

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

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

**June 30, 2017 and 2016**

**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 Financial Statements

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, 2017 and 2016, 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 audits 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 Lehigh Valley Center for Independent Living, Inc. as of June 30, 2017 and 2016, 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.

## **Other Matters**

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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 December 6, 2017, 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 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 Lehigh Valley Center for Independent Living, Inc.'s internal control over financial reporting and compliance.

## **Emphasis of Matter**

As discussed in Note 10 to the financial statements, the 2016 financial statements have been restated in the current year in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

*Cory Bell, Rappold & Yucasita LLP*

December 6, 2017

**LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.**  
**(A Not-for-Profit Corporation)**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2017 and 2016**

	<b>June 30,</b>	
	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 95,557	\$ 34,081
Grants Receivable	172,856	220,820
Accounts Receivable	318,333	303,064
Prepaid Expenses	13,884	39,783
Investments (Note 4)	-	8,381
Leasehold Improvements and Equipment, Net of Accumulated Depreciation (Note 3)	55,766	63,387
Security Deposit	4,628	4,628
Total Assets	<u>\$ 661,024</u>	<u>\$ 674,144</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts Payable	\$ 41,478	\$ 42,330
Accrued Salaries and Wages	82,199	69,500
Accrued Benefits	-	32,398
Custodial Accounts	32,412	32,594
Accrued Compensated Leave (Note 9)	63,133	49,535
Line of Credit (Note 8)	148,000	-
Commitments (Note 6)	-	-
Total Liabilities	<u>367,222</u>	<u>226,357</u>
Net Assets:		
Unrestricted Net Assets:		
Undesignated	243,802	397,787
Board Designated for Building Purchase	50,000	50,000
Total Net Assets	<u>293,802</u>	<u>447,787</u>
Total Liabilities and Net Assets	<u>\$ 661,024</u>	<u>\$ 674,144</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, 2017 and 2016**

	<u>Year Ended June 30,</u>	
	<u>2017</u>	<u>2016</u>
<u>Revenue, Support, and Gains:</u>		
Grant Revenue	\$ 1,231,026	\$ 1,134,507
Interpreting Services	762,391	732,972
Career Path	625,171	460,594
Adult Autism Waiver Program	157,183	125,506
School-based Services	135,207	183,345
Office of Long-term Living Waiver Program	179,822	145,186
Other Programs	372,464	250,200
Contributions	44,382	56,981
Special Events (Net of Expenses of \$23,551 and \$11,688)	35,451	23,688
Miscellaneous	27,297	16,746
Unrealized Gain/(Loss) on Investments	1,392	(1,392)
Realized Gain on Investments	228	-
Interest	69	195
	<u>3,572,083</u>	<u>3,128,528</u>
Total Revenue, Support, and Gains		
<u>Expenses:</u>		
Program Services	3,122,375	2,552,218
Management and General	522,417	476,676
Fundraising	81,276	81,382
	<u>3,726,068</u>	<u>3,110,276</u>
Total Expenses		
Increase (Decrease) in Unrestricted Net Assets	(153,985)	18,252
Net Assets at Beginning of Year, As Restated	<u>447,787</u>	<u>429,535</u>
Net Assets at End of Year	<u>\$ 293,802</u>	<u>\$ 447,787</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, 2017 and 2016**

	<b>Year Ended June 30,</b>	
	<b>2017</b>	<b>2016</b>
<i><u>Cash Flows from Operating Activities:</u></i>		
Increase (Decrease) in Net Assets	\$ (153,985)	\$ 18,252
Adjustments to Reconcile Change in Net Assets to		
Net Cash Used by Operating Activities:		
Depreciation Expense	7,621	7,430
Net Realized and Unrealized		
(Gain)/Loss on Investments	(1,620)	1,392
Donated Stock	(5,219)	(9,773)
(Increase) Decrease in:		
Grants Receivable	47,964	(123,793)
Accounts Receivable	(15,269)	(99,682)
Prepaid Expenses	25,899	(31,283)
Security Deposits	-	(670)
Increase (Decrease) in:		
Accounts Payable	(852)	(25,061)
Accrued Salaries and Wages	12,699	28,790
Accrued Compensated Leave	13,598	9,207
Accrued Benefits	(32,398)	1,543
Deferred Revenue	-	(7,894)
Custodial Accounts	(182)	9,115
Net Cash Used by Operating Activities	<u>(101,744)</u>	<u>(222,427)</u>
<i><u>Cash Flows from Investing Activities:</u></i>		
Proceeds from Sale of Investments	15,220	-
Purchase of Leasehold Improvements and Equipment	<u>-</u>	<u>(5,717)</u>
Net Cash Provided (Used) by Investing Activities	<u>15,220</u>	<u>(5,717)</u>
<i><u>Cash Flows from Financing Activities:</u></i>		
Proceeds from Line of Credit	253,000	147,100
Payments on Line of Credit	<u>(105,000)</u>	<u>(147,100)</u>
Net Cash Provided by Financing Activities	<u>148,000</u>	<u>-</u>
Increase (Decrease) in Cash and Cash Equivalents	61,476	(228,144)
Cash and Cash Equivalents at Beginning of Year	<u>34,081</u>	<u>262,225</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 95,557</u></u>	<u><u>\$ 34,081</u></u>
<i><u>Supplemental Data:</u></i>		
Interest Paid	<u><u>\$ 4,780</u></u>	<u><u>\$ 1,305</u></u>
<i><u>Non-Cash Financing Activities:</u></i>		
Donated Stock	<u><u>\$ 5,219</u></u>	<u><u>\$ 9,773</u></u>

