

**MARION SENIOR SERVICES, INC.
INDEPENDENT AUDITORS' REPORT,
FINANCIAL STATEMENTS, AND
ADDITIONAL INFORMATION
DECEMBER 31, 2018**

**MARION SENIOR SERVICES, INC.
INDEPENDENT AUDITORS' REPORT,
FINANCIAL STATEMENTS, AND
ADDITIONAL INFORMATION
DECEMBER 31, 2018**

TABLE OF CONTENTS

Independent Auditors' Report	1-2
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5-8
Statements of Cash Flows	9
Notes to Financial Statements	10-18
Additional Information Required by the Uniform Guidance, Government Auditing Standards, and Rules of the Auditor General	
Schedule of Expenditures of Federal Awards and State Financial Assistance.....	19-21
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 <i>Government Auditing Standards</i>	22-23
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, <i>Rules of the Auditor General</i>	24-25
Schedule of Findings and Questioned Costs Federal Awards Programs and State Financial Assistance Projects in Accordance with the Uniform Guidance and the <i>Rules of the Auditor General</i> for the Year Ended December 31, 2018.....	26-27

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, 2018, and the related statements of financial position, 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, 2018, 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
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350
1560 N. Orange Ave., Suite #450 • Winter Park, Florida 32789
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 2017 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated May 9, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

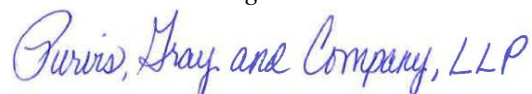
Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, 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.

Effect of Adopting New Accounting Standard

As discussed in Note 1, the Financial Accounting Standards Board recently issued Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958), which supersedes accounting standards that currently exist under generally accepted accounting principles and will improve the current net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's (NFP's) liquidity, financial performances, and cash flows.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2019, 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.



May 22, 2019
Ocala, Florida

MARION SENIOR SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018,
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2017

ASSETS

	2018	2017
Current Assets		
Cash and Cash Equivalents	\$ 2,716,124	\$ 3,097,080
Grants Receivable	826,486	707,837
Accounts Receivable	103,918	88,303
Investments	228,104	10,951
Prepaid Expenses	54,535	73,625
Total Current Assets	3,929,167	3,977,796
Property and Equipment, Net of Accumulated Depreciation	2,558,828	2,507,850
Total Assets	6,487,995	6,485,646

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	210,662	201,720
Accrued Expenses	130,378	125,429
Deferred Revenues	3,102	44,477
Current Portion of Accrued Legal Obligation	15,338	14,039
Current Portion of Obligations Under Capital Leases	6,938	7,044
Total Current Liabilities	366,418	392,709
Long-term Liabilities		
Accrued Legal Obligation, Net of Current Portion	40,000	60,000
Less Unamortized Discount	(4,937)	(9,599)
Obligations Under Capital Leases, Net of Current Portion	10,023	16,961
Total Long-term Liabilities	45,086	67,362
Total Liabilities	411,504	460,071
Net Assets		
Without Donor Restrictions	4,041,125	4,082,064
With Donor Restrictions	2,035,366	1,943,511
Total Net Assets	6,076,491	6,025,575
Total Liabilities and Net Assets	\$ 6,487,995	\$ 6,485,646

See accompanying notes.

