

SENIOR SERVICES, INC. AND SUBSIDIARY

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

For the Year Ended June 30, 2018

SENIOR SERVICES, INC.

2018

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SENIOR SERVICES FOUNDATION, INC.

2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Senior Services, Inc. and Subsidiary
Winston-Salem, North Carolina

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Senior Services, Inc. (a nonprofit organization) and subsidiary, which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the year ended, and the related notes to the consolidated financial statements which collectively comprise of the Senior Services, Inc. and subsidiary's basis consolidated financial statements as listed in the table of content.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the respective financial position of Senior Services, Inc. and subsidiary as of June 30, 2018, and the respective changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Senior Services, Inc. and subsidiary's 2017 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 6, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited consolidated 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 consolidated financial statements that collectively comprise Senior Services, Inc. and subsidiary's basic consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2018, on our consideration of 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* in considering Senior Services, Inc.'s internal control over financial reporting and compliance.

Cannon & Company, S.P.A.

October 5, 2018

SENIOR SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2018
With Comparative Amounts for June 30, 2017

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 1,027,875	\$ 1,141,330
Investments	7,246,630	7,293,504
Accounts receivable:		
Funding sources	256,168	272,746
Client fees	41,628	38,548
Other	27,246	40,584
Contributions receivable:		
Campaign pledges for future projects (net of allowance for uncollectible amount of \$18,982 in 2018 and \$28,661 in 2017)	1,415,352	2,208,501
Other contributions receivable	73,514	92,052
Other assets	19,980	29,193
Prepaid expenses	134,406	140,678
Property and equipment	5,904,674	6,063,797
	TOTAL ASSETS	\$ 17,320,933
	\$ 16,147,473	\$ 17,320,933
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 411,193	\$ 406,360
Lease obligation	99,562	91,377
Deferred revenue	16,838	13,003
	TOTAL LIABILITIES	510,740
	527,593	510,740
Net assets:		
Unrestricted		
Undesignated (includes plant assets of \$5,904,674 for 2018 and \$6,063,797 for 2017):	7,053,026	7,261,705
Designated by Board of Directors:		
Program expenses and/or permanent funds	67,500	90,000
Senior Services Foundation, Inc.	4,050,045	3,922,893
Total unrestricted	11,170,571	11,274,598
Temporarily restricted	4,449,309	5,535,595
	TOTAL NET ASSETS	16,810,193
	15,619,880	16,810,193
TOTAL LIABILITIES AND NET ASSETS	\$ 16,147,473	\$ 17,320,933

See accompanying notes.

SENIOR SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018
With Comparative Amounts as of June 30, 2017

	Unrestricted	Temporarily Restricted	2018 Total	Senior Services Foundation, Inc.	Consolidated Totals	
					2018	2017
Revenue, gains and other support						
Forsyth County	\$ 370,000	\$ -	\$ 370,000	\$ -	\$ 370,000	\$ 370,000
Kate B. Reynolds Charitable Trust	-	-	-	-	-	330,000
N. C. Department of Health and Human Services	48,807	-	48,807	-	48,807	54,229
U.S. Department of Agriculture	171,782	-	171,782	-	171,782	166,212
Town Government Support	-	18,500	18,500	-	18,500	17,500
Community donations	1,805,107	355,327	2,160,434	-	2,160,434	3,024,326
The Winston-Salem Foundation	6,875	50,000	56,875	-	56,875	71,000
Lettie Pate Whitehead Foundation	85,000	-	85,000	-	85,000	80,000
Client fees:						
Private	400,523	-	400,523	-	400,523	468,694
Paid by Elder Care Choices corporate clients	138,441	-	138,441	-	138,441	115,181
Paid by Forsyth County Department of Social Services	200,906	-	200,906	-	200,906	211,852
Paid by Home and Community Care Block Grant	875,398	-	875,398	-	875,398	848,166
Paid by National Family Caregiver Support	44,429	-	44,429	-	44,429	44,016
Paid by Medicaid	728,083	-	728,083	-	728,083	629,977
Paid by Medicare	-	-	-	-	-	-
Paid by Veteran's Administration	117,021	-	117,021	-	117,021	89,632
Interest and dividends	83,077	200	83,277	149,996	233,273	188,191
Realized gain (loss) on sale of investments	(2,249)	-	(2,249)	18,287	16,038	(20,610)
Realized gain on sale of assets	-	-	-	-	-	6,859
Advertising income	15,000	-	15,000	-	15,000	9,000
Miscellaneous income	53,518	-	53,518	-	53,518	56,556
Net assets released from restriction	1,641,171	(1,510,313)	130,858	(130,858)	-	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	6,782,889	(1,086,286)	5,696,603	37,425	5,734,028	6,760,781

See accompanying notes.

