

Pro Seniors, Inc.

**Financial Statements with Accompanying Information
September 30, 2018 and 2017, and
Independent Auditors' Report**

PRO SENIORS, INC.
September 30, 2018 and 2017

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Independent Auditors' Report

Board of Trustees
Pro Seniors, Inc.
Cincinnati, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of Pro Seniors, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pro Seniors, Inc. as of September 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Independent Auditors' Report (Continued)

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the 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 February 6, 2019 on our consideration of Pro Seniors, 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 Pro Seniors, Inc.'s internal control over financial reporting and compliance.



February 6, 2019
Cincinnati, Ohio

PRO SENIORS, INC.

**Statements of Financial Position
September 30, 2018 and 2017**

| | <u>2018</u> | <u>2017</u> |
|--|----------------------------|----------------------------|
| Assets | | |
| Cash and cash equivalents | \$ 299,060 | \$ 356,055 |
| Accounts and grants receivable | 103,439 | 103,216 |
| Investments | 980,947 | 924,395 |
| Prepaid expenses | 25,323 | 34,403 |
| Office furniture and equipment, net of accumulated depreciation of \$55,112 and \$52,979 for 2018 and 2017, respectively | <u>30,205</u> | <u>32,025</u> |
| Total assets | <u><u>\$ 1,438,974</u></u> | <u><u>\$ 1,450,094</u></u> |
| Liabilities and Net Assets | | |
| Liabilities | | |
| Accrued expenses and other liabilities | \$ 148,634 | \$ 149,583 |
| Refundable advances | <u>13,180</u> | <u>25,760</u> |
| Total liabilities | <u>161,814</u> | <u>175,343</u> |
| Net Assets | | |
| Unrestricted | 1,254,173 | 1,029,321 |
| Temporarily restricted | <u>22,987</u> | <u>245,430</u> |
| Total net assets | <u>1,277,160</u> | <u>1,274,751</u> |
| Total liabilities and net assets | <u><u>\$ 1,438,974</u></u> | <u><u>\$ 1,450,094</u></u> |

See accompanying notes to financial statements

PRO SENIORS, INC.

**Statement of Activities
Year Ended September 30, 2018 with Comparative Totals for 2017**

| | 2018 | | | 2017 |
|---|---------------------|-----------------------------------|---------------------|---------------------|
| | Unrestricted | Temporarily Restricted | Total | |
| Revenues, gains and other support | | | | |
| Grants and allocations: | | | | |
| Council on Aging of Southwestern Ohio | \$ 384,265 | \$ - | \$ 384,265 | \$ 382,769 |
| Ohio SMP | 333,525 | - | 333,525 | 315,609 |
| Ohio Legal Assistance Foundation | 280,587 | 39,205 | 319,792 | 429,878 |
| Victim of Crimes Assistance | 179,204 | - | 179,204 | 259,239 |
| Nursing facilities/bed fees | 132,974 | - | 132,974 | 107,559 |
| United Way Greater Cincinnati | - | 106,000 | 106,000 | 117,500 |
| MyCare Ohio | 79,410 | - | 79,410 | 60,084 |
| Pension Rights Project | 75,159 | - | 75,159 | 77,528 |
| OMB Support Funds | 64,566 | - | 64,566 | 32,369 |
| City of Cincinnati Ombudsman Program | 40,000 | - | 40,000 | 40,000 |
| Home Care and Adult Care Facility subsidy | 37,721 | - | 37,721 | 37,732 |
| Elder Abuse Prevention | 22,789 | - | 22,789 | 22,789 |
| Total grants and allocations | 1,630,200 | 145,205 | 1,775,405 | 1,883,056 |
| Contributions | 135,059 | 8,000 | 143,059 | 225,365 |
| Contributed services | 62,400 | - | 62,400 | 58,067 |
| Investment return | 64,440 | - | 64,440 | 101,245 |
| Miscellaneous revenues | 160,239 | - | 160,239 | 118,266 |
| Net assets released from restrictions | 375,648 | (375,648) | - | - |
| Total revenues, gains and other support | 2,427,986 | (222,443) | 2,205,543 | 2,385,999 |
| Expenses | | | | |
| Community services | 1,693,305 | - | 1,693,305 | 1,766,807 |
| Management and general | 428,040 | - | 428,040 | 358,680 |
| Fundraising | 81,789 | - | 81,789 | 88,383 |
| Total expenses | 2,203,134 | - | 2,203,134 | 2,213,870 |
| Change in net assets | 224,852 | (222,443) | 2,409 | 172,129 |
| Net assets, beginning of year | 1,029,321 | 245,430 | 1,274,751 | 1,102,622 |
| Net assets, end of year | <u>\$ 1,254,173</u> | <u>\$ 22,987</u> | <u>\$ 1,277,160</u> | <u>\$ 1,274,751</u> |