MARION SENIOR SERVICES, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017

	Without Donor Restrictions	With Donor Restrictions	2018	2017
Support and Revenue				
Federal and State Funds	\$ 4,449,413	\$ 434,840	\$ 4,884,253	\$ 4,349,191
Client Contributions and Fees	147,390	0	147,390	147,528
Client Co-pay	86,982	0	86,982	32,524
Other Contributions	129,321	0	129,321	125,626
In-kind Contributions	257,298	0	257,298	236,441
MSS Transportation Contracts	397,699	0	397,699	516,285
County Commission Funds	907,901	0	907,901	853,375
United Way	94,163	0	94,163	94,964
Preferred Care Fees	45,411	0	45,411	58,322
Managed Long-term Care	37,613	0	37,613	43,936
Interest and Dividends	3,498	0	3,498	4,183
Other Income	46,781	15,000	61,781	54,402
Gain on Disposition of Assets	15,695	0	15,695	17,960
Gain (Loss) on Investments	(16,842)	0	(16,842)	0
Released from Restriction - Transportation	298,722	(298,722)	0	0
Released from Restriction - Building	59,263	(59,263)	0	0
Total Support and Revenue	6,960,308	91,855	7,052,163	6,534,737
Expenses				
Transportation Services	3,292,616	0	3,292,616	3,088,278
Support Services Title IIIB	457,853	0	457,853	408,000
Congregate Meals Title IIIC-1	431,444	0	431,444	417,191
Home Delivered Meals Title IIIC-2	530,527	0	530,527	534,394
Family Caregiver Support Title IIIE	141,659	0	141,659	110,903
Emergency Energy Assistance Title XXVI	89,113	0	89,113	77,638
Community Care for the Elderly	1,185,732	0	1,185,732	1,039,823
Alzheimer's Disease Initiative	343,684	0	343,684	268,801
Home Care for the Elderly	53,324	0	53,324	55,473
Local Services Program	23,991	0	23,991	7,784
Community Care for Disabled Adults	1,019	0	1,019	1,024
CDBG Service Facility	44,448	0	44,448	44,448
Volunteer Program	55,957	0	55,957	52,215
Meals on Wheels	158,695	0	158,695	164,362
Preferred Care	81,872	0	81,872	98,993
Managed Long-term Care	43,862	0	43,862	47,462
Other Program Services	65,451	0	65,451	55,031
Total Expenses	7,001,247	0	7,001,247	6,471,820
Changes in Net Assets	(40,939)	91,855	50,916	62,917
Net Assets, Beginning of Year	4,082,064	1,943,511	6,025,575	5,962,658
Net Assets, End of Year	\$ 4,041,125	\$ 2,035,366	\$ 6,076,491	\$ 6,025,575

See accompanying notes.

MARION SENIOR SERVICES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017

	Transportation Services	Support Services Title IIB	Congregate Meals Title IIC-1	Home Delivered Meals Title IIC-2
Expenses				
Salaries and Benefits	\$ 1,886,356	\$ 160,007	\$ 199,580	\$ 202,053
In-kind Salaries	0	0	0	23,367
Travel	858	6,466	5,637	45,141
Building Space	17,229	2,415	6,199	3,496
In-kind Building Space	0	39,247	38,301	23,091
Communications and Utilities	29,459	3,268	22,688	5,335
Printing and Supplies	46,651	4,592	7,723	8,708
Meals	0	0	131,077	199,904
Emergency Energy Assistance	0	0	0	0
Equipment	0	0	0	0
Insurance	135,600	2,479	6,753	4,943
Fuel	353,288	0	0	0
Vehicle Expenditures	383,614	0	0	0
Service Subcontracts	0	231,345	0	0
Other Indirect Costs	111,502	8,034	11,103	13,344
Depreciation	328,059	0	2,383	1,145
Total Expenses	\$ 3,292,616	\$ 457,853	\$ 431,444	\$ 530,527

See accompanying notes.

Family Caregiver Support Title III	Emergency Energy Assistance Title XXVI	Community Care for the Elderly	Alzheimer's Disease Initiative	Home Care for the Elderly	Local Services Program
\$ 34,460	\$ 15,549	\$ 268,141	\$ 58,274	\$ 30,103	\$ 6,000
13,171	0	111,121	0	0	0
305	371	11,529	1,114	766	19
481	0	4,795	1,250	446	114
0	0	0	0	0	0
653	20	6,253	1,523	531	151
1,592	22	15,874	1,155	12,263	331
0	0	51,906	0	0	0
0	72,652	0	0	0	0
0	0	0	0	0	0
928	0	12,112	322	32	20
0	0	0	0	0	0
0	0	0	0	0	0
67,525	0	637,112	263,902	9,183	16,779
22,544	499	66,517	16,144	0	577
0	0	372	0	0	0
<u>\$ 141,659</u>	<u>\$ 89,113</u>	<u>\$ 1,185,732</u>	<u>\$ 343,684</u>	<u>\$ 53,324</u>	<u>\$ 23,991</u>

See accompanying notes.