SENIOR SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES (CONTINUED)
For the Year Ended June 30, 2018
With Comparative Amounts as of June 30, 2017

	Unrestricted	Temporarily Restricted	2018 Total	Senior Services Foundation, Inc.	2018 Consolidated Totals	2017 Consolidated Totals
Expenses and losses:						
Williams Adult Day Center	1,275,480	-	1,275,480	-	1,275,480	1,268,830
Living at Home	658,092	-	658,092	-	658,092	712,561
Help Line/Elder Care Choices	387,197	-	387,197	-	387,197	395,086
Home Care	1,453,558	-	1,453,558	-	1,453,558	1,372,753
Meals on Wheels	1,837,888	-	1,837,888	-	1,837,888	1,802,225
Senior Lunch	136,239	-	136,239	-	136,239	140,376
Aging with Purpose	525,707	-	525,707	-	525,707	626,728
Management and administrative	152,199	-	152,199	27,394	179,593	254,260
Fund-raising:						
Annual and capital campaign	617,025	-	617,025	-	617,025	702,275
TOTAL EXPENSES	7,043,385	-	7,043,385	27,394	7,070,779	7,275,094
Increase in valuation of investments	(29,317)	-	(29,317)	(117,121)	(146,438)	(303,311)
TOTAL EXPENSES AND LOSSES	7,014,068	-	7,014,068	(89,727)	6,924,341	6,971,783
CHANGE IN NET ASSETS	(231,179)	(1,086,286)	(1,317,465)	127,152	(1,190,313)	(211,002)
NET ASSETS AT BEGINNING OF YEAR	7,351,705	5,535,595	12,887,300	3,922,893	16,810,193	17,021,195
NET ASSETS AT END OF YEAR	\$ 7,120,526	\$ 4,449,309	\$ 11,569,835	\$ 4,050,045	\$ 15,619,880	\$ 16,810,193

See accompanying notes.

SENIOR SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2018
With Comparative Amounts as of June 30, 2017

	Program Services							
	Williams Adult Day Center	Living at Home	Help Line/ Elder Care Choices	Home Care	Meals On Wheels	Senior Lunch	Aging with Purpose	
Fundraising events	\$ -	-	-	-	-	-	-	\$ -
Insurance	8,929	3,880	1,951	3,927	18,483	655	10,659	10,659
Mileage reimbursemen	764	17,230	482	42,491	16,383	343	3,064	3,064
Miscellaneous	1,010	200	24	50	2,539	-	0	0
Payroll taxes and employee benefit:	184,929	110,694	57,999	342,567	151,495	10,289	46,235	46,235
Professional fees	4,997	2,292	3,104	7,995	6,383	1,263	76,313	76,313
Program expenses	10,747	5,200	32,224	7,000	8,410	1,774	5,906	5,906
Program food	80,629	-	-	-	930,394	48,924	-	-
Public relations/ advertising	19,797	3,317	4,820	13,027	34,148	2,592	127,067	127,067
Salaries	745,486	452,845	228,463	970,240	533,617	62,168	238,941	238,941
Space and land rental	11,473	6	6	7	3,297	2	2	2
Supplies and maintenance	89,503	33,769	31,797	34,609	75,355	5,226	9,803	9,803
Telephone	15,833	4,780	7,439	3,781	7,772	423	1,301	1,301
Uncollectible deb	4,569	345	-	-	3	-	-	-
	<u>1,178,666</u>	<u>634,558</u>	<u>368,309</u>	<u>1,425,694</u>	<u>1,788,279</u>	<u>133,659</u>	<u>519,291</u>	<u>519,291</u>
Depreciation	96,814	23,534	18,888	27,864	49,609	2,580	6,416	6,416
TOTAL	<u>\$ 1,275,480</u>	<u>\$ 658,092</u>	<u>\$ 387,197</u>	<u>\$ 1,453,558</u>	<u>\$ 1,837,888</u>	<u>\$ 136,239</u>	<u>\$ 525,707</u>	<u>\$ 525,707</u>

See accompanying notes.

