

**LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.
(A Not-for-Profit Corporation)**

**Financial Statements,
Independent Auditor's Report,
and Supplementary Information**

June 30, 2022 and 2021

LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.
(A Not-for-Profit Corporation)
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lehigh Valley Center for Independent Living, Inc.
Allentown, PA

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Lehigh Valley Center for Independent Living, Inc. (a not-for-profit corporation), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Lehigh Valley Center for Independent Living, Inc. as of June 30, 2022 and 2021, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lehigh Valley Center for Independent Living, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lehigh Valley Center for Independent Living, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Lehigh Valley Center for Independent Living, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lehigh Valley Center for Independent Living, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2023, on our consideration of Lehigh Valley Center for Independent Living, 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 solely 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 the effectiveness of Lehigh Valley Center for Independent Living, Inc.'s 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 Lehigh Valley Center for Independent Living, Inc.'s internal control over financial reporting and compliance.

Congbell, Roppold & Yucasita LLP

March 22, 2023

LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.
(A Not-for-Profit Corporation)
STATEMENTS OF FINANCIAL POSITION
June 30, 2022 and 2021

	June 30,	
	2022	2021
ASSETS		
Cash and Cash Equivalents	\$ 83,579	\$ 350,301
Grants Receivable	155,932	191,033
Accounts Receivable	397,111	317,380
Prepaid Expenses	68,493	97,033
Leasehold Improvements and Equipment, Net of Accumulated Depreciation (Note 4)	27,049	30,178
Security Deposit	4,628	4,628
	<u>\$ 736,792</u>	<u>\$ 990,553</u>
Total Assets	<u>\$ 736,792</u>	<u>\$ 990,553</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts Payable	\$ 67,382	\$ 59,852
Accrued Salaries and Wages	109,899	85,581
Deferred Revenue	58,787	173,355
Accrued Compensated Absences (Note 10)	53,708	55,246
Line of Credit (Note 8)	90,000	-
Loan Payable (Note 9)	-	424,170
Commitments and Contingencies (Note 6)	-	-
	<u>379,776</u>	<u>798,204</u>
Total Liabilities	<u>379,776</u>	<u>798,204</u>
Net Assets:		
Net Assets Without Donor Restrictions:		
Undesignated	281,698	102,536
Board Designated for Building Purchase	50,000	50,000
	<u>331,698</u>	<u>152,536</u>
Net Assets With Donor Restrictions (Note 11)	25,318	39,813
	<u>357,016</u>	<u>192,349</u>
Total Net Assets	<u>357,016</u>	<u>192,349</u>
Total Liabilities and Net Assets	<u>\$ 736,792</u>	<u>\$ 990,553</u>

See independent auditor's report and notes to the financial statements.

LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.
(A Not-for-Profit Corporation)
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2022 and 2021

	<u>Year Ended June 30,</u>	
	<u>2022</u>	<u>2021</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
<i>Revenue, Support, and Gains:</i>		
Grant Revenue	\$ 770,471	\$ 742,315
Interpreting Services	899,048	747,407
Career Path	492,718	386,716
Adult Autism Waiver Program	253,662	170,455
School-based Services	233,683	259,086
Office of Long-term Living Waiver Program	81,104	82,291
Other Programs	478,372	292,602
Contributions	79,633	116,544
Gross Special Events Revenue	31,719	7,599
Less: Direct Costs Associated with Special Events	(7,816)	(3,382)
Miscellaneous	26,325	21,931
Realized Gain on Investments	-	411
Interest	1	1
Gain on Loan Extinguishment	424,170	424,200
Net Assets Released from Donor Restrictions	16,770	38,048
	<u>3,779,860</u>	<u>3,286,224</u>
<i>Expenses:</i>		
Program Services	3,047,597	2,619,978
Management and General	500,435	559,733
Fundraising	52,666	51,270
	<u>3,600,698</u>	<u>3,230,981</u>
Increase in Net Assets Without Donor Restrictions	<u>179,162</u>	<u>55,243</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Grant Revenue	2,275	42,643
Net Assets Released from Donor Restrictions	(16,770)	(38,048)
Increase (Decrease) in Net Assets With Donor Restrictions	<u>(14,495)</u>	<u>4,595</u>
Increase in Net Assets	164,667	59,838
Net Assets at Beginning of Year	<u>192,349</u>	<u>132,511</u>
Net Assets at End of Year	<u>\$ 357,016</u>	<u>\$ 192,349</u>

See independent auditor's report and notes to the financial statements.

LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.
(A Not-for-Profit Corporation)
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2022 and 2021

	Year Ended June 30,	
	2022	2021
<i><u>Cash Flows from Operating Activities:</u></i>		
Increase in Net Assets	\$ 164,667	\$ 59,838
Adjustments to Reconcile Increase in Net Assets to Net Cash Used by Operating Activities:		
Depreciation Expense	3,129	6,411
Net Realized Gain on Investments	-	(411)
Gain on Loan Extinguishment	(424,170)	(424,200)
Donated Stock	-	(10,996)
(Increase) Decrease in:		
Grants Receivable	35,101	(11,035)
Accounts Receivable	(79,731)	(159,700)
Prepaid Expenses	28,540	(93,234)
Increase (Decrease) in:		
Accounts Payable	7,530	(1,982)
Accrued Salaries and Wages	24,318	20,445
Accrued Compensated Leave	(1,538)	(4,392)
Deferred Revenue	(114,568)	119,487
Net Cash Used by Operating Activities	(356,722)	(499,769)
<i><u>Cash Flows from Investing Activities:</u></i>		
Proceeds from Sale of Investments	-	11,407
Net Cash Provided by Investing Activities	-	11,407
<i><u>Cash Flows from Financing Activities:</u></i>		
Proceeds from Line of Credit	90,000	95,000
Payments on Line of Credit	-	(95,000)
Proceeds from Paycheck Protection Program Loan	-	424,170
Net Cash Provided by Financing Activities	90,000	424,170
Decrease in Cash and Cash Equivalents	(266,722)	(64,192)
Cash and Cash Equivalents at Beginning of Year	350,301	414,493
Cash and Cash Equivalents at End of Year	\$ 83,579	\$ 350,301
<i><u>Supplemental Data:</u></i>		
Interest Paid	\$ 1,210	\$ 782
<i><u>Non-Cash Financing Activities:</u></i>		
Donated Stock	\$ -	\$ 10,996

See independent auditor's report and notes to the financial statements.

LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.
(A Not-for-Profit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2022
With Comparative Totals for Year Ended June 30, 2021

	2022				2021
	Program Services	Management and General	Fundraising	Totals	Totals
Salaries and Wages	\$ 1,414,912	\$ 343,449	\$ 31,256	\$ 1,789,617	\$ 1,624,041
Payroll Taxes	131,824	21,971	3,139	156,934	145,030
Employee Benefits	304,558	50,760	7,251	362,569	299,745
Total Salaries and Benefits	1,851,294	416,180	41,646	2,309,120	2,068,816
Advertising and Publicity	57,734	-	-	57,734	9,308
Bank Charges	9,461	1,586	227	11,274	10,408
Communications	14,996	2,499	357	17,852	15,155
Dues, Memberships, Subscriptions	8,644	1,440	206	10,290	9,953
Equipment	22,214	3,702	529	26,445	33,405
General Supplies	10,765	1,794	256	12,815	17,165
Insurance	12,364	2,061	294	14,719	12,116
Interpreter Services	592,811	-	-	592,811	488,894
Occupancy	202,577	33,763	4,823	241,163	239,434
Postage and Delivery	5,065	844	121	6,030	6,340
Printing and Copying	2,523	421	60	3,004	6,725
Professional Fees	28,510	10,013	415	38,938	25,584
Program Supplies	82,646	10,089	1,441	94,176	82,024
Program Support	37,205	-	-	37,205	133,001
Seminars and Training	4,459	743	106	5,308	3,184
Technology	54,021	9,003	1,286	64,310	36,631
Travel and Meals	21,307	3,551	507	25,365	11,526
Utilities	10,182	1,697	242	12,121	11,146
Consumer Stipends	12,530	-	-	12,530	2,870
Miscellaneous	2,645	441	63	3,149	103
Direct Costs Associated with Special Events	-	-	7,816	7,816	3,382
Interest	1,016	170	24	1,210	782
Depreciation	2,628	438	63	3,129	6,411
Total Expenses	3,047,597	500,435	60,482	3,608,514	3,234,363
Less Expenses Included with Revenues, Support, and Gains on the Statement of Activities and Changes in Net Assets					
Direct Costs Associated with Special Events	-	-	(7,816)	(7,816)	(3,382)
Total Expenses Included with Expenses Section on the Statement of Activities and Changes in Net Assets	\$ 3,047,597	\$ 500,435	\$ 52,666	\$ 3,600,698	\$ 3,230,981

See independent auditor's report and notes to the financial statements.

LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.
(A Not-for-Profit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Wages	\$ 1,178,533	\$ 412,837	\$ 32,671	\$ 1,624,041
Payroll Taxes	121,825	20,304	2,901	145,030
Employee Benefits	251,786	41,964	5,995	299,745
Total Salaries and Benefits	<u>1,552,144</u>	<u>475,105</u>	<u>41,567</u>	<u>2,068,816</u>
Advertising and Publicity	9,308	-	-	9,308
Bank Charges	-	10,408	-	10,408
Communications	12,730	2,122	303	15,155
Dues, Memberships, Subscriptions	8,361	1,393	199	9,953
Equipment	28,060	4,677	668	33,405
General Supplies	14,431	2,392	342	17,165
Insurance	10,178	1,696	242	12,116
Interpreter Services	488,894	-	-	488,894
Occupancy	201,124	33,521	4,789	239,434
Postage and Delivery	5,326	887	127	6,340
Printing and Copying	5,649	941	135	6,725
Professional Fees	18,573	6,825	186	25,584
Program Supplies	70,327	10,235	1,462	82,024
Program Support	133,001	-	-	133,001
Seminars and Training	2,674	446	64	3,184
Technology	30,770	5,128	733	36,631
Travel and Meals	9,682	1,614	230	11,526
Utilities	9,362	1,561	223	11,146
Consumer Stipends	2,870	-	-	2,870
Miscellaneous	103	-	-	103
Direct Costs Associated with Special Events	-	-	3,382	3,382
Interest	-	782	-	782
Depreciation	6,411	-	-	6,411
Total Expenses	<u>2,619,978</u>	<u>559,733</u>	<u>54,652</u>	<u>3,234,363</u>
Less Expenses Included with Revenues, Support, and Gains on the Statement of Activities and Changes in Net Assets				
Direct Costs Associated with Special Events	<u>-</u>	<u>-</u>	<u>(3,382)</u>	<u>(3,382)</u>
Total Expenses Included with Expenses Section on the Statement of Activities and Changes in Net Assets	<u>\$ 2,619,978</u>	<u>\$ 559,733</u>	<u>\$ 51,270</u>	<u>\$ 3,230,981</u>

See independent auditor's report and notes to the financial statements.

LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

1. Organization and Nature of Activities

Lehigh Valley Center for Independent Living, Inc. (“LVCIL”) was incorporated on June 11, 1990, under the laws of the Commonwealth of Pennsylvania and operates as a not-for-profit corporation. LVCIL is a non-residential, voluntary disability services organization formed for the purpose of assisting persons with disabilities in Lehigh and Northampton Counties, in Northeastern Pennsylvania, to live independently by providing an array of services targeted to help individuals achieve independent living goals, and to help the community embrace all of its residents regardless of disability. LVCIL is one of seventeen Centers for Independent Living in the state of Pennsylvania. LVCIL is governed, managed, and staffed at all times by a majority of persons with disabilities; a concept known as consumer control.

LVCIL is funded primarily through grants, donor contributions, and funds from its fee for service programs.

LVCIL provides a range of services for persons with all types of disabilities, including but not limited to, advocacy, skills for independent living, information and referral, peer support, housing search and placement, youth transition services, supported employment services, sign language interpreter referral services and community outreach. LVCIL uses the Americans with Disabilities Act (“ADA”) as its backbone to offer individual and collective advocacy on issues that impact a person’s right to live independently, as well as provides and ADA consulting and site survey service called AccessCheck. LVCIL also consults with similar organizations on developing programming for youth. Assistive Technology needs of consumers are also addressed through several initiatives.

LVCIL’s independent living skills education assists individuals with disabilities who are going to be on their own for the first time, as well as, individuals who need extra support as their disabilities change. Independent living skills enable individuals to obtain the skills necessary to stay independent and be on their own. LVCIL’s independent living skills training includes but is not limited to assistance with personal finance, care of the home, cooking, and shopping, and is provided on an individual or group basis.

Peer Support is a non-therapeutic helping relationship between LVCIL staff and consumers in which issues relating to life with disability are discussed as well as providing independent living skills training. Consumer-to-consumer peer relationships are facilitated through online and in-person events which include community-based similar age peer social group activities. Information and Referral, a staple in most disability services agencies, is provided to consumers, professionals and the community-at-large. It involves providing resources and ideas on topics related to specific disability needs and might range from questions on purchasing a wheelchair modified van to an explanation of rights under the ADA.