See accompanying notes to financial statements

PRO SENIORS, INC.
Statement of Activities
Year Ended September 30, 2017

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|---|---------------------|-----------------------------------|---------------------|
| Revenues, gains and other support | | | |
| Grants and allocations: | | | |
| Council on Aging of Southwestern Ohio | \$ 382,769 | \$ - | \$ 382,769 |
| Ohio SMP | 315,609 | - | 315,609 |
| Ohio Legal Assistance Foundation | 272,735 | 157,143 | 429,878 |
| Victim of Crimes Assistance | 259,239 | - | 259,239 |
| Nursing facilities/bed fees | 107,559 | - | 107,559 |
| United Way Greater Cincinnati | - | 117,500 | 117,500 |
| MyCare Ohio | 60,084 | - | 60,084 |
| Pension Rights Project | 77,528 | - | 77,528 |
| OMB Support Funds | 32,369 | - | 32,369 |
| City of Cincinnati Ombudsman Program | 40,000 | - | 40,000 |
| Home Care and Adult Care Facility subsidy | 37,732 | - | 37,732 |
| Elder Abuse Prevention | 22,789 | - | 22,789 |
| | <u>1,608,413</u> | <u>274,643</u> | <u>1,883,056</u> |
| Total grants and allocations | | | |
| Contributions | 127,705 | 97,660 | 225,365 |
| Contributed services | 58,067 | - | 58,067 |
| Investment return | 101,245 | - | 101,245 |
| Miscellaneous revenues | 118,266 | - | 118,266 |
| Net assets released from restrictions | 424,616 | (424,616) | - |
| | <u>2,438,312</u> | <u>(52,313)</u> | <u>2,385,999</u> |
| Total revenues, gains and other support | | | |
| Expenses | | | |
| Community services | 1,766,807 | - | 1,766,807 |
| Management and general | 358,680 | - | 358,680 |
| Fundraising | 88,383 | - | 88,383 |
| | <u>2,213,870</u> | <u>-</u> | <u>2,213,870</u> |
| Total expenses | | | |
| Change in net assets | 224,442 | (52,313) | 172,129 |
| Net assets, beginning of year | <u>804,879</u> | <u>297,743</u> | <u>1,102,622</u> |
| Net assets, end of year | <u>\$ 1,029,321</u> | <u>\$ 245,430</u> | <u>\$ 1,274,751</u> |

See accompanying notes to financial statements

PRO SENIORS, INC.

**Statement of Functional Expenses
Year Ended September 30, 2018 with Comparative Totals for 2017**

| | 2018 | | | Total | 2017 |
|------------------------------------|-----------------------|---------------------------|------------------|---------------------|---------------------|
| | Community Services | Management and General | Fundraising | | |
| Salaries and wages | \$ 1,094,383 | \$ 224,765 | \$ 60,257 | \$ 1,379,405 | \$ 1,426,239 |
| Employee benefits | 271,206 | 144,922 | 8,182 | 424,310 | 434,409 |
| Total salaries and related | 1,365,589 | 369,687 | 68,439 | 1,803,715 | 1,860,648 |
| Community and public relations | 70,121 | - | 9,100 | 79,221 | 59,824 |
| Office rent | 58,580 | 11,835 | - | 70,415 | 70,661 |
| Donated ombudsman services | 62,400 | - | - | 62,400 | 58,067 |
| Travel | 54,843 | 574 | 12 | 55,429 | 44,678 |
| Professional services | 17,232 | 22,698 | 100 | 40,030 | 38,150 |
| Office supplies | 16,204 | 734 | 876 | 17,814 | 9,935 |
| Equipment and maintenance | 15,127 | 189 | - | 15,316 | 8,156 |
| Postage | 6,284 | 1,520 | 1,420 | 9,224 | 8,111 |
| Insurance | 6,076 | 3,016 | - | 9,092 | 9,091 |
| Depreciation | 2,241 | 5,411 | - | 7,652 | 7,103 |
| Telephone | 7,192 | - | - | 7,192 | 7,314 |
| Investment Fees | - | 7,097 | - | 7,097 | 6,569 |
| Reference publications | 6,122 | - | - | 6,122 | 4,662 |
| Miscellaneous | - | 4,779 | 33 | 4,812 | 5,432 |
| Professional development | 3,142 | - | - | 3,142 | 6,120 |
| Printing and copying | 551 | - | 1,809 | 2,360 | 2,961 |
| Organization dues | 1,401 | 500 | - | 1,901 | 5,798 |
| Client representation fees | 200 | - | - | 200 | 590 |
| | <u>\$ 1,693,305</u> | <u>\$ 428,040</u> | <u>\$ 81,789</u> | <u>\$ 2,203,134</u> | <u>\$ 2,213,870</u> |