SENIOR SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)

For the Year Ended June 30, 2018

With Comparative Amounts as of June 30, 2017

	Supporting Services				
	Program Services Total	Management and Administrative Services	Fund- Raising	Combined Totals	
			Total	2018 2017	
Fundraising events	\$ -	\$ -	\$ 151,143	\$ 151,143	\$ 230,918
Insurance	48,484	2,431	327	2,758	51,631
Mileage reimbursement	80,757	32	-	32	80,353
Miscellaneous	3,823	32,062	8,624	40,686	40,192
Payroll taxes and employee benefits	904,208	28,983	67,229	96,212	993,341
Professional fees	102,347	16,468	15,539	32,007	254,083
Program expenses	71,261	3,194	3,933	7,127	81,214
Program food	1,059,947	-	-	-	1,011,018
Public relations/ advertising	204,768	1,287	18,665	19,952	262,362
Salaries	3,231,760	78,519	314,336	392,855	3,670,824
Space and land rental	14,793	2,163	1	2,164	16,893
Supplies and maintenance	280,062	7,452	27,532	34,984	306,015
Telephone	41,329	635	1,331	1,966	38,109
Uncollectible debt	4,917	-	-	-	15,645
	<u>6,048,456</u>	<u>173,226</u>	<u>608,660</u>	<u>781,886</u>	<u>7,052,598</u>
Depreciation	225,705	6,367	8,365	14,732	222,496
TOTAL	<u>\$ 6,274,161</u>	<u>\$ 179,593</u>	<u>\$ 617,025</u>	<u>\$ 796,618</u>	<u>\$ 7,275,094</u>

See accompanying notes.

SENIOR SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2018
With Comparative Amounts for June 30, 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	(\$ 1,190,313)	(\$ 211,003)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	240,437	222,496
Increase in valuation of investments	(146,438)	(303,311)
Realized (gain) loss on sale of investments	(16,038)	20,610
Realized gain on sale of assets	-	(6,859)
Changes in:		
Accounts receivable		
Funding sources	16,578	(83,378)
Client fees	(3,080)	8,158
Other	13,338	22,934
Contributions receivable		
Campaign pledges for future projects	793,149	305,247
Other contributions receivable	18,538	(19,615)
Other assets	9,213	(2,508)
Prepaid expenses	6,272	(18,164)
Accounts payable and accrued expenses	4,833	(312,214)
Deferred revenue	3,835	(1,443)
NET CASH USED BY OPERATING ACTIVITIES	<u>(249,675)</u>	<u>(379,050)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of investments	1,121,599	819,022
Purchases of investments	(912,250)	(321,111)
Purchase of property and equipment	(93,786)	(321,709)
Disposal of capital assets	12,472	-
Proceeds from sale of assets	-	7,567
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>128,035</u>	<u>183,769</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Acquisition of capital lease obligation	44,523	78,782
Termination of old capital lease obligation	(16,172)	-
Reduction of capital lease obligation	(20,166)	(11,833)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>8,185</u>	<u>66,949</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(113,455)</u>	<u>(128,332)</u>
CASH AT BEGINNING OF YEAR	<u>1,141,330</u>	<u>1,269,662</u>
CASH AT END OF YEAR	<u><u>\$ 1,027,875</u></u>	<u><u>\$ 1,141,330</u></u>

See accompanying notes.

SENIOR SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2018
With Comparative Amounts for June 30, 2017

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES

	<u>2018</u>	<u>2017</u>
Acquisition of property and equipment	\$ 93,786	\$ 78,782
Termination of old capital lease obligation	16,172	-
Acquisition of capital lease obligation	<u>(44,523)</u>	<u>(78,782)</u>
	<u>\$ 65,435</u>	<u>\$ -</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the year for:		
Interest	<u>\$ 4,118</u>	<u>\$ 1,448</u>

NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Senior Services, Inc. (“Senior Services”) is a nonprofit organization incorporated in 1974 that is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The mission and purpose of Senior Services is to help older adults age at home as long as possible and live with dignity. With concern for those who care for senior adults, Senior Services also strives to assist caregivers. Individuals who cannot afford to pay for services are of special concern to Senior Services and receive assistance to every extent possible through philanthropic contributions and available public funds.

The Senior Services Foundation, Inc. (“Subsidiary”), which was incorporated on March 8, 2001, is a legally separate organization from Senior Services, Inc. The purpose of the Senior Services Foundation, Inc. is to support Senior Services, Inc.

A summary of Senior Services’ significant accounting policies follows:

Financial Statement Presentation

Senior Services reports financial information regarding its financial position and activities according to three classes of net assets:

Permanently restricted net assets contain donor-imposed restrictions that stipulate the resources be maintained permanently, but permit Senior Services to use or extend part or all of the income derived from the donated assets for either specified or unspecified purposes.

