

**SENIOR SERVICES, INC. AND SUBSIDIARY**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

For the Year Ended June 30, 2015

**SENIOR SERVICES, INC.**

2015

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OFFICERS

Sandra P. Adams  
Chairman

David R. Smelcer  
Treasurer

Deborah C. Isbister  
Secretary

James T. Brewer  
Immediate Past Chairman

**SENIOR SERVICES FOUNDATION, INC.**

2015

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OFFICERS

Elizabeth L. Quick  
Chairman

Albert L. Butler III  
Treasurer

Veronica Black  
Secretary

Victor I. Flow, Jr.  
Immediate Past Chairman

## CONTENTS

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### SECTION I - FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

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#### Independent Auditors' Report

#### Financial Statements

Statement of financial position	6
Statement of activities	7-8
Statement of functional expenses	9-10
Statement of cash flows	11-12
Notes to financial statements	13-26

Schedule of Expenditures of Federal and State Awards	27-28
--	-------

Note to Schedule of Expenditures of Federal and State Awards	29
--	----

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### SECTION II - INTERNAL CONTROL AND COMPLIANCE MATTERS

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#### Independent Auditor's 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>	31-32
--	-------

Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	33-34
--	-------

Schedule of Findings and Questioned Costs	35-36
---	-------

Summary Schedule of Prior Audit Findings	37
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cannon&company  
Certified Public Accountants L.L.P.

## 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 statement of Senior Services, Inc. (a nonprofit organization) and subsidiary as of and for the year ended June 30, 2015, and the related consolidated statements of activities, functional expenses, cash flows, 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 opinions 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 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 of 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 opinions.

30 Country Club Road / Winston-Salem, NC 27104 / 336-725-0635 / Fax 336-725-0630  
219 Moore Road / P.O. Box 330 / King, NC 27021 / 336-983-5985 / Fax 336-983-5935

## Opinions

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, 2015, and the respective changes in financial position, net assets and 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 2014 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 7, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, 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 opinions on the consolidated financial statements that collectively comprise Senior Services, Inc. and subsidiary's basic consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated 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 consolidated basic financial statements or to the consolidated basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the consolidated financial statement and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the consolidated basic financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2015, 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.L.P.*

October 20, 2015

**SENIOR SERVICES, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
June 30, 2015  
With Comparative Amounts for June 30, 2014

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 823,813	\$ 756,884
Investments	7,707,054	8,035,944
Accounts receivable:		
Funding sources	138,680	155,620
Client fees	42,069	45,602
Other	55,537	45,015
Contributions receivable:		
Campaign pledges for future projects (net of allowance for uncollectible amount of \$3,650 in 2015 and \$9,484 in 2014)	177,812	396,305
Other contributions receivable	111,629	121,016
Prepaid expenses	108,415	96,150
Property and equipment	<u>6,152,173</u>	<u>6,380,295</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 15,317,182</u></u>	<u><u>\$ 16,032,831</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 592,991	\$ 507,534
Lease obligation	32,421	40,158
Deferred revenue	<u>14,544</u>	<u>6,738</u>
<b>TOTAL LIABILITIES</b>	<u>639,956</u>	<u>554,430</u>
Net assets:		
Unrestricted		
Undesignated (includes plant assets of \$6,152,173 for 2015 and \$6,380,295 for 2014):	7,677,794	8,147,291
Designated by Board of Directors:		
Program expenses and/or permanent funds	296,504	156,000
Senior Services Foundation, Inc.	<u>3,809,264</u>	<u>3,928,647</u>
Total unrestricted	<u>11,783,562</u>	<u>12,231,938</u>
Temporarily restricted	<u>2,893,664</u>	<u>3,246,463</u>
<b>TOTAL NET ASSETS</b>	<u>14,677,226</u>	<u>15,478,401</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 15,317,182</u></u>	<u><u>\$ 16,032,831</u></u>

See accompanying notes.