LVCIL is also charged as a Center for Independent Living to work in the community to increase inclusion for all of its residents with disabilities. LVCIL achieves this through staff, board and volunteer participation in nearly fifty local, regional and statewide organizations. LVCIL brings the interests of persons with disabilities to the table and promotes full inclusion in all areas of life.

LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

1. Organization and Nature of Activities (Continued)

LVCIL has an over twenty-seven year history of providing housing search and retention services to persons with disabilities. Housing services are provided through local city and county Community Development Block Grant (“CDBG”) program funds. Consumers in the CDBG programs typically live on extremely low income and need assistance to address imminent loss of housing and to understand their rights under the Fair Housing Act.

Staff members also provide landlord-tenant mediation and seek to develop landlord relationships to benefit consumers. Education is also provided to private landlords to encourage them to understand the benefits of renting to persons with disabilities. Community grants allow LVCIL to provide additional housing services to area residents.

LVCIL is a leader in transition services for young adults with disabilities. One program is the S2L Group which offers young adults in high school and early adulthood the opportunity to engage in social, leadership, volunteer and other community activities. The S2L Group meets at least twice a month for a wide variety of events, and members are offered the chance to attend other optional community events as well. The S2L Group has garnered the interest of local, state and national groups and has connections to many relevant groups, including the PA Youth Leadership Network. To join the group young adults, complete an application process and commit to a personal goal to live independently with or without support in the community someday. The S2L Group is a fee-for-service program, which is currently through occasional grants and its microbusiness; the Treas2Love jars.

The year saw a renewed interest in the Lehigh Valley Adaptations Group. Over the year the group was able to move back to more in-person events, which are much more conducive to the social aspect of the group. Adaptations is a very active social group for youngish adults with any type of disability and meets at least once a week. Together participants plan activities which focus on independent living skills, developing and maintaining friendships, socialization and community integration. Occasionally Adaptations and S2L have shared events. Costs for Adaptations have been met primarily through a private donor and most participants pay their own costs at community events.

Real World Lehigh Valley is another fee-for-service transition service. It is a six-week intensive summer program which focuses on vocational skills, communication, leadership and other attributes needed in the workplace. The Real World Lehigh Valley has since 2017 been involved in a partnership with Dorney Park and now hosts the program on the campus of Dorney Park. The integration into a workplace staffed largely by young adults has proven a fertile ground for learning social and work-specific skills. The inclusionary experience is a hallmark of LVCIL partnerships at their best.

LVCIL provides several Transition and Employment (T&E) services. Career Path, one of the T&E services, offers employment services for adults, with a primary focus on adults ages 18-25. These services encompass an eight-week Work-Essential Skills Training class followed by traditional community-based work assessments, job development and job coaching. Services are delivered based on a strength driven Person-Centered Plan process, which each participant experiences along with his/her support network. Many participants have recently completed high school and are seeking their first significant employment experience

LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.
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NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

1. Organization and Nature of Activities (Continued)

The program was started with an Innovation and Expansion Grant through the PA Office of Vocational Rehabilitation (“OVR”), and in late 2011 achieved sustainability and moved into a fee-for service program. The primary purchaser of the services is the PA OVR office, but the services have also been provided through the Office of Developmental Programs and under private pay agreements. The program currently serves about 165 participants at any given time.

Other T&E services also serves youth with disabilities who are still attending school, due in large part to the Workforce Innovation and Opportunity Act (WIOA). These services aim to afford youth work experiences prior to completion of high school and are funded by the PA Office of Vocational Rehabilitation through a fee-for-service agreement. They include work-based learning experiences, job shadowing, paid work experiences and travel training. Group learning experiences are offered in schools on a broad curriculum of prevocational and transition services.

Based on LVCIL’s success with transition and youth employment services, LVCIL had the opportunity to develop LIFE School-based services. In the LIFE program, staff works with young adults in high school to help achieve individualized needs such as cooking, laundry, community travel, and hygiene skills. These services are also driven by a Person-Centered Plan and are typically paid by school districts on a fee-for-service basis. In the 2021-2022 program year, LIFE Services come to work with several previously unserved school entities.