Temporarily restricted net assets contain donor-imposed restrictions that permit Senior Services to use or extend the assets as specified. The restrictions are satisfied either by the passage of time or by actions of Senior Services.

Unrestricted net assets are not restricted by donors, or the donor-imposed restrictions have expired.

Contributions

Gifts of cash and other assets are presented as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. Senior Services recognizes as unrestricted support any donor-restricted contributions whose restrictions are met in the same reporting period as received.

**NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Contributions (continued)

Gifts of land, buildings and equipment are presented as unrestricted support unless explicit donor restrictions specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, Senior Services reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service in Senior Services' activities.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected over periods in excess of one year are recorded at the present value of the estimated cash flows beyond one year. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in the contribution revenue.

Cash and Cash Equivalents

For purposes of reporting cash flows, Senior Services considers all cash investments with a purchased maturity of three months or less to be cash equivalents. At June 30, 2018, Senior Services had bank deposits which exceeded federally-insured limits.

Accounts Receivable

In 2018, the Organization has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$2,500. Property and equipment are stated at cost unless donated. Donated equipment is stated at fair value at date of gift. Depreciation is provided on a straight-line basis over estimated useful lives of generally 3 to 15 years, except for buildings which are being depreciated over a life of 39 years.

**NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Estimates

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

Donated Services

The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments. The Organization receives more than 47,900 volunteer hours per year.

Income Taxes

The Organization is an exempt organization under Section 501(c)(3) of the United States Internal Revenue Code. The Organization is subject to income tax on unrelated business income. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, and federal Exempt Organization Business Income Tax Returns (Form 990T) for 2017, 2016, and 2015 are subject to examination by the IRS, generally for three years after they are filed.

Principles of Consolidation

The consolidated financial statements include the accounts of Senior Services, Inc. and its subsidiary, Senior Services Foundation, Inc. All material intercompany transactions have been eliminated.

Fair Value Measurements

FASB ASC 820, Fair Value Measurements and Disclosures, defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity.

**NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Fair Value Measurements (continued)

The fair value of financial assets and liabilities is measured according to the Fair Value Measurements and Disclosures topic of the FASB Accounting Standards Codification. Fair value is required to be evaluated and adjusted according to the following valuation techniques.

Level 1—Fair value is determined using quoted market prices in active markets for identical assets and liabilities.

Level 2—Fair value is determined using quoted market prices in active markets for similar assets and liabilities.

Level 3—Fair value is determined using unobservable market prices in a market that is typically inactive.

Reclassifications

Senior Services' policy is to reclassify certain amounts reported in prior years' financial statements when necessary for conformity with classifications adopted in the current year. These reclassifications have no effect on total net assets by class or changes in net assets by class of the prior year. Effective in 2008, the Foundation became a Type I supporting organization. A Type I supporting organization is required to have a majority of its Board appointed or elected by its supported organization. As a result, the financial statements for 2018 have been consolidated. For comparative purposes, 2017 has also been consolidated.

Subsequent Events

Management has evaluated subsequent events through October 5, 2018, the date the financial statements were available to be issued.

NOTE B - CASH

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on cash.

SENIOR SERVICES, INC. AND SUBSIDIARY
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 June 30, 2018

NOTE C – INVESTMENTS

Investments are summarized as follows:

	<u>Cost or Value at Date Donated</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
June 30, 2018			
Investment in certificates of deposit	\$ 1,436,988	\$ 1,436,988	
Various investments held by investment management firm	<u>4,868,561</u>	<u>5,809,642</u>	
	<u>\$ 6,305,549</u>	<u>\$ 7,246,630</u>	\$ 941,081
June 30, 2017			
Investment in certificates of deposit	\$ 1,597,536	\$ 1,597,536	
Various investments held by investment management firm	<u>4,901,325</u>	<u>5,695,968</u>	
	<u>\$ 6,498,861</u>	<u>\$ 7,293,504</u>	<u>794,643</u>
Unrealized gain for the year			146,438
Realized gain on sale of investments			16,038
Dividend and interest income for the year, excluding investment expense of \$34,516			<u>183,387</u>
	Total investment return		<u>\$ 345,863</u>
Rate of return including unrealized gain and excluding investment expense of \$34,516 based on:			
Average cost value			5.40%
Average fair value			4.70%