**SENIOR SERVICES, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2015

With Comparative Amounts as of June 30, 2014

	Unrestricted	Temporarily Restricted	2015 Total	Senior Services Foundation, Inc.	Consolidated Totals	
					2015	2014
Revenue, gains and other support						
Forsyth County	\$ 150,000	\$ -	\$ 150,000	\$ -	\$ 150,000	\$ 92,700
Kate B. Reynolds Charitable Trust	300,000	-	300,000	-	300,000	320,000
N. C. Department of Health and Human Services	53,786	-	53,786	-	53,786	51,613
U.S. Department of Agriculture	164,407	-	164,407	-	164,407	168,166
Town Government Support	-	15,000	15,000	-	15,000	5,000
Individuals, corporations, churches, and other	1,780,628	488,857	2,269,485	-	2,269,485	2,468,244
The Winston-Salem Foundation	-	40,000	40,000	-	40,000	20,000
Lettie Pate Whitehead Foundation	70,000	-	70,000	-	70,000	55,000
Community Resource Connections for Aging and Disabilities	-	-	-	-	-	500
Client fees:						
Private	455,905	-	455,905	-	455,905	430,458
Paid by Elder Care Choices corporate clients	111,162	-	111,162	-	111,162	106,434
Paid by Forsyth County Department of Social Services	207,592	-	207,592	-	207,592	223,400
Paid by Home and Community Care Block Grant	828,002	-	828,002	-	828,002	886,048
Paid by National Family Caregiver Support	35,611	-	35,611	-	35,611	35,345
Paid by Medicaid	598,147	-	598,147	-	598,147	604,392
Paid by Medicare	82,222	-	82,222	-	82,222	34,692
Paid by Project C.A.R.E.	-	-	-	-	-	1,000
Paid by Veteran's Administration	80,448	-	80,448	-	80,448	82,102
Interest and dividends	82,341	196	82,537	131,787	214,324	200,798
Realized gain (loss) on sale of investments	(8,057)	-	(8,057)	26,896	18,839	(23,981)
Advertising income	13,000	-	13,000	-	13,000	19,750
Miscellaneous income	55,143	-	55,143	-	55,143	52,749
Net assets released from restriction	955,356	( 896,852)	58,504	( 58,504)	-	-
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<b>6,015,693</b>	<b>( 352,799)</b>	<b>5,662,894</b>	<b>100,179</b>	<b>5,763,073</b>	<b>5,834,410</b>

See accompanying notes.

**SENIOR SERVICES, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF ACTIVITIES (CONTINUED)**  
For the Year Ended June 30, 2015  
With Comparative Amounts as of June 30, 2014

	Unrestricted	Temporarily Restricted	2015 Total	Senior Services Foundation, Inc.	Consolidated Totals	
					2015	2014
Expenses and losses:						
Williams Adult Day Center	1,086,870	-	1,086,870	-	1,086,870	992,149
Living at Home	620,360	-	620,360	-	620,360	594,748
Help Line/Elder Care Choices	440,690	-	440,690	-	440,690	481,197
Home Care	1,265,065	-	1,265,065	-	1,265,065	1,050,101
Meals on Wheels	1,845,986	-	1,845,986	-	1,845,986	1,804,661
Senior Lunch	145,841	-	145,841	-	145,841	145,316
Mend with Friends	149,721	-	149,721	-	149,721	152,533
Management and administrative	196,002	-	196,002	26,389	222,391	208,188
Fund-raising:						
Annual campaign	575,313	-	575,313	-	575,313	561,550
	<u>6,325,848</u>		<u>6,325,848</u>	<u>26,389</u>	<u>6,352,237</u>	<u>5,990,443</u>
TOTAL EXPENSES						
(Increase) decrease in valuation of investments	18,838	-	18,838	193,173	212,011	( 478,562)
TOTAL EXPENSES AND LOSSES	<u>6,344,686</u>	<u>-</u>	<u>6,344,686</u>	<u>219,562</u>	<u>6,564,248</u>	<u>5,511,881</u>
CHANGE IN NET ASSETS	( 328,993)	( 352,799)	( 681,792)	( 119,383)	( 801,175)	322,529
NET ASSETS AT BEGINNING OF YEAR	<u>8,303,291</u>	<u>3,246,463</u>	<u>11,549,754</u>	<u>3,928,647</u>	<u>15,478,401</u>	<u>15,155,872</u>
NET ASSETS AT END OF YEAR	<u>\$ 7,974,298</u>	<u>\$ 2,893,664</u>	<u>\$ 10,867,962</u>	<u>\$ 3,809,264</u>	<u>\$ 14,677,226</u>	<u>\$ 15,478,401</u>