In addition, LVCIL has partnered with OVR and a local Intermediate Unit (IU21) to provide the Vocational Independence Program (VIP), another unique T&E program. This program is designed to support students in their last or second-to-last year of high school. Students attend the program daily throughout the academic year, spending half their days completing work experiences onsite at a host employer (such as St. Lukes University Health Network sites) and the other half of the day participating in training seminars (work-essential skills training, travel training, etc.) at the host site or in the community. LVCIL provides one full-time and one part-time staff for the program, and the IU provides 2 full-time staff. LVCIL’s staff are funded by OVR, while the IU staff are funded by each student’s school district.

Another T&E program involves a partnership with Lehigh Carbon Community College (LCCC), and is called the SEED program. This program involves two part-time LVCIL staff supporting students on campus at the college. LVCIL staff provided assistance with Independent Living skills related to college life (e.g. transportation, time management, advocacy, etc.), assist with coordinating work experiences, and provide general case management. LVCIL contracts directly with LCCC, who garners funding for the program through program tuition and occasional grants.

LVCIL’s Sign Language Interpreter Referral Service (“SLIRS”) provides the deaf community with easy access to the highest quality interpreting services. After the execution of the ADA, federal and state laws pertaining to individuals with disabilities led to an increased awareness for organizations throughout the nation to achieve full compliance with the ADA.

LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.
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NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

1. Organization and Nature of Activities (Continued)

As a result, the need for reliable sign language interpreting services has escalated dramatically. Due to the collaborative efforts of the Northeast PA Office of Deaf and Hard of Hearing, Allentown's District Office of PA OVR, local sign language interpreters and the deaf community, LVCIL's SLIRS was conceived, and since 2004 has operated on a 24/7 basis. LVCIL coordinates thousands of appointments annually between individuals who are deaf or hard of hearing and local doctors, hospitals, lawyers, schools, courts, state and local government offices, and other businesses. Program staff also offer occasional programming for the deaf and hard of hearing including ASL Club and ASL classes.

LVCIL serves as a support coordination agency in Pennsylvania's Adult Autism Waiver ("AAW") Program, and also several of the Office of Long Term Living ("OLTL") Waivers. The AAW Program is administered through the Pennsylvania Bureau of Autism Services and is designed to specifically help adults with autism spectrum disorders, based on their identified needs, to participate in their communities in the way that they want to. As support coordinators, LVCIL staff members oversee, monitor and facilitate selection of AAW service providers for program participants, and have a key role in assuring participant satisfaction and assessing appropriateness of provider program services.

The Pennsylvania OLTL administers the OLTL waivers. LVCIL currently serves consumer in the Act 150 and OBRA waivers. These waivers exist primarily to allow persons with physical disabilities to have the home and community-based services required to live independently in the community. Attendant Care service is the most common reason for an OLTL waiver. LVCIL's supports coordinators provide monitoring of services, problem resolution, and annual or as needed assessments to assure continuity of service. With the advent of Managed Care Organizations taking control of most of the OLTL Waivers, LVCIL had an expected and unavoidable reduction in OLTL consumers.

LVCIL has developed AccessCheck which provides fee-for-service consulting, education and site surveys. A related program through Temple's Tech Owl initiative allows LVCIL to operate an assistive technology program, with a focus of getting loaned or reused equipment to consumers in a seven-county region. Additionally, LVCIL serves as a Funding Assistance Center for the PA Assistive Technology Foundation and refers consumers to the foundation for loan opportunities.

Because of the depth of Transition & Employment Services LVCIL has developed for youth, the agency is being called upon by state and national groups, as well as individual agencies, to provide consultation and training.

In January of 2022, LVCIL entered into an agreement with the Bucks County Center for Independent Living's Board of Director to provide management consultation services. During the six-month period LVCIL restarted the Bucks CIL's operations. New staff were hired and are working through LVCIL out of the existing Bucks office. Considerable time was invested in assessing all fiscal and programmatic operations and obligations. LVCIL started working with legal representation to examine possibilities for a formal affiliation.

Lastly, LVCIL has continues its virtual presence. The LVCIL website, www.lvcil.org, began a large scale overhaul in the fiscal Year, the new site was to be launched soon into the 22-23 year. LVCIL is also active on social media as a resource for disseminating information.

LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

2. Summary of Significant Accounting Policies

The significant accounting policies followed by the Organization are set forth below.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net Assets

A description of the two net asset categories follows:

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor or certain grantor restrictions. Net assets without donor restrictions may be designated for specific purposes by the action of the Board of Directors.