MARION SENIOR SERVICES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017
(Concluded)

	Community Care for Disabled Adults	CDBG Service Facility	Volunteer Program	Meals on Wheels
Expenses (Concluded)				
Salaries and Benefits	\$ 0	\$ 0	\$ 40,886	\$ 67,321
In-kind Salaries	0	0	0	9,000
Travel	0	0	401	11,411
Building Space	0	0	718	1,195
In-kind Building Space	0	0	0	0
Communications and Utilities	0	0	948	1,881
Printing and Supplies	0	0	3,910	1,986
Meals	1,019	0	0	58,460
Emergency Energy Assistance	0	0	0	0
Equipment	0	0	0	0
Insurance	0	0	1,561	1,772
Fuel	0	0	0	0
Vehicle Expenditures	0	0	0	0
Service Subcontracts	0	0	0	0
Other Indirect Costs	0	0	7,533	5,240
Depreciation	0	44,448	0	429
Total Expenses	\$ 1,019	\$ 44,448	\$ 55,957	\$ 158,695

See accompanying notes.

Preferred Care	Managed Long-term Care	Other Program Services	2018 Totals	2017 Totals
\$ 39,570	\$ 13,285	\$ 1,093	\$ 3,022,678	\$ 2,818,203
0	0	0	156,659	138,760
6,128	4,111	0	94,257	104,147
742	354	0	39,434	42,816
0	0	0	100,639	97,681
957	449	449	74,565	69,897
1,342	86	1,111	107,346	112,694
23,003	24,958	0	490,327	479,840
0	0	0	72,652	63,929
0	0	0	0	4,291
658	84	0	167,264	166,907
0	0	0	353,288	298,884
0	0	0	383,614	413,976
6,643	0	0	1,232,489	1,004,963
2,829	535	44,402	310,803	244,699
0	0	18,396	395,232	410,133
<u>\$ 81,872</u>	<u>\$ 43,862</u>	<u>\$ 65,451</u>	<u>\$ 7,001,247</u>	<u>\$ 6,471,820</u>

See accompanying notes.

MARION SENIOR SERVICES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017

	2018	2017
Cash Flows from Operating Activities		
Contributions and Other Miscellaneous Revenues	\$ 200,248	\$ 634,871
Contracts, Grants and Service Fees	6,305,576	5,628,247
Investment Revenues	4,294	4,183
Compensation and Related Expenses	(3,174,388)	(2,948,822)
Vendors and Suppliers	(3,392,685)	(3,080,080)
Net Cash Provided by (Used in) Operating Activities	(56,955)	238,399
Cash Flows from Investing Activities		
Net Investment Purchases	(234,791)	0
Purchase of Equipment	(62,166)	(227,623)
Net Cash Provided by (Used in) Investing Activities	(296,957)	(227,623)
Cash Flows from Financing Activities		
Payments on Capital Leases	(7,044)	(4,717)
Payment on Legal Obligation	(20,000)	(20,000)
Proceeds from Capital Leases	0	13,900
Net Cash Provided by (Used in) Financing Activities	(27,044)	(10,817)
Net Increase (Decrease) in Cash and Cash Equivalents	(380,956)	(41)
Cash and Cash Equivalents, Beginning of Year	3,097,080	3,097,121
Cash and Cash Equivalents, End of Year	\$ 2,716,124	\$ 3,097,080
<u>Supplemental Disclosure of Cash Flow Information</u>		
Cash Paid During the Year for Interest	\$ 744	\$ 710

Supplemental Disclosure of Noncash Investing and Financial Activities

Noncash investing activities include noncash assistance from the Florida Department of Transportation for vehicles in the amount of \$384,044.

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, 2018

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 with or without donor restrictions 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

Financial statement presentation follows *Accounting Codification Standards* (ACS) 958-205, *Financial Statements of Not-For-Profit Organizations*. Under ACS 958-205, the Organization is required to report information regarding its financial position and activities as follows:

- Without Donor Restrictions
- With Donor Restrictions

Without Donor Restriction

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

With Donor Restrictions

Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Agency and/or passage of time. When a restriction expires, with donor restriction assets are reclassified to without donor restrictions, and reports in the statement of activities as net assets released from restrictions.

MARION SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

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. Management and general expenses are allocated to the programs based on various allocation methods, which meet Federal and State guidelines for management and general expense allocation. Management and general expenses were \$553,299 and \$537,476 for 2018 and 2017, respectively.