See accompanying notes.



**SENIOR SERVICES, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended June 30, 2015  
With Comparative Amounts as of June 30, 2014

	Program Services						
	Williams Adult Day Center	Living at Home	Help Line/ Elder Care Choices	Home Care	Meals On Wheels	Senior Lunch	Mend With Friends
Fundraising events	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	9,585	4,948	4,592	5,929	20,771	892	580
Mileage reimbursement	737	10,451	210	42,890	14,218	583	758
Miscellaneous	70	31	-	19	2,679	-	-
Payroll taxes and employee benefits	140,615	100,585	53,251	244,953	124,351	10,597	21,578
Professional fees	3,910	2,737	2,855	7,210	7,095	1,538	719
Programs	12,515	4,941	32,897	8,335	8,949	1,495	126
Program food	80,694	-	-	-	851,961	47,709	6,328
Public relations/ advertising	36,582	15,299	14,806	38,990	106,488	5,339	9,265
Salaries	606,265	402,300	257,918	839,845	531,299	63,622	98,028
Space and land rental	11,471	3	5	4	4,231	1	1
Supplies and maintenance	77,914	38,192	42,009	39,829	100,744	8,537	8,342
Telephone	17,558	3,571	6,047	3,661	6,019	359	709
Uncollectible debt	4,608	2,701	-	1,186	25	-	-
	<u>1,002,524</u>	<u>585,759</u>	<u>414,590</u>	<u>1,232,851</u>	<u>1,778,830</u>	<u>140,672</u>	<u>146,434</u>
Realized loss on sale of assets	-	-	-	-	-	-	-
Depreciation	84,346	34,601	26,100	32,214	67,156	5,169	3,287
<b>TOTAL</b>	<u><u>\$ 1,086,870</u></u>	<u><u>\$ 620,360</u></u>	<u><u>\$ 440,690</u></u>	<u><u>\$ 1,265,065</u></u>	<u><u>\$ 1,845,986</u></u>	<u><u>\$ 145,841</u></u>	<u><u>\$ 149,721</u></u>

See accompanying notes.

**SENIOR SERVICES, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**  
For the Year Ended June 30, 2015  
With Comparative Amounts as of June 30, 2014

	Supporting Services					
	Program Services Total	Management and Administrative Services	Fund- Raising	Total	Combined Totals	
					2015	2014
Fundraising events	\$ -	\$ -	\$ 140,925	\$ 140,925	\$ 140,925	\$ 140,376
Insurance	47,297	1,516	134	1,650	48,947	44,301
Mileage reimbursement	69,847	3	311	314	70,161	66,616
Miscellaneous	2,799	31,117	8,314	39,431	42,230	38,220
Payroll taxes and employee benefits	695,930	20,596	56,059	76,655	772,585	724,727
Professional fees	26,064	18,065	15,568	33,633	59,697	67,193
Programs	69,258	2,556	5,302	7,858	77,116	64,202
Program food	986,692	-	-	-	986,692	986,313
Public relations/ advertising	226,769	1,560	42,396	43,956	270,725	192,371
Salaries	2,799,277	125,657	280,189	405,846	3,205,123	3,045,221
Space and land rental	15,716	2,283	1	2,284	18,000	18,296
Supplies and maintenance	315,567	9,373	21,184	30,557	346,124	297,670
Telephone	37,924	494	808	1,302	39,226	41,552
Uncollectible debt	8,520	-	-	-	8,520	1,775
	<u>5,301,660</u>	<u>213,220</u>	<u>571,191</u>	<u>784,411</u>	<u>6,086,071</u>	<u>5,728,833</u>
Realized loss on sale of assets	-	-	-	-	-	-
Depreciation	<u>252,873</u>	<u>9,171</u>	<u>4,122</u>	<u>13,293</u>	<u>266,166</u>	<u>261,610</u>
<b>TOTAL</b>	<u><u>\$ 5,554,533</u></u>	<u><u>\$ 222,391</u></u>	<u><u>\$ 575,313</u></u>	<u><u>\$ 797,704</u></u>	<u><u>\$ 6,352,237</u></u>	<u><u>\$ 5,990,443</u></u>