NOTE D - FAIR VALUE MEASUREMENTS

The Organization's investments recorded at fair value have been categorized based upon a fair value hierarchy as described in the Organization's significant accounting policies in Note 1. The following table presents information about the Organization's investments at June 30:

<u>June 30, 2018</u>	<u>Fair Value</u>	<u>Markets for Identical Assets (Level 1)</u>	<u>Observable Inputs (Level 2)</u>	<u>Unobservable Inputs (Level 3)</u>
Certificates of deposit	\$ 1,436,988	\$ 1,436,988	\$ -	\$ -
Investments in common trust funds	664,661	664,661	-	-
Hedge funds	50,091	-	50,091	-
Mutual funds	1,104,510	1,104,510	-	-
Fixed income mutual funds	978,444	978,444	-	-
Equities mutual funds	2,108,997	2,108,997	-	-
Alternative investments	527,175	527,175	-	-
Real estate funds	375,764	375,764	-	-
	<u>\$ 7,246,630</u>	<u>\$ 7,196,539</u>	<u>\$ 50,091</u>	<u>\$ -</u>

NOTE E – HELD IN TRUST BY OTHERS

Senior Services is beneficiary of several trusts which are administered by the Winston-Salem Foundation under irrevocable trust agreements. Income and principal of the trusts will be distributed to Senior Services as requested by its Board of Directors, subject to the approval of the Winston-Salem Foundation Committee. Upon approval by the Foundation Committee, requested distributions will be recognized in Senior Services' income. Assets of the trusts which are Designated Funds are not reflected on Senior Services' statements of financial position because Senior Services does not have legal title to the assets. Assets of the trusts which are Agency Endowed Funds are reflected on Senior Services' statements of financial position because Senior Services does have legal title to the assets.

Senior Services, Inc. Endowment Fund: This fund was created in August 1994 with \$251,654 received from the estate of a decedent whose will specified that the bequest was to be held for the benefit of Senior Services. This fund is an Agency Endowed Fund since the majority of the funds have been transferred by the Senior Services Organization. At June 30, 2018, the market value of the trust was \$458,495.

NOTE E – HELD IN TRUST BY OTHERS (CONTINUED)

Anne and Bill Magness Meals-on-Wheels Fund: This fund was created in July 2008 by Senior Services, Inc. This fund is an Agency Endowed Fund since the majority of the funds have been transferred by the Senior Services Organization. At June 30, 2018, the market value of the trust was \$256,257.

William G. Montgomery, M. D. Fund for Senior Services: This fund was created in November 1995 with \$100,457 received from a benefactor who wished to honor Dr. Montgomery. This fund is a Designated Fund. At June 30, 2018, the fund's market value was \$114,389.

Mr. and Mrs. A. Tab Williams, Jr. Fund: This fund was created in December 1998 by Mr. and Mrs. Williams. Income from the fund is to be shared by Senior Services and another charitable organization, with Senior Services receiving 70% of the income based on contributions to the fund through June 30, 2000. This fund is a Designated Fund. At June 30, 2018, the fund's total market value was \$346,947. At June 30, 2018, Senior Service's 70% would total \$242,863.

Ina B. Watson Trust: This fund was created in June 2000 by the estate of Ina B. Watson. This fund is a Designated Fund. At June 30, 2018, the fund's total market value was \$178,848.

William Mills and Margaret Parks Taylor Fund: This fund was created in February 2007 by Margaret Parks Taylor. This fund is a Designated Fund and Senior Services, Inc. is a 16% designated beneficiary of this fund. At June 30, 2018, the fund's total market value was \$116,955. At June 30, 2018, Senior Service's 16% would total \$18,713.

Marshall B. Bass Fund for Senior Services: This fund was created in June 2008 by Mr. Bass. This fund is a Designated Fund. At June 30, 2018, the fund's total market value was \$11,969.

William F. and Jane Gilbert Womble Fund for Senior Services: This fund was created in March 2010 by Jane Gilbert Womble. This fund is a Designated Fund and Senior Services, Inc. is a 100% designated beneficiary of this fund. At June 30, 2018, the fund's total market value was \$140,718.

Nancy and Richard Sullivan Fund for Senior Services: This fund was created in April 2016 by Nancy and Richard Sullivan. This fund is a Designated Fund and Senior Services, Inc. is a 100% designated beneficiary of this fund. At June 30, 2018, the fund's total market value was \$27,334.

Tab Williams, Jr. Fund for Senior Services: This fund was created in October 2016 by the estate of A. Tab Williams, Jr. This fund is a Designated Fund and Senior Services, Inc. is a 100% designated beneficiary of this fund. At June 30, 2018, the fund's total market value was \$135,958.