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 5).

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 \$156,659 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 \$100,639 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 2015. 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, 2018, 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, 2018, is \$1,540,193.

MARION SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(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. Senior Services purchased investments during the 2018 year, which are recorded at fair value.

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, 2017, from which the summarized information was derived.

Adoption of New Accounting Standard

During the year ended December 31, 2018, Senior Services implemented the Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities* (Topic 958) *Presentation of Financial Statements of Not-for-Profit Entities*, which supersedes accounting standards that currently exist under U.S. generally accepted accounting principles, and will improve current net asset classification requirements and the information presented in the financial statements and notes about Senior Services' liquidity, financial performance and cash flows. These standards are intended to provide information that is more useful to donors, grantors, and other users of the financial statements.

The changes have the following effect on net assets at December 31, 2017:

Net Asset Class	As Originally Presented	After Adoption of ASU 2016-14
Unrestricted Net Assets	\$ 2,474,551	\$ 0
Temporarily Restricted Net Assets	3,551,024	0
Net Assets Without Donor Restrictions	0	4,082,064
Net Assets With Donor Restrictions	0	1,943,511
Total Net Assets	\$ 6,025,575	\$ 6,025,575

MARION SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)

Note 2 - Cash and Cash Equivalents

Cash and cash equivalents are comprised of the following at December 31, 2018:

Petty Cash	\$	220
Checking Accounts		1,762,921
Money Market Accounts		<u>952,983</u>
Total		<u>\$ 2,716,124</u>

Note 3 - Fair Value Measurements and Investments

Investments measured at fair value on a recurring basis consist of the following at December 31, 2018 and 2017:

	<u>Fair Value Measurements as of December 31, 2018, Using</u>	
	<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Observable Assets (Level 1)</u>
Stock Equities	\$ 152,928	\$ 152,928
ETFs and Closed-End Funds	72,502	72,502
Preferred Securities	<u>2,674</u>	<u>2,674</u>
Total Investments	<u>\$ 228,104</u>	<u>\$ 228,104</u>

	<u>Fair Value Measurements as of December 31, 2017, Using</u>	
	<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Observable Assets (Level 1)</u>
Stock Equities	\$ 10,951	\$ 10,951
Total Investments	<u>\$ 10,951</u>	<u>\$ 10,951</u>

Marion Senior Services recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the years ended December 31, 2018 and 2017.

Level 1

Short-term investments are reported at fair value on a recurring basis determined by reference to quoted market prices and other relevant information generated by market transactions. Long-term investments are reported at fair value on a recurring basis determined by reference to yield curves and quoted prices for similar assets.

MARION SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)

Note 4 - 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, 2018, Senior Services contributed \$84,603 to the Plan for covered employees.

Note 5 - Property, Equipment, and Accumulated Depreciation

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

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
Preferred Care	\$ 600	\$ 0	\$ 0	\$ 600
Meals on Wheels	6,969	0	0	6,969
Service Facility	105,861	0	0	105,861
General Use	147,239	11,368	0	158,607
CCE General Administration	28,453	0	0	28,453
Alzheimer's Disease Initiative	1,411	0	0	1,411
Community Care for Disabled				
Adults	152	0	0	152
Title III B	8,953	0	0	8,953
Title III C-1	44,849	0	0	44,849
Title III C-2	22,412	0	0	22,412
Title III E	785	0	0	785
Title III EF	1,520	0	0	1,520
Local Services Program	180	0	0	180
CDBG Service Facility	2,009,890	0	0	2,009,890
Transportation Services	3,797,662	434,840	(342,026)	3,890,476
Volunteer Program	679	0	0	679
(Accumulated Depreciation)	(3,669,765)	(395,230)	342,026	(3,722,969)
Total	\$ 2,507,850	\$ 50,978	\$ 0	\$ 2,558,828

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 net assets with donor restrictions. 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 portion of the building purchased with CDBG funds is included as net assets with donor restrictions.