See accompanying notes to financial statements

PRO SENIORS, INC.

**Statement of Functional Expenses
Year Ended September 30, 2017**

| | <u>Community Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
|------------------------------------|-------------------------------|-----------------------------------|--------------------|---------------------|
| Salaries and wages | \$ 1,177,319 | \$ 190,026 | \$ 58,894 | \$ 1,426,239 |
| Employee benefits | 311,935 | 110,753 | 11,721 | 434,409 |
| Total salaries and related | 1,489,254 | 300,779 | 70,615 | 1,860,648 |
| Community and public relations | 46,573 | - | 13,251 | 59,824 |
| Office rent | 61,700 | 8,961 | - | 70,661 |
| Donated services | 58,067 | - | - | 58,067 |
| Travel | 44,036 | 572 | 70 | 44,678 |
| Professional services | 9,080 | 28,780 | 290 | 38,150 |
| Office supplies | 9,147 | 69 | 719 | 9,935 |
| Equipment and maintenance | 8,037 | 119 | - | 8,156 |
| Postage | 6,523 | 900 | 688 | 8,111 |
| Insurance | 5,812 | 3,279 | - | 9,091 |
| Depreciation | 3,299 | 3,804 | - | 7,103 |
| Telephone | 7,314 | - | - | 7,314 |
| Investment fees | - | 6,569 | - | 6,569 |
| Reference publications | 4,662 | - | - | 4,662 |
| Miscellaneous | 809 | 4,623 | - | 5,432 |
| Professional development | 6,120 | - | - | 6,120 |
| Printing and copying | 211 | - | 2,750 | 2,961 |
| Organization dues | 5,573 | 225 | - | 5,798 |
| Client representation fees | 590 | - | - | 590 |
| | <u>\$ 1,766,807</u> | <u>\$ 358,680</u> | <u>\$ 88,383</u> | <u>\$ 2,213,870</u> |

See accompanying notes to financial statements

PRO SENIORS, INC.

**Statements of Cash Flows
Years Ended September 30, 2018 and 2017**

| | 2018 | 2017 |
|--|------------|------------|
| Cash flows from operating activities | | |
| Change in net assets | \$ 2,409 | \$ 172,129 |
| Adjustments to reconcile change in net assets to net cash from operating activities: | | |
| Depreciation | 7,652 | 7,103 |
| Net realized and unrealized gains | (31,533) | (68,580) |
| Changes in: | | |
| Accounts and grants receivable | (223) | 181,503 |
| Prepaid expenses | 9,080 | (34,403) |
| Accrued expenses and other liabilities | (949) | 7,209 |
| Refundable advances | (12,580) | 21,126 |
| | (26,144) | 286,087 |
| Net cash provided by (used in) operating activities | | |
| Cash flows from investing activities | | |
| Purchases of property and equipment | (5,832) | (33,400) |
| Purchases of investments | (27,096) | (28,827) |
| Proceeds from sale of investments | 2,077 | 3,217 |
| | (30,851) | (59,010) |
| Net cash used in investing activities | | |
| Net change in cash and cash equivalents | (56,995) | 227,077 |
| Cash and cash equivalents, beginning of year | 356,055 | 128,978 |
| Cash and cash equivalents, end of year | \$ 299,060 | \$ 356,055 |

See accompanying notes to financial statements

PRO SENIORS, INC.

Notes to Financial Statements

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Pro Seniors, Inc. (the "Organization") is a not-for-profit corporation whose mission and principal activities are to advocate through legal means or through public information and education, older persons' rights and benefits in Southwestern Ohio area. The Organization's revenues and other support are derived principally from federal and state grants and its activities are conducted principally in the Southwestern Ohio area.

Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets which have no donor-imposed restriction; temporarily restricted net assets which have donor-imposed restrictions that will expire in the future; and permanently restricted net assets which have donor-imposed restriction which do not expire.

Fair Value Measurements

GAAP has established a three-level hierarchy for fair value measurements based on transparency of valuation inputs as of the measurement date. The hierarchy is based on the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows: Level 1 inputs are unadjusted quoted prices for identical assets in active markets; Level 2 inputs are observable quoted prices for similar assets in active markets; Level 3 inputs are unobservable and reflect management's best estimate of what market participants would use as fair value.

Cash and Cash Equivalents

The Organization considers bank deposits and all highly liquid investments with original maturities of three months or less to be cash and cash equivalents. At September 30, 2018 and 2017, cash equivalents consisted primarily of money market accounts. 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 believes it is not exposed to any significant credit risk.

Accounts Receivable

Accounts receivable are stated at the amount billed to clients. Accounts receivable are ordinarily due 30 days after the issuance of an invoice. Accounts past due more than 180 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the client. All accounts receivable at September 30, 2018 and 2017 were considered collectible, thus an allowance for doubtful accounts was not necessary at both September 30, 2018 and 2017.

PRO SENIORS, INC.

Notes to Financial Statements (Continued)

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Investment return includes dividends, interest and realized and unrealized gains and losses on investments carried at fair value.

Investments are managed by investment professionals with oversight from the Finance and Administration Committee.

Investment return that is initially restricted by donor stipulation restriction is met in the same period are recorded as temporarily restricted and then released from restriction. Other investment return is reflected in the statements of activities as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

Office Furniture and Equipment

Office furniture and equipment are recorded at cost, and depreciated on a straight-line basis over the estimated useful life of each asset. The cost of maintenance and repairs is expensed as incurred while significant improvements are capitalized.

Contributions

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor stipulated time restriction ends or 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 restrictions. Gifts that are originally restricted by the donor and for which the restriction is met in the same period are recorded as temporarily restricted and then released from restriction.

Gifts of land, buildings, equipment and other long-lived assets are reported as unrestricted revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as temporarily or permanently restricted revenue and net assets. Absent explicit donor stipulations for the long-lived assets must be held, expirations of restrictions resulting in reclassification of temporarily restricted net assets as unrestricted net assets are reported when the long-lived assets are placed in service.

Donated Services

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skill possessed by the individuals providing the service and the service would typically need to be purchased if not donated. Contribution revenue recognized from contributed services consisted of ombudsman and legal services.

PRO SENIORS, INC.

**Notes to Financial Statements
(Continued)**

**NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Government Grants

Support funded by grants is recognized as the Organization performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of Ohio state law. However, the Organization is subject to federal income tax on any unrelated business taxable income.

The Organization's IRS Form 990 is subject to review and examination by federal and state authorities. The Organization believes it has appropriate support for any tax positions taken, and therefore, does not have any uncertain income tax positions that are material to the financial statements.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the program, management and general and fundraising categories based on the specific identification and other methods.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 amount of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

New Accounting Standards

In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The standard aims to improve nonprofit financial statements in an effort to provide more useful information to donors, grantors, creditors and other users. Major components of this standard include: net asset classifications, liquidity and availability of cash and consistency in reporting expenses. Net asset classifications will be reduced from three classes (unrestricted, temporarily restricted and permanently restricted) to two: net assets with donor restrictions and net assets without donor restrictions. Updated disclosure requirements will be presented regarding risk exposure and availability of cash for short term use. Expenses will be reported by both their natural and functional classification to aid in the usefulness of financial statements. This standard will be effective for the Organization's year ending September 30, 2019.

PRO SENIORS, INC.

**Notes to Financial Statements
(Continued)**

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards (Continued)

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. This standard will be effective for the calendar year ending September 30, 2021.

The Organization is currently in the process of evaluating the impact of adoption of these ASUs on the financial statements.

Subsequent Event Evaluation

In preparing its financial statements, the Organization has evaluated events subsequent to the statement of financial position date through February 6, 2019, which is the date the financial statements were available to be issued.

NOTE 2 INVESTMENTS

Investment valuations as of September 30 are summarized as follows:

| | <u>2018</u> | <u>2017</u> |
|---------------------------|-------------------|-------------------|
| Level 1: | | |
| Equity mutual funds | \$ 427,663 | \$ 470,237 |
| Fixed income mutual funds | 235,735 | 243,997 |
| Exchange traded funds | 310,489 | 197,290 |
| Level 2: | | |
| Money market mutual funds | <u>7,060</u> | <u>12,871</u> |
| | <u>\$ 980,947</u> | <u>\$ 924,395</u> |

There were no valuations using Level 3 inputs.