NOTE F – CHARITABLE REMAINDER UNITRUST

In June 2003, Senior Services became the beneficiary of a charitable remainder unitrust. Upon the death of the survivor of the Grantor and his wife, 50% of the funds and properties then remaining in the trust will be transferred and conveyed to Senior Services. The market value of this charitable remainder unitrust as of June 30, 2018 is \$619,176. As of June 30, 2018, Senior Services' 50% would total \$309,588.

NOTE G – CHARITABLE GIFT ANNUITY

In July 2002, Senior Services received two charitable gift annuities. Senior Services will pay the donors \$411 on a quarterly basis during their lifetimes. The annuities are irrevocable and nonassignable, excepting that they have been assigned to Senior Services.

NOTE H – CONTRIBUTIONS RECEIVABLE

Contributions receivable including campaign pledges for future projects and other contributions receivable at June 30, 2018 are recorded at the present value of future cash flows and are expected to be realized in the following periods:

Past due	\$	67,644
2018		630,444
2019		420,483
2020		336,386
2021		43,967
2022		11,467
Thereafter		63,067
		<u>1,573,458</u>
Less discount		65,610
Less reserve for uncollectible promises to give		<u>18,982</u>
	\$	<u><u>1,488,866</u></u>

NOTE I – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Buildings	\$ 5,855,218
Furnishings and equipment	1,688,073
Land	1,700,000
Land improvements	<u>95,057</u>
	9,338,348
Less accumulated depreciation	<u>3,433,674</u>
	<u><u>\$ 5,904,674</u></u>

Depreciation expense was \$240,437 for the year ended June 30, 2018.

NOTE J – CAPITAL LEASE

Senior Services entered into a new lease for equipment in April 2017 under a capital lease. The terms of the lease require a monthly payment of \$1,851 including \$400 for maintenance through March 2022.

Senior Services also had a capital lease for equipment which required monthly payments of \$1,030 including \$286 for maintenance through April 2019. This lease was terminated in October 2017 and replaced with a new lease commitment which requires monthly payments of \$1,125 through September 2022.

The following is an analysis of the leased assets included in property and equipment:

Furnishings and equipment	\$ 122,418
Less accumulated depreciation	<u>16,393</u>
	<u><u>\$ 106,025</u></u>

NOTE J – CAPITAL LEASE (CONTINUED)

The following is a schedule by years of future minimum payments required under the leases together with their present value as of June 30, 2018:

2019	\$ 35,711
2020	35,711
2021	35,711
2022	30,158
2023	4,350
Total minimum lease payments	<u>141,641</u>
Less amount representing interest	8,519
Less amount representing maintenance	<u>33,560</u>
Present value of minimum lease payments	<u><u>\$ 99,562</u></u>

NOTE K – LAND LEASE

The land on which the Williams Adult Day Center was constructed is owned by Wake Forest Baptist Health (“WFBH”). Beginning in January 1999, WFBH leased the land to Senior Services at a nominal annual rent of one dollar for 30 years through 2029. The amount of \$85,095 representing the present value of the future use of the land at June 30, 2018, is included in other contributions receivable on the statement of financial position. Lease expense was \$11,467 for the year ended June 30, 2018.

NOTE L – RETIREMENT PLAN

Senior Services has a 403(b) Retirement Plan available to substantially all employees who consistently work twenty or more hours per week. An Automatic Contribution Arrangement (ACA) became effective October 1, 2013 whereas eligible employees must elect out of the plan if they choose not to participate. Senior Services’ discretionary matching contributions for the year ended June 30, 2018 totaled \$132,380.

NOTE M – LEASE COMMITMENTS

The Organization leases equipment through March 2021 which requires annual and quarterly payments. Future minimum lease payments for the next five years are as follows:

2019	\$	3,809
2020		2,168
2021		<u>1,626</u>
	\$	<u><u>7,603</u></u>

Lease expense was \$10,246 for the year ended June 30, 2018.

NOTE N – CONTINGENCIES

Grants from governmental agencies and foundations require the fulfillment of certain conditions as set forth in the instruments of grant. Failure to fulfill the conditions could result in the return of funds to grantors. Although this is a possibility, management deems the contingency remote, since by accepting the grants and their terms, management has accommodated the objectives of Senior Services to provisions of the grants.