See accompanying notes.

**SENIOR SERVICES, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the Year Ended June 30, 2015  
With Comparative Amounts for June 30, 2014

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	(\$ 801,175)	\$ 322,529
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	266,166	261,610
(Increase) decrease in valuation of investments	212,011	( 478,562)
Realized (gain) loss on sale of investments	( 18,839)	23,981
Changes in:		
Accounts receivable		
Funding sources	16,940	26,878
Client fees	3,533	( 7,486)
Other	( 10,522)	16,598
Contributions receivable		
Campaign pledges for future projects	218,493	123,839
Other contributions receivable	9,387	8,004
Prepaid expenses	( 12,265)	1,520
Accounts payable and accrued expenses	85,457	8,733
Deferred revenue	7,806	( 13)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>( 23,008)</u>	<u>307,631</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sales of investments	2,330,697	813,375
Purchases of investments	( 2,194,981)	( 723,568)
Purchase of property and equipment	( 38,042)	( 79,009)
Net value of old lease obligation released	-	12,895
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>97,674</u>	<u>23,693</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Reduction of capital lease obligation	( 7,737)	( 19,301)
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<u>( 7,737)</u>	<u>( 19,301)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	66,929	312,023
CASH AT BEGINNING OF YEAR	<u>756,884</u>	<u>444,861</u>
<b>CASH AT END OF YEAR</b>	<u><u>\$ 823,813</u></u>	<u><u>\$ 756,884</u></u>

See accompanying notes.

**SENIOR SERVICES, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the Year Ended June 30, 2015  
With Comparative Amounts for June 30, 2014

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	<u>2015</u>	<u>2014</u>
Schedules of Noncash Investing and Financing Activities		
Exchange of lease obligation		
Old lease asset	\$ -	\$ 35,169
Accumulated depreciation	-	( 22,274)
	<u>\$ -</u>	<u>\$ 12,895</u>
Value of new lease obligation	\$ -	\$ 41,150
Net value of old lease obligation	-	( 12,895)
	<u>\$ -</u>	<u>\$ 28,255</u>
Cash paid during the year for:		
Interest	<u>\$ 1,191</u>	<u>\$ 1,570</u>

**SENIOR SERVICES, INC. AND SUBSIDIARY**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2015

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**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 provide and coordinate creative quality services that enable senior adults to remain as independent as possible for as long as possible, staying in their own homes and living with dignity. With concern for those who care for senior adults, Senior Services also strives to assist caregivers through services and education that will benefit them. 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.

**SENIOR SERVICES, INC. AND SUBSIDIARY**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2015

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**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, 2015, Senior Services had bank deposits which exceeded federally-insured limits.

Accounts Receivable

In 2015, 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.

**SENIOR SERVICES, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
June 30, 2015

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**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 46,000 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 2015, 2014, 2013, and 2012 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.

**SENIOR SERVICES, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
June 30, 2015

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**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 2015 have been consolidated. For comparative purposes, 2014 has also been consolidated.