Investment return as of September 30 is summarized as follows:

| | <u>2018</u> | <u>2017</u> |
|-----------------------------------|------------------|-------------------|
| Interest and dividends | \$ 32,907 | \$ 32,665 |
| Net realized and unrealized gains | <u>31,533</u> | <u>68,580</u> |
| | <u>\$ 64,440</u> | <u>\$ 101,245</u> |

PRO SENIORS, INC.

**Notes to Financial Statements
(Continued)**

NOTE 3 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at September 30 are available for the following purposes:

| | <u>2018</u> | <u>2017</u> |
|--------------------------------|------------------|-------------------|
| United Way | \$ 19,294 | \$ 29,864 |
| Medicare Part D | 2,475 | 2,475 |
| Program Assistance | 1,218 | - |
| Financial exploitation funding | - | 118,171 |
| Foreclosure prevention | - | 50,000 |
| Elder Justice initiative | - | 44,920 |
| | <u>\$ 22,987</u> | <u>\$ 245,430</u> |

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

| | <u>2018</u> | <u>2017</u> |
|--------------------------------|-------------------|-------------------|
| Financial exploitation funding | \$ 118,171 | \$ 47,276 |
| United Way | 116,570 | 118,883 |
| Foreclosure Prevention | 50,000 | 116,478 |
| Elder Justice initiative | 44,920 | 141,979 |
| Discretionary NF Discharge | 25,000 | - |
| Program Assistance | 12,987 | - |
| Cincinnati Bar Foundation | 8,000 | - |
| | <u>\$ 375,648</u> | <u>\$ 424,616</u> |

NOTE 4 OPERATING LEASES

The Organization leases office space under a noncancelable lease that expires in March 2023. Rent expense for this operating lease for the years ended September 30, 2018 and 2017 was \$70,415 and \$70,661, respectively.

Future minimum lease payments at September 30, 2018 were:

| | |
|------|-------------------|
| 2019 | \$ 70,170 |
| 2020 | 70,170 |
| 2021 | <u>38,274</u> |
| | <u>\$ 178,614</u> |

PRO SENIORS, INC.

Notes to Financial Statements (Continued)

NOTE 5 PENSION LIABILITY

The Organization participates in the Pension Plan for Employees of United Way of Greater Cincinnati, Inc. and Affiliated Agencies (Plan) (EIN: 31-0537502; Plan No. 333). This defined benefit plan is administered by the United Way, which allocates pension plan costs based on the ratio of the aggregate salaries of participating employees of the Organization to the total salaries of all employees of the agencies included in the Plan. Because of the nature of the Plan, it is treated as a multi-employer pension plan under GAAP. The Plan is currently funded through payments to the United Way. Pension costs for the years ended September 30, 2018 and 2017 was \$128,227 and \$117,809, respectively.

The amount of the monthly benefit to be paid for life is based on one of the following:

1. A monthly life annuity equal to 2.6% of final average monthly earnings less 0.65% of social security final average compensation up to covered compensation, multiplied by years of credited service up to 25 years;
2. A monthly life annuity equal to 1.75% of final average monthly earnings less 0.50% social security final average compensation up to covered compensation, multiplied by years of credited service up to 25 years;
3. 0.75% of final average monthly earnings multiplied by years of service up to 25 years.

The plan is frozen as of December 31, 2004.

The risks of participating in a multiemployer plan are different from single-employer plans in the following aspects:

4. Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers.
5. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
6. If the Organization chooses to stop participating in its multi-employer plan, the Organization may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability. This amount approximated \$923,000 at January 1, 2018.

At January 1, 2018 (Plan's valuation date), the Plan was over 80% funded and Pro Seniors' potential liability for future years due to the underfunding has been estimated at approximately \$675,000, based on the Plan's actuarial data and asset value at January 1, 2018. In 2019 the Organization will be required to contribute \$159,547 to the Plan. The Organization does not currently intend to withdraw from the Plan.

Based on information available to management, the Plan is not subject to any funding improvement or rehabilitation plans and there was no surcharge paid to the Plan by the Organization. Based on information as of January 1, 2018, the year-end of the Plan, contributions made to the Plan represent less than 5% of total contributions received by the Plan.

PRO SENIORS, INC.