NOTE O – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purpose or periods:

Aging with Purpose Campaign	\$	2,905,704
Just Like Family Campaign		1,248,346
For future periods		183,332
General endowment fund		85,094
Charitable Gift Annuities		<u>26,833</u>
	\$	<u><u>4,449,309</u></u>

NOTE P – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Passage of specified time	<u><u>\$ 1,510,313</u></u>
---------------------------	----------------------------

NOTE Q – TRANSFERS TO FOUNDATIONS

The Organization transferred \$61,818 to Senior Services Foundation, Inc. in 2018 under a revocable trust agreement with a financial institution that serves as trustee. This transfer has been eliminated through consolidation.

NOTE R – ADVERTISING COSTS

Advertising costs are expensed as incurred. Advertising expense totaled \$224,719 for the year ended June 30, 2018 and included \$125,294 of donated advertising.

NOTE S – BOARD DESIGNATED

The Board of Directors has designated, from the Compassionate Steps Campaign, \$1,233,200 to program expenses, maintenance, and scholarship funds. These funds have been released as follows:

Compassionate Steps Campaign Board Designated	\$ 1,233,200
Transfers to Foundation in 2007 - 2012	(342,450)
Release of pledge payments in 2009 - 2017	(800,750)
Release of pledge payments in 2018	<u>(22,500)</u>
Compassionate Steps Campaign at June 30, 2017	<u>67,500</u>
 Board designated from Collins Bequest	 161,504
Release of bequest in 2016	<u>(161,504)</u>
	<u>-</u>
 Board Designated at June 30, 2018	 <u><u>\$ 67,500</u></u>

NOTE T – SENIOR SERVICES FOUNDATION, INC. BOARD AND DONOR DESIGNATED NET ASSETS

Senior Services Foundation, Inc. board and donor designated net assets consist of the following:

Williams Adult Day Care Scholarship Funds	\$ 1,956,182
General Scholarship Funds	1,634,719
Meals-on-Wheels Scholarship Funds	<u>459,144</u>
	<u><u>\$ 4,050,045</u></u>

NOTE U - DISTRIBUTION OF FUNDS

The amount available to distribute on an annual basis to Senior Services, Inc. from the Foundation is up to five percent of the fund valuation as of the last day of the previous calendar year. A distribution in excess of five percent is allowed with a two-third vote of both Boards of Senior Services, Inc. and the Foundation. In October 2004, the Board approved that the average of the total fund valuation for the past twelve quarters, exclusive of the Building Maintenance Account value will be used to arrive at the valuation for distribution determination purposes. A distribution will only be made upon request or as needed by the Organization.

In June 2018, an amount of \$192,676 was distributed to Senior Services, Inc. This distribution has been eliminated through consolidation.

NOTE V – UNRELATED BUSINESS INCOME

The Organization is a nonprofit organization and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Certain income of the Organization is subject to taxation as unrelated business income. Unrelated business income amounted to approximately \$63,581 in 2018, including \$48,581 from parking lot rentals and \$15,000 from advertising income. Income from parking lot rentals is included in miscellaneous income in the consolidated statement of activities.

Income tax expenses reported in the consolidated statement of activities for the year ended June 30, 2018 consisted of:

Federal income tax expense	\$ 4,488
State income tax expense	<u>956</u>
	<u><u>\$ 5,444</u></u>

NOTE W – AGING WITH PURPOSE CAMPAIGN

The Aging with Purpose campaign had an original budget which presented agency funding needs to donors. After the third year of usage of these funds, the Board approved reallocating the funding as intended goals changed to best fulfill donor expectations by revising funds as follows:

	Original	Revised	Change
Meals on wheels program (\$100,000 for 6 years)	\$ 600,000	\$ 385,560	\$ (214,440)
Home care program (\$275,000 for 6 years)	1,650,000	2,190,531	540,531
Program/scholarship funds/transfer to Endowment	650,000	214,333	(435,667)
Aging with purpose pilot program	1,950,000	1,950,000	-
Community-wide needs and skills assessment	225,000	269,972	44,972
Capital projects	225,000	225,000	-
Capital campaign fundraising expenses	200,000	211,868	11,868
Transfers to operating reserves	-	52,736	52,736
	<u>\$ 5,500,000</u>	<u>\$ 5,500,000</u>	<u>\$ -</u>

As of June 30, 2018, the Aging with Purpose campaign received promises to give and gifts of \$162,692. Total campaign promises to give and gifts are \$5,139,150.

NOTE X – COMMITMENTS

The Organization contracted for research and data analysis services through July 2018 at an annual cost of \$75,000 to support Age-Friendly Forsyth Initiative. The contract was renewed through June 2019 at an annual cost of \$81,000.