Net Assets With Donor Restrictions

Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time, or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Concentration of Credit Risk

The Organization maintains cash balances which may, at times, exceed federally insured limits. The Organization historically has not experienced any credit related losses.

Income Taxes

Lehigh Valley Center for Independent Living, Inc. is a not-for-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and none of its present or anticipated future activities are subject to taxation as unrelated business income. Therefore, no provision for income taxes has been made in the accompanying financial statements.

The accounting standard for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements.

LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

2. Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

Under that guidance, the Organization may recognize the tax benefits from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or liabilities recorded for the years ended June 30, 2022 and 2021.

The Organization files Federal Form 990, *Return of Organization Exempt from Tax*, with the United States Internal Revenue Service and Form BCO-10 with the Bureau of Charitable Organizations in Pennsylvania.

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 amounts 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 during the reporting period. Actual results could differ from those estimates.

Revenue from Contracts with Customers

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains or losses on other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless otherwise restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets are reported as net assets released from restrictions. The Organization's revenue from contracts with customers in the scope of ASC 606 is recognized within Interpreting Services and Special Events Revenue. The Organization's revenue streams are accounted for in the following segments:

- **Interpreting Service Revenue:** The Organization earns revenue from providing interpreting services to entities when the need arises. The Organization's policy is to recognize revenue from providing interpreting services at the time the service is performed.
- **Special Events:** The Organization holds fundraising events to raise operating funds. Admission to the fundraising events sometimes requires attendees to purchase a ticket. Each ticket contains the characteristics of a contribution and an exchange transaction. The Organization recognizes the contribution when the ticket is purchased; revenue is recognized from the exchange transaction when the event takes place.

LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.
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NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

2. Summary of Significant Accounting Policies (Continued)

Contributions

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without restriction if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. Contributions that are required to be reported as net assets with donor restriction support are then reclassified to net assets without donor restriction upon expiration of time restriction or satisfaction of donor restrictions. The Organization does not have any contracts or grants with conditional contributions.

Donated Services

Contributed services are recorded if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A significant amount of time has been donated by volunteers and board members of the Organization, however, such services are typically not recorded.

Allocation of Expenses by Function

Expenses of the Organization have been allocated to the following functional reporting classifications:

Program Services

Program services expenses include costs incurred for activities that ultimately result in the delivery of services that fulfill the Organization's charitable purposes.

Management and General

Management and general expenses include costs incurred for the overall direction of the Organization, general record keeping, business management, budgeting, general board activities, and related purposes.

Fundraising

Fundraising expenses include costs incurred for activities that ultimately result in inducing potential donors to contribute money, securities, services, materials, facilities, other assets, or time. Fundraising activities include publicizing and conducting fundraising campaigns, maintaining donor mailing lists, conducting special fundraising events; and conducting other activities involved with soliciting contributions from individuals, foundations, governments, and others.

LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

2. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Accounts and Grants Receivable

Accounts and grants receivable represent amounts due to the Organization for services provided by LVCIL. Management evaluates accounts for collectability, and writes off items deemed uncollectable. Management periodically reviews accounts and grants receivable for collectability based upon the recent payment history. Management determined that, based on payment history, no allowance was necessary at June 30, 2022 and 2021.

Investments

Investments are carried at fair market value. The realized and unrealized gain or loss on investments is reflected in the statements of activities and changes in net assets.

Leasehold Improvements and Equipment

Leasehold improvements and equipment is stated at cost less accumulated depreciation. Depreciation on leasehold improvements is computed on the straight-line method of the lesser of the length of the related lease or estimated useful lives of the assets. Depreciation on equipment is computed by use of the straight-line method based on estimated useful lives. Additions and betterments of \$2,500 or more are capitalized while maintenance and repairs that do not improve or extend the original useful lives of the respective assets are expensed as incurred.

	<u>Years</u>
Leasehold Improvements	20
Furniture, Fixtures and Equipment	5 - 7

Custodial Accounts

At times, the Organization has held funds for several small organizations and grant programs. As a service to these small unrelated groups, the Organization deposits and releases funds as needed. The funds held do not belong to the Organization and are therefore reported as a liability of the Organization.

LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

2. Summary of Significant Accounting Policies (Continued)

Accounting for Paycheck Protection Program (PPP)

The Organization may account for a Paycheck Protection Program (PPP) loan as a financial liability in accordance with FASB ASC Topic 470, *Debt*, or under other models, if certain conditions are met. If the Organization expects to meet the PPP's eligibility criteria and concludes that the PPP loan represents, in substance, a grant that is expected to be forgiven, the Organization may account for the PPP loan in accordance with ASC Subtopic 958-605 as a conditional contribution. The Organization elected the debt method. Under this method, the Organization recorded a debt liability on the Statements of Financial Position and recognized revenue from the extinguishment of debt once forgiveness is determined by the Small Business Administration.

Advertising and Publicity

Advertising and publicity costs are expensed as incurred by the Organization, and were \$57,734 and \$9,308 for the years ended June 30, 2022 and 2021, respectively.

Concentration of Revenue

The Organization receives a majority of its funding from state and local government programs. The funding sources make annual appropriations and there is no guarantee that the current level of funding will be realized in the future. LVCIL is currently seeking other sources of funding to secure revenues along with funding from state and local government programs.

Approximately 39% and 41% of LVCIL's total revenues were provided by two agencies, Pennsylvania Department of Labor and Industry Office of Vocational Rehabilitation and the Office of Developmental Programs, during the years ended June 30, 2022 and 2021, respectively. Receivables from these funding sources were approximately 46% and 38% of total grants and accounts receivable for the years ended June 30, 2022 and 2021, respectively.

Reclassification

Certain prior year amounts have been reclassified to conform to current year presentation. Such reclassifications have no effect on report amounts of net assets or changes in net assets.

LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the Statement of Financial Position, consist of the following:

	June 30,	
	2022	2021
Cash and Cash Equivalents	\$ 83,579	\$ 350,301
Grants Receivable	155,932	191,033
Accounts Receivable	397,111	317,380
Net Assets With Board Designations	(50,000)	(50,000)
Net Assets With Donor Restrictions	(25,318)	(39,813)
	\$ 561,304	\$ 768,901

The Organization is supported mainly by grant revenue, fee-for-service revenue, and contributions. The Organization believes that grant revenue, fee-for-service revenue, and contributions along with the assets held at June 30, 2022, are sufficient to enable the Organization to continue to operate for the upcoming year. Additionally, by approval of the Board of Directors, net assets with designations could be made available if necessary. The Organization also has a \$250,000 line of credit available to provide working capital, if needed.

LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

4. Leasehold Improvements and Equipment

Leasehold improvements and equipment consist of the following at June 30, 2022 and 2021:

	June 30,	
	2022	2021
Leasehold Improvements	\$ 42,004	\$ 42,004
Furniture, Fixtures and Equipment	57,071	57,071
	99,075	99,075
Less: Accumulated Depreciation	(72,026)	(68,897)
	\$ 27,049	\$ 30,178

Depreciation charged to expense was \$3,129 and \$6,411 for the years ending June 30, 2022 and 2021, respectively.

5. Investments

The Organization liquidated all investments held during the year ended June 30, 2021. The following table summarizes the earnings on investments for the years ended June 30, 2022 and 2021 are as follows:

	June 30,	
	2022	2021
Realized Gains	\$ -	\$ 411
	\$ -	\$ 411

6. Commitments and Contingencies

Operating Lease Obligations

The Organization leases office and facility space at 713 N 13th Street, Allentown, PA under a five-year lease agreement expiring September 2024.

The Organization leases office equipment under a five-year lease agreement which expired in July 2019. This lease was renewed in August, 2019 and expires in July, 2024.

LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

6. Commitments and Contingencies (Continued)

Operating Lease Obligations (Continued)

Rental expense, including common area maintenance charges, under lease agreements was \$242,528 and \$241,962 for the years ending June 30, 2022 and 2021, respectively.

Future minimum lease payments under these agreements are as follows:

Year Ending June 30,		
	2023	\$ 254,684
	2024	249,426
	2025	41,315

Unemployment Compensation

The Organization has elected not to be covered by Pennsylvania Unemployment Compensation and is required to pay claims as incurred. Unemployment compensation expense was \$26,063 and \$26,133 during the fiscal years ended June 30, 2022 and 2021, respectively.

7. Retirement Plan

The Organization has a 401(k) profit-sharing plan covering eligible employees meeting service requirements. Participants may contribute up to 100 percent of pretax annual compensation, as defined by the Plan, not to exceed the maximum annual deferral amount of \$19,500, plus any catch-up contributions, as allowed by the Internal Revenue Code. The Organization matched the employees' contribution up to 3% in 2022. Contributions to the retirement plan were \$39,126 during the year ended June 30, 2022.