**Notes to Financial Statements
(Continued)**

NOTE 6 RETIREMENT PLAN

The Organization has a defined contribution 401(k) plan covering substantially all employees. The Board of Trustees annually determines the amount, if any, of the Organization's contributions to the Plan. Pension expense for this Plan was \$48,501 and \$42,621 in 2018 and 2017, respectively.

NOTE 7 CONCENTRATIONS

GAAP requires disclosure of current vulnerabilities due to concentrations. For the year ended September 30, 2018, three funding sources accounted for approximately 47% of total revenues in and 59% of accounts and grants receivable. For the year ended September 30, 2017, four funding sources accounted for approximately 58% of total revenues and 58% of accounts and grants receivable.

ACCOMPANYING INFORMATION

PRO SENIORS, INC.

**Schedule of Expenditures of Federal Awards
Year Ended September 30, 2018**

| <u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u> | <u>Federal CFDA Number</u> | <u>Passed Through to Subrecipients</u> | <u>Federal Expenditures</u> |
|--|------------------------------------|--|---------------------------------|
| U.S. Department of Health and Human Services | | | |
| <i>Pass-through Council on Aging of Southwestern Ohio:</i> | | | |
| Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers | 93.044 | \$ - | \$ 357,930 |
| Special Programs for the Aging Title VII, Chapter 2 Long Term Care, Ombudsman Services for Older Individuals | 93.042 | - | 26,335 |
| Special Programs for the Aging Title VII, Chapter 3 Programs for the Prevention of Elder Abuse, Neglect and Exploitation | 93.041 | - | 22,789 |
| <i>Pass-through Elder Care of Michigan:</i> | | | |
| Special Programs for the Aging, Title IV and Title II - Discretionary Projects | 93.048 | - | 75,159 |
| <i>Pass-through Ohio Department of Aging:</i> | | | |
| ACA Support for Demonstration Ombudsman Programs Serving Beneficiaries of State Demonstrations to Integrate Care for Medicare-Medicaid | 93.634 | - | 62,110 |
| Special Programs for the Aging, Title IV and Title II - Discretionary Projects | 93.048 | - | <u>333,525</u> |
| Total U.S. Department of Health and Human Services | | - | <u>877,848</u> |
| Total Expenditures of Federal Awards | | <u>\$ -</u> | <u>\$ 877,848</u> |

See notes to Schedule of Expenditures of Federal Awards

PRO SENIORS, INC.

Notes to Schedule of Expenditures of Federal Awards

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Pro Seniors, Inc. ("the Organization") and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 INDIRECT COST RATE

The Organization has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance..

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

Board of Trustees
Pro Seniors, Inc.

We have audited, in accordance with the 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, the financial statements of Pro Seniors, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 6, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pro Seniors, 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 Pro Seniors, 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 Pro Seniors, 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*.

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 (CONTINUED)

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 purpose.

Barnes, Dennig & Co., Ltd.

February 6, 2019
Cincinnati, Ohio

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

Board of Trustees
Pro Seniors, Inc.

Report on Compliance for Each Major Federal Program

We have audited Pro Seniors, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Pro Seniors, Inc.'s major federal programs for the year ended September 30, 2018. Pro Seniors, Inc.'s major federal programs are identified in the summary of auditor's 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 each of Pro Seniors, Inc.'s major federal programs 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 and 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 Pro Seniors, Inc.'s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Pro Seniors, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Pro Seniors, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE (CONTINUED)**

Report on Internal Control over Compliance

Management of Pro Seniors, 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 Pro Seniors, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and 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 Pro Seniors, 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 a 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Barnes, Dennig & Co., Ltd.

February 6, 2019
Cincinnati, Ohio

PRO SENIORS, INC.

**Schedule of Findings and Questioned Costs
Year Ended September 30, 2018**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None noted
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None noted

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

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

Identification of Major Programs

| CFDA No. | Name of Federal Programs or Clusters |
|----------|---|
| 93.044 | Special Programs for the Aging, Title III, Part B – Grants for Supportive Services and Senior Centers |

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ Yes X No

Section II – Financial Statement Findings

No matters are reportable

Section III – Federal Award Findings and Questioned Costs

No matters are reportable

PRO SENIORS, INC.

**Summary Schedule of Prior Audit Findings
Year Ended September 30, 2018**

| Reference Number | Summary of Finding | Status |
|---------------------------|---------------------------|---------------|
| No matters are reportable | | |