Subsequent Events

Management has evaluated subsequent events through October 20, 2015, 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, 2015

**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, 2015			
Investment in certificates of deposit	\$ 2,210,220	\$ 2,210,220	
Various investments held by investment management firm	<u>4,927,273</u>	<u>5,496,834</u>	
	<u>\$ 7,137,493</u>	<u>\$ 7,707,054</u>	\$ 569,561
June 30, 2014			
Investment in certificates of deposit	\$ 2,454,578	\$ 2,454,578	
Various investments held by investment management firm	<u>4,799,794</u>	<u>5,581,366</u>	
	<u>\$ 7,254,372</u>	<u>\$ 8,035,944</u>	781,572
Unrealized loss for the year			( 212,011)
Realized gain on sale of investments			18,839
Dividend and interest income for the year, excluding investment expense of \$33,491			<u>187,636</u>
Total investment return			<u>(\$ 5,536)</u>
Rate of return including unrealized gain and excluding investment expense of \$33,491 based on:			<u>2015</u>
Average cost value			-0.08%
Average fair value			-0.07%

**SENIOR SERVICES, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
June 30, 2015

**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, 2015</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	\$ 2,210,220	\$ 2,210,220	\$ -	\$ -
Investments in common trust funds	584,047	584,047	-	-
Hedge funds	123,072	-	123,072	-
Mutual funds	1,054,189	1,054,189	-	-
Fixed income mutual funds	1,158,697	1,158,697	-	-
Equities mutual funds	1,709,101	1,709,101	-	-
Complimentary strategies	478,273	478,273	-	-
Real estate funds	389,455	389,455	-	-
	<u>\$ 7,707,054</u>	<u>\$ 7,583,982</u>	<u>\$ 123,072</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, 2015, the market value of the trust was \$461,593.

**SENIOR SERVICES, INC. AND SUBSIDIARY**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2015

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**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, 2015, the market value of the trust was \$245,526.

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, 2015, the fund's market value was \$112,555.

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, 2015, the fund's total market value was \$341,458. At June 30, 2015, Senior Service's 70% would total \$239,020.

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, 2015, the fund's total market value was \$180,382.

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, 2015, the fund's total market value was \$115,310. At June 30, 2015, Senior Service's 16% would total \$18,450.

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, 2015, the fund's total market value was \$11,842.

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, 2015, the fund's total market value was \$51,233.

Margaret W. Parker Charitable Lead Unitrust: This unitrust was created in May 1998 and is expected to generate \$5,949 annually for 2 additional years for general endowment purposes. The trust requires that distributions go to Senior Services, rather than to the Winston-Salem Foundation. Therefore, \$11,132 (representing the estimated present value, at a discount rate of 7%, of the total expected future distributions of \$11,898) and \$376 in interest receivable are included in contributions receivable on the statement of financial position. This fund is a Designated Fund.

**SENIOR SERVICES, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
June 30, 2015

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**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, 2015 is \$700,587. As of June 30, 2015, Senior Services' 50% would total \$350,294.

**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, 2015 are recorded at the present value of future cash flows and are expected to be realized in the following periods:

Past due	\$	23,329
2016		173,678
2017		20,216
2018		11,467
2019		11,466
2020		11,466
Thereafter		97,467
		<hr/>
		349,089
Less discount		55,998
Less reserve for uncollectible promises to give		3,650
		<hr/>
	\$	<u>289,441</u>

**SENIOR SERVICES, INC. AND SUBSIDIARY**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2015

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**NOTE I – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

Buildings	\$ 5,855,218
Furnishings and equipment	1,644,015
Land	1,700,000
Land improvements	<u>95,057</u>
	9,294,290
Less accumulated depreciation	<u>3,142,117</u>
	<u><u>\$ 6,152,173</u></u>

Depreciation expense was \$266,166 for the year ended June 30, 2015.

