals with Disabilities (Section 5310)	20.513	1001-2017-15	316,878
Total Federal Transit Administration			<u>1,040,938</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-17-MSS	345,247
Special Programs for the Aging - Title III, Part C - Nutrition Services			
Program C-1	93.045	OAA-17-MSS	318,143
Program C-2	93.045	OAA-17-MSS	427,685
Nutrition Services Incentive Program 1/1/2017 - 12/31/2017	93.053	NSIP-17-MAR	55,717
Total Aging Cluster			<u>1,146,792</u>
National Family Caregiver Support, Title III, Part E	93.052	OAA-17-MSS	81,908
Low-Income Home Energy Assistance	93.568	EA-17-MSS	74,951
Total U.S. Department of Health and Human Services			<u>1,303,651</u>
<u>Corporation for National and Community Service</u>			
Passed through State of Florida Department of Elder Affairs:			
Senior Companion Program	94.016	FSC17	300
Senior Companion Program	94.016	FSC18	219
Total Senior Companion Program			<u>519</u>
Total Corporation for National and Community Service			<u>519</u>
Total Expenditures of Federal Awards			<u>\$ 2,345,108</u>
Passed Through State of Florida Department of Elder Affairs through Elder Options:			
Community Care for the Elderly	65.010	CCE-16-MSS	\$ 436,756
	65.010	CCE-17-MSS	436,684
Total Community Care for the Elderly			<u>873,440</u>
Alzheimer Model Day Care, Memory Disorder Clinics, and Alzheimer Special Projects	65.002	ADI-16-MSS	124,358
	65.002	ADI-17-MSS	139,952
Total Alzheimer Model Day Care, Memory Disorder Clinics, and Alzheimer Special Projects			<u>264,310</u>

MARION SENIOR SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2017
(Concluded)

<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: (Concluded)			
Local Services Program	65.009	LSP-17-MSS	\$ 6,186
Total Local Services Program			<u>6,186</u>
Home Care for the Elderly	65.001	HCE-16-MSS	27,720
	65.001	HCE-17-MSS	18,277
Total Home Care for the Elderly			<u>45,997</u>
State of Florida Commission for the Transportation Disadvantaged:			
Commission for the Transportation Disadvantaged (CTD) Trip and			
Equipment Grant Program	55.001	GOB83	466,928
Equipment Grant Program	55.001	GOM62	282,755
Equipment Grant Program	55.001	GOG21	56,779
Total State of Florida Commission for the Transportation Disadvantaged			<u>806,462</u>
Total Expenditures of State Financial Assistance			<u>1,996,395</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u>\$ 4,341,503</u>
<u>OTHER INFORMATION:</u>			
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.			
Marion Senior Services, Inc. did not elect to use the 10% de minimis indirect cost rate as covered in 200.414, <i>Indirect (F&A)</i> costs, of the Uniform Guidance.			
Reconciliation of Schedule of Expenditures of Federal Awards and State Financial Assistance to the Statement of Activities:			
Total Federal Awards and State Financial Assistance			\$ 4,341,503
Additional Federal and State Funds not Included on Schedule of Expenditures of Federal Awards and State Financial Assistance:			
Community Care for Disabled Adults			1,544
Shirley Conroy Equip Grant (County Match)			6,144
Total Federal and State Funds			<u>\$ 4,349,191</u>
Presented in the Accompanying Statement of Activities as Federal and State Funds			<u>\$ 4,349,191</u>

**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, 2017, 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 May 9, 2018.

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

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309
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 communication is not suitable for any other purpose.

Purvis, Gray and Company, LLP

May 9, 2018
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, 2017. 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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Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309
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, 2017.

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.



May 9, 2018
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, 2017**

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of Auditors' Report Issued:	Unmodified
Internal Control Over Financial Reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards and State Projects

Internal Control over Major Programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of Auditors' Report Issued on Compliance for Major Programs:	Unmodified
Any Audit Findings Disclosed that are Required to be Reported in Accordance with CFR 200.516(A), or Chapter 10.557 for Local Government Entities, or 10.565 for Nonprofit and for-Profit Organizations?	No

Identification of Major Programs:

Federal Program or Cluster

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 Department of Transportation:	
Florida Commission for the Transportation Disadvantaged (CTD) Trip and Equipment 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, 2017
(Concluded)

SUMMARY OF AUDITORS' RESULTS
(Concluded)

Federal Awards and State Projects *(Concluded)*

Dollar Threshold Used to Distinguish Between Type A and Type B Programs – Federal Programs	\$ 750,000
Dollar threshold used to distinguish between Type A and Type B programs – State Projects	\$ 300,000
Auditee Qualified as Low-Risk Auditee Pursuant to the Uniform Guidance?	Yes

Other Issues

The following statement, as applicable to the situation, may be required in the Schedule of Findings and Questioned Costs:

- 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.