MARION SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)

Note 6 - 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 2017. 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 \$18,347, respectively, at December 31, 2018. 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, 2018, for each of the next five years and in the aggregate are:

Year	Capital Leases
2019	\$ 7,788
2020	4,071
2021	2,832
2022	2,832
2023	236
Total Future Minimum Lease Payments	17,759
Less: Amount Representing Interest	(798)
Present Value of Net Minimum Lease Payments	\$ 16,961

The total present value of net minimum lease payments of \$16,961 is presented in the accompanying financial statements as \$6,938 as the current portion and \$10,023 as the long-term portion.

The interest rate included on the capitalized lease is 5.07%. The amount of interest cost incurred was \$744 in 2018, all of which was charged to operations.

Note 7 - 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 8 - 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, 2018
(Continued)

Note 9 - 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 expired in 2017. The lease is now month-to-month. In 2018, Senior Services entered into an operating lease for a postage machine. Total lease expense for 2018 was \$292.

Note 10 - 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. GOM62, 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	2018	2017
	Contract	Actual	Actual
	Budget	Actual	Actual
State Funds	\$ 724,293	\$ 441,538	\$ 282,755
2016-17 Legislative Provision Funds	86,614	49,226	0
Voluntary Dollar Contributions	101	0	0
Local Cash Match	91,101	57,461	31,417
In-kind Match	10	10	10
Total Project Costs	\$ 902,119	\$ 548,235	\$ 314,172

Contract No. GOX45, FM No. 43202718401/43202818401 18/19 provides for state funding of 90 percent and local funding of 10 percent, and includes support for non-sponsored trips and capital equipment.

	2018-2019	2018
	Contract	Actual
	Budget	Actual
State Funds	\$ 784,171	\$ 391,110
Local Cash Match	87,130	43,457
Total Project Costs	\$ 871,301	\$ 434,567

MARION SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)

Note 10 - Support from Transportation Services (Continued)

State of Florida Commission for the Transportation Disadvantaged (Concluded)

Contract No. GOS91, FM No. 41065618401 2018 provides the state funding of 90 percent and local funding of 10 percent, and includes support for capital equipment.

	2018 Contract Budget	2018 Actual
State Funds	\$ 57,042	\$ 53,676
Local Cash Match	6,338	5,964
Total Project Costs	\$ 63,088	\$ 59,640

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. G0Q89, Financial Project No. 433312-1-84-36; Federal Aid No. FL-18-X034 CFDA No. 20.509.

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

	2017-2018 Contract Budget	2018 Actual	2017 Actual
FTA Participation	\$ 774,658	\$ 677,089	\$ 96,158
Local	774,658	677,089	96,158
Total Project Costs	\$ 1,549,316	\$ 1,354,178	\$ 192,316

Senior Services received a portion of its support from the State of Florida Department of Transportation under Contract No. G1264, Financial Project No. 433312-1-84-37; CFDA No. 20.509.

Contract No. G1264 is for administrative and operating assistance with the FTA participation and local funds as listed below:

	2018-2019 Contract Budget	2018 Actual
FTA Participation	\$ 766,800	\$ 94,197
Local	766,800	94,197
Total Project Costs	\$ 1,533,600	\$ 188,394

MARION SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Concluded)

Note 10 - Support from Transportation Services (Concluded)

Florida Department of Transportation - Section 5310 Funds

Contract No. FL-2018-120-00 is for procurement of five New Cutaway buses with Cameras/Tablets with the Federal Transit Administration (FTA) participation and local funds as listed below:

	2018-2019 Contract Budget	2018 Actual
FTA Participation	\$ 393,430	\$ 384,044
Local	43,715	40,822
Total Project Costs	\$ 437,145	\$ 424,866

Note 11 - Net Assets

The detail of Senior Services net assets categories at December 31, 2018, is as follows:

Without Donor Restrictions:

Board Designated	\$ 179,856
Invested in Property, Plant and Equipment	551,388
Undesignated	3,309,881
Total Without Donor Restrictions	\$ 4,041,125

With Donor Restrictions:

Restricted Contribution	\$ 27,926
Invested in Property, Plant and Equipment	2,007,440
Total With Donor Restrictions	\$ 2,035,366

Note 12 - Liquidity and Availability of Resources

Financial Assets consist of cash on deposit, investments, grants, and accounts receivable. There are no other unavailable financial assets. There are no further Board designated assets or available lines of credit to meet general expenditures within one year.