**NOTE J – CAPITAL LEASE**

Senior Services entered into a new lease for equipment in April 2014 under a capital lease. The terms of the lease require a monthly payment of \$1,030 including \$286 for maintenance through April 2019.

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

Furnishings and equipment	\$ 39,388
Less accumulated depreciation	<u>9,191</u>
	<u><u>\$ 30,197</u></u>

**SENIOR SERVICES, INC. AND SUBSIDIARY**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2015

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**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, 2015:

2016	\$	12,731
2017		12,731
2018		12,731
2019		11,055
Total minimum lease payments		<u>49,248</u>
Less amount representing interest		2,125
Less amount representing maintenance		<u>14,702</u>
Present value of minimum lease payments	\$	<u><u>32,421</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 \$99,966 representing the present value of the future use of the land at June 30, 2015, is included in other contributions receivable on the statement of financial position. Lease expense was \$11,467 for the year ended June 30, 2015.

**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, 2015 totaled \$118,480.

**NOTE M – SUPPLEMENTAL RETIREMENT AGREEMENT**

In March 2009, the Organization entered into an agreement to pay lump sum benefits upon retirement if certain employment conditions are met. In August 2014, the agreement was amended to extend additional retirement disability and death benefits under this agreement through January 2020. For June 30, 2015, the Organization recognized \$170,178 related to these benefits.

**SENIOR SERVICES, INC. AND SUBSIDIARY**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2015

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**NOTE N – LEASE COMMITMENTS**

The Organization leases equipment through March 2017 which requires annual and quarterly payments. Future minimum lease payments for the next five years are as follows:

2016	\$	3,800
2017		<u>1,080</u>
	\$	<u><u>4,880</u></u>

Lease expense was \$11,655 for the year ended June 30, 2015.

**NOTE O – 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 P – TEMPORARILY RESTRICTED NET ASSETS**

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

Just Like Family Campaign	\$	2,123,676
For future periods		588,613
General endowment fund		111,098
Charitable Gift Annuities		26,236
Aging with Purpose Campaign		<u>44,041</u>
	\$	<u><u>2,893,664</u></u>

**SENIOR SERVICES, INC. AND SUBSIDIARY**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2015

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**NOTE Q – 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>\$ 896,852</u>
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**NOTE R – TRANSFERS TO FOUNDATIONS**

The Organization transferred \$85,087 to Senior Services Foundation, Inc. in 2015 under a revocable trust agreement with a financial institution that serves as trustee. This transfer has been eliminated through consolidation.

**NOTE S – ADVERTISING COSTS**

Advertising costs are expensed as incurred. Advertising expense totaled \$270,725 for the year ended June 30, 2015 and included \$90,483 of donated advertising.

**NOTE T – 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 - 2014	(734,750)
Release of pledge payments in 2015	<u>(21,000)</u>
Compassionate Steps Campaign at June 30, 2015	135,000
Board designated from Collins Bequest	<u>161,504</u>
Board Designated at June 30, 2015	<u>\$ 296,504</u>



**SENIOR SERVICES, INC. AND SUBSIDIARY**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2015

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

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

Williams Adult Day Care Scholarship Funds	\$ 1,928,545
General Scholarship Funds	1,466,456
Meals-on-Wheels Scholarship Funds	<u>414,263</u>
	<u>\$ 3,809,264</u>

**NOTE V - 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 2015, an amount of \$143,590 was distributed to Senior Services, Inc. This distribution has been eliminated through consolidation.

**NOTE W – 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 \$57,928 in 2015, including \$44,928 from parking lot rentals and \$13,000 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, 2015 consisted of:

Federal income tax expense	\$ 4,517
State income tax expense	<u>1,986</u>
	<u>\$ 6,503</u>

**SENIOR SERVICES, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
June 30, 2015

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**NOTE X – JUST LIKE FAMILY CAMPAIGN**

The Organization started the "Just Like Family" campaign in April 2010 with a projected budget of \$3.5 million. The campaign included support of Meals on Wheels and a new Transitional Care Program to assist health impaired individuals in Forsyth County in making a successful transition to their homes after a hospitalization. The Organization contracted with a company for a campaign survey on June 1, 2010 through August 31, 2010 at a total cost of \$20,000. The Organization contracted with the same company for counsel during the "Just Like Family" campaign from September 2010 through September 2011 at a total cost of \$130,000. In 2015, the "Just Like Family" campaign received promises to give and gifts of \$4,440. Total campaign promises to give and gifts are \$3,578,472.