The Organization formerly offered a SEP IRA retirement plan. The Plan covered qualified employees, defined as regular full-time or part-time employees who work at least fifteen hours per week and have completed one year or more of service prior to May 31st of a given fiscal year. The amount of contributions by the Organization is determined by management and the Board of Directions based on the availability of funds. There were no employer contributions made during the year ended June 30, 2021.

8. Line of Credit

The Organization has a line of credit agreement with Truist Bank for \$250,000. The line of credit agreement bears a variable interest rate, expiring September, 2024. The interest rate at June 30, 2022 is 4.64%. The outstanding balance was \$90,000 and \$-0- at June 30, 2022 and 2021, respectively. Interest expense was \$1,210 and \$782 during the years ended June 30, 2022 and 2021, respectively.

LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

9. Loan Payable

The Organization was the recipient of the federally issued Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) Paycheck Protection Program (PPP) as a result of the COVID-19 pandemic.

Proceeds of \$424,200 from the PPP loan program were received on April 27, 2020. The Organization elected to treat the loan proceeds as a financial liability as of June 30, 2020. If the Small Business Administration (SBA) did not confirm forgiveness of the loan, or only partly confirmed forgiveness of the loan, the Organization would have been obligated to repay the bank principal and interest (at a fixed rate of 1.00%) based upon terms established in a separate letter with the bank based upon a maturity date of two years from the funding date. On December 23, 2020, the Organization received full forgiveness in the amount of \$424,200.

On December 27, 2020, the Consolidated Appropriations Act, 2021 (the “CA Act”) was signed. Included in the CA Act is a second round of Paycheck Program loans for business facing significant revenue declines in any 2020 quarter compared to the same quarter in 2019. Eligible second-time borrowers were required to have 300 or fewer employees, a 25% gross revenue decline during any quarter in 2020 as compared to the same quarter in 2019, and have used or will use the full amount of the first Paycheck Protection loan. The second round of Paycheck Program loans are capped at the lesser of 2.5x a borrower’s LTM average monthly payroll consisting of no more than \$100,000 per employee plus health and retirement benefits, or \$2,000,000 per borrower. The Organization has the option to choose the length of the covered period of expenses of not few than eight weeks, but no longer than twenty-four weeks. The Organization received \$424,170 related to this program on March 16, 2021. The Organization elected to treat the loan proceeds as a financial liability as of June 30, 2021. On October 25, 2021, the Organization received full forgiveness in the amount of \$424,170.

Gain on loan extinguishment was \$424,170 and \$424,200 for the years ended June 30, 2022 and 2021, respectively.

10. Compensated Absences

A liability is accrued where future vacation benefits are attributable to employee services already rendered. The obligation relates to rights that are accumulated or vested payment of compensation is probable and can be reasonably estimated. At June 30, 2022 and 2021, this liability amounted to \$53,708 and \$55,246, respectively.

LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

11. Net Assets With Donor Restrictions

Net assets with donor restrictions which are temporary in nature consist of the following as of June 30:

	2022	2021
Adaptations Program	\$ 9,823	\$ 26,317
Odhner Fund	15,495	13,496
	\$ 25,318	\$ 39,813

The source of net assets released from temporary donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donor were as follows:

	Year Ended June 30,	
	2022	2021
Adaptations Program	\$ 16,770	\$ 37,993
Odhner Fund	-	55
	\$ 16,770	\$ 38,048

12. Subsequent Events

Management has considered events subsequent to June 30, 2022 that affect the Organization through March 22, 2023, the date the financial statements were available to be issued, and has determined that with the exception of the note below, there were no material subsequent events exist that require disclosure.

Subsequent to June 30, 2022, the Organization received an increase in the availability of funds on the line of credit from \$250,000 to \$350,000.

**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 GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
Lehigh Valley Center for Independent Living, Inc.
Allentown, PA

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 Lehigh Valley Center for Independent Living, Inc. (a Not-for-Profit Corporation), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and changes in net assets, 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 March 22, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lehigh Valley Center for Independent Living, 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 Lehigh Valley Center for Independent Living, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Lehigh Valley Center for Independent Living, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lehigh Valley Center for Independent Living, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Congbell, Rappold & Yasuta LLP

March 22, 2023