SENIOR SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2018

Federal or State Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Federal Pass- Through Expenditures	Passed Through to Subrecipients	State Expenditures
U.S. Department of Agriculture: Passed through North Carolina Department of Health and Human Services, Division of Public Health Child and Adult Care Food Program	10.558	\$ 48,807	\$ -	\$ -
U.S. Department of Veterans Affairs Veterans Home Based Primary Care	64.022	3,060	-	-
Veterans State Adult Day Health Care	64.026	113,961	-	-
U.S. Department of Health and Human Services: Passed through North Carolina Department of Health and Human Services and Piedmont Triad Regional Council Aging Cluster:				
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	73,737	-	\$ 397,479
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	236,869	-	167,309
Nutrition Services Incentive Program	93.053	171,777	-	-
Total Aging Cluster		482,383	-	564,788
U.S. Department of Health and Human Services Passed through North Carolina Department of Health and Human Services and Piedmont Triad Regional Council National Family Caregiver Support Program, Title III, Part E	93.052	62,166	12,790	4,144
U.S. Department of Health and Human Services Passed through North Carolina Department of Health and Human Services and Davie County National Family Caregiver Support Program, Title III, Part E	93.052	1,391	-	93
U.S. Department of Health and Human Services Passed through Forsyth County Department of Social Services and Piedmont Triad Regional Council Social Services Block Grant	93.667	65,019	-	50,026
U.S. Department of Health and Human Services Passed through Division of Medical Assistance Money Follows the Person Rebalancing Demonstration	93.791	90,373	-	-
TOTAL FEDERAL AND STATE AWARDS		\$ 867,160	\$ 12,790	\$ 619,051

SENIOR SERVICES, INC.

NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS

June 30, 2018

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (SEFSA) includes the federal and state grant activity of Senior Services, Inc. under the programs of the federal government and the State of North Carolina for the year ended June 30, 2018. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the schedule presents only a selected portion of the operations of Senior Services, Inc., it is not intended to and does not present the financial position, changes in net position, or cash flows of Senior Services, Inc.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3: INDIRECT COST RATE

Senior Services, Inc. has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4: FAMILY CAREGIVER SUPPORT PROGRAM

The Organization has been designated as the Family Caregiver Support Program administrator for Forsyth County, North Carolina. In addition to providing leadership and administrative support for the program, the Organization has subcontracts with two organizations who provide services and receive a designated part of the funding equating to the \$12,790 shown in the "Passed Through to Subrecipients" column on the SEFSA. Purchase of service contracts were also done with five agencies totaling another \$10,575 that was paid for services not provided directly by Senior Services, Inc. The remaining \$42,945 funded services and administrative costs provided by Senior Services, Inc.

COMPLIANCE



cannon&company
Certified Public Accountants L.L.P.

**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
Senior Services, Inc.
Winston-Salem, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements, related statements of activities and cash flows of Senior Services, Inc. (a nonprofit organization) as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprises Senior Services, Inc.'s basic financial statements, and have issued our report thereon dated October 5, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 Senior Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Senior Services, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.

Cannon & Company, P.C.

October 5, 2018



**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER
COMPLIANCE; WITH OMB UNIFORM GUIDANCE**

To the Board of Directors
Senior Services, Inc.
Winston-Salem, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Senior Services, Inc.'s compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on Senior Services, Inc.'s major federal program for the year ended June 30, 2018. Senior Services, Inc.'s major federal program is 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 Federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Senior Services, Inc.'s major federal program 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, 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 occurred. An audit includes examining, on a test basis, evidence about 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 the major federal program. However, our audit does not provide a legal determination of Senior Services, Inc.'s compliance.

Opinion on the Major Federal Program

In our opinion, 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 its major federal program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of 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 Senior Services, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 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 will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cannon & Company, L.L.P.

October 5, 2018

SENIOR SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2018

Section I - Summary of Independent Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant Deficiency(s)	<u> </u> Yes	<u> X </u> None reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant Deficiency(s) identified	<u> </u> Yes	<u> X </u> None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.044, 93.045, 93.053	Aging Cluster

SENIOR SERVICES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

For the Fiscal Year Ended June 30, 2018

Dollar threshold used to distinguish between Type A
and Type B programs

\$ 750,000

Auditee qualified as low-risk auditee?

X Yes

No

Section II - Financial Statement Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

None reported.

SENIOR SERVICES, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2018

There were no prior audit findings.