Once the Affordable Care Act was enacted, the Transitional Care Program changed to a regional program involving multiple hospitals, counties and service agencies including Senior Services. This program was administered by Community Care Network of Northwest NC (CCN), which received an initial three year grant from the Center for Medicaid and Medicare Services (CMS) in the amount of \$1.1 million. Senior Services employed a full time transition specialist to work with CCN, local hospitals and other service agencies as part of the regional transitional care program and received some revenue for these services through the CMS grant until the program ended in July 2015.

**NOTE Y – COMMITMENTS**

The Organization contracted a consultant for services in September 2015 to advise and consult in carrying out a Capital Campaign. The Organization agreed to pay \$10,000 per month from September 2015 through June 2016 at a total cost of \$100,000.

**SENIOR SERVICES, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

For the Year Ended June 30, 2015

Federal or State Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Federal Pass- Through Expenditures	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	\$ 53,786	
U.S. Department of Veterans Affairs Veterans State Adult Day Health Care	64.026	80,448	
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	120,594	\$ 308,345
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	248,637	150,428
Nutrition Services Incentive Program	93.053	164,402	-
Total Aging Cluster		533,633	458,773
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	55,583	3,706
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	1,219	81
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	68,075	52,819
<b>TOTAL FEDERAL AND STATE AWARDS</b>		<b>\$ 792,744</b>	<b>\$ 515,379</b>

See Note to Schedule of Expenditures of Federal and State Awards.

**SENIOR SERVICES, INC.**

**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

June 30, 2015

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**NOTE – 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, 2015. The information in this SEFSA is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFSA presents only a select portion of the operations of Senior Services, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Senior Services, Inc.

## **COMPLIANCE**



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**cannon&company**  
Certified Public Accountants LLP

**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**

**Independent Auditors' Report**

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, 2015 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 20, 2015.

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.

### 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*. We noted certain matters that we reported to management of Senior Services, Inc. in a separate letter dated October 20, 2015.

### 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, L.L.P.*

October 20, 2015



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

**INDEPENDENT AUDITORS' REPORT  
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE; IN ACCORDANCE WITH OMB CIRCULAR A-133**

**Independent Auditors' Report**

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. compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2015. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2015.

## **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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Cannon & Company, L.L.P.*

October 20, 2015

**SENIOR SERVICES, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended June 30, 2015

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**Section I - Summary of Independent Auditors' Results**

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes \_\_\_\_\_ X No

Significant Deficiency(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes \_\_\_\_\_ X None reported

Noncompliance material to financial statements noted \_\_\_\_\_ Yes \_\_\_\_\_ X No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? \_\_\_\_\_ Yes \_\_\_\_\_ X No

Significant Deficiency(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes \_\_\_\_\_ X 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 Section 510(a) of Circular A-133? \_\_\_\_\_ Yes \_\_\_\_\_ X No

Identification of major program:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
	Aging Cluster:
93.044	Special Programs for the Aging-Title III, Part B- Grants for Supportive Services and Senior Centers
93.045	Special Programs for the Aging-Title III, Part C- Nutrition Services
93.053	Nutrition Services Incentive Program

**SENIOR SERVICES, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

For the Year Ended June 30, 2015

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Dollar threshold used to distinguish between Type A  
and Type B programs \$ 300,000

Auditee qualified as low-risk auditee?            Yes   X   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 Year Ended June 30, 2015

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There were no prior audit findings.