Financial Assets, as of December 31, 2018	\$ 3,874,632
Less Those Unavailable for General Expenditures	
Within One Year	
Restricted for Grant Programs	(27,926)
Financial Assets Available to Meet Cash Needs for	
General Expenditures Within One Year	\$ 3,846,706

Senior Services main expenses are for operations of programs. All programs receive grant funding which paid either on a reimbursement basis or by units of service. Senior Service's liquidity plan included maintaining cash in a checking account to meet the operating needs of the organization.

Note 13 - 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 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, 2018

<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-18-MSS	\$ 353,509
Special Programs for the Aging - Title III, Part C - Nutrition Services			
Program C-1	93.045	OAA-18-MSS	344,626
Program C-2	93.045	OAA-18-MSS	418,118
Nutrition Services Incentive Program 1/1/2018 - 12/31/2018	93.053	OAA-18-MSS	51,983
Total Aging Cluster			<u>1,168,236</u>
National Family Caregiver Support, Title III, Part E	93.052	OAA-18-MSS	118,538
Low-Income Home Energy Assistance	93.568	EA-17-MSS	55,585
	93.568	EA-18-MSS	26,352
Total U.S. Department of Health and Human Services			<u>1,368,711</u>
<u>Federal Transit Administration</u>			
Passed Through Florida Department of Transportation:			
Formula Grants for Rural Areas (Section 5311)	20.509	GOQ89	677,089
	20.509	G1264	94,197
Total Formula Grants for Rural Areas			<u>771,286</u>
Enhanced Mobility of Seniors and Individuals with Disabilities (Section 5310)	20.513	FL-2018-120-00	384,044
Total Federal Transit Administration			<u>1,155,330</u>
<u>Corporation for National and Community Service</u>			
Passed through State of Florida Department of Elder Affairs:			
Senior Companion Program	94.016	FSC17	1,300
	94.016	FSC18	312
Total Senior Companion Program			<u>1,612</u>
Total Corporation for National and Community Service			<u>1,612</u>
Total Expenditures of Federal Awards			<u>\$ 2,525,653</u>

MARION SENIOR SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2018
(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-17-MSS	\$ 496,795
	65.010	CCE-18-MSS	502,879
Total Community Care for the Elderly			<u>999,674</u>
Alzheimer Model Day Care, Memory Disorder Clinics, and Alzheimer Special Projects	65.002	ADI-17-MSS	165,415
	65.002	ADI-18-MSS	177,929
Total Alzheimer Model Day Care, Memory Disorder Clinics, and Alzheimer Special Projects			<u>343,344</u>
Local Services Program	65.009	LSP-17-MSS	14,246
	65.009	LSP-18-MSS	10,695
Total Local Services Program			<u>24,941</u>
Home Care for the Elderly	65.001	HCE-17-MSS	27,295
	65.001	HCE-18-MSS	16,067
Total Home Care for the Elderly			<u>43,362</u>
State of Florida Commission for the Transportation Disadvantaged:			
Commission for the Transportation Disadvantaged (CTD) Trip and Equipment Grant Program	55.001	GOX45	391,110
	55.001	GOM62	493,696
Shirley Conroy Grant	55.001	GOS91	53,676
Total State of Florida Commission for the Transportation Disadvantaged			<u>938,482</u>
Total Expenditures of State Financial Assistance			<u>2,349,803</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u><u>\$ 4,875,456</u></u>

MARION SENIOR SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2018
(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	\$	4,875,456
Additional Federal and State Funds not Included on Schedule of Expenditures of Federal Awards and State Financial Assistance:		
Hurricane Relief		1,271
Community Care for Disabled Adults		1,562
Shirley Conroy Equip Grant (County Match)		5,964
Total Federal and State Funds	\$	<u><u>4,884,253</u></u>
Presented in the Accompanying Statement of Activities as Federal and State Funds		
	\$	<u><u>4,884,253</u></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, 2018, 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 22, 2019.

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
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350
1560 N. Orange Ave., Suite #450 • Winter Park, Florida 32789

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 22, 2019
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, 2018. 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

P.O. Box 141270 • 222 N.E 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350
1560 N. Orange Ave., Suite #450 • Winter Park, Florida 32789

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, 2018.

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.

Purvis, Gray and Company, LLP

May 22, 2019
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, 2018**

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, 2018

(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.