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, 2017**  
**With Comparative Totals for Year Ended June 30, 2016**

	2017				2016
	Program Services	Management and General	Fundraising	Totals	Totals
Salaries and Wages	\$ 1,657,784	\$ 357,660	\$ 61,726	\$ 2,077,170	\$ 1,687,689
Payroll Taxes	138,477	23,080	3,297	164,854	132,790
Employee Benefits	218,821	36,470	5,210	260,501	185,700
Total Salaries and Benefits	2,015,082	417,210	70,233	2,502,525	2,006,179
Advertising and Publicity	31,232	-	-	31,232	16,230
Bad Debts	265	-	-	265	-
Bank Charges	-	14,223	-	14,223	14,733
Communications	12,927	2,155	308	15,390	15,818
Dues, Memberships, Subscriptions	4,187	698	99	4,984	4,795
Equipment	17,202	2,867	409	20,478	29,287
General Supplies	20,337	3,697	415	24,449	25,462
Housing Assistance	90,531	-	-	90,531	69,113
Insurance	13,849	2,309	330	16,488	13,711
Interpreter Services	487,683	-	-	487,683	460,566
Occupancy	212,447	37,018	5,058	254,523	250,058
Postage and Delivery	5,302	883	126	6,311	4,669
Printing and Copying	8,654	1,442	206	10,302	11,539
Professional Fees	57,742	14,010	1,145	72,897	50,904
Program Supplies	51,543	7,675	1,097	60,315	33,412
Seminars and Training	6,844	1,141	163	8,148	8,607
Travel and Meals	65,346	8,882	1,426	75,654	69,017
Utilities	10,956	1,826	261	13,043	13,442
Miscellaneous	2,625	1,601	-	4,226	3,999
Interest	-	4,780	-	4,780	1,305
Depreciation	7,621	-	-	7,621	7,430
Total Expenses	\$ 3,122,375	\$ 522,417	\$ 81,276	\$ 3,726,068	\$ 3,110,276

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, 2016**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries and Wages	\$ 1,331,499	\$ 299,428	\$ 56,762	\$ 1,687,689
Payroll Taxes	104,904	23,902	3,984	132,790
Employee Benefits	146,704	33,426	5,570	185,700
Total Salaries and Benefits	1,583,107	356,756	66,316	2,006,179
Advertising and Publicity	16,230	-	-	16,230
Bad Debts	-	-	-	-
Bank Charges	-	14,733	-	14,733
Communications	12,496	2,847	475	15,818
Dues, Memberships, Subscriptions	3,788	863	144	4,795
Equipment	23,137	5,272	878	29,287
General Supplies	20,050	4,762	650	25,462
Housing Assistance	69,113	-	-	69,113
Insurance	10,826	2,453	432	13,711
Interpreter Services	460,566	-	-	460,566
Occupancy	191,663	51,117	7,278	250,058
Postage and Delivery	3,689	840	140	4,669
Printing and Copying	9,116	2,077	346	11,539
Professional Fees	38,790	10,916	1,198	50,904
Program Supplies	27,388	5,164	860	33,412
Seminars and Training	6,800	1,549	258	8,607
Travel and Meals	56,223	10,790	2,004	69,017
Utilities	10,620	2,419	403	13,442
Miscellaneous	1,186	2,813	-	3,999
Interest	-	1,305	-	1,305
Depreciation	7,430	-	-	7,430
Total Expenses	<u>\$ 2,552,218</u>	<u>\$ 476,676</u>	<u>\$ 81,382</u>	<u>\$ 3,110,276</u>

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

**LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

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**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 eighteen 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.

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 agency 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.**  
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**1. Organization and Nature of Activities (Continued)**

LVCIL has a twenty 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 or through the Supportive Services for Veteran's Families ("SSVF") program. 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.

SSVF is a federal program of the Veterans Administration to assist veterans and their families to avoid or address homelessness. This program uses considerable outreach to make veterans aware of the service and covers five counties. The SSVF program can also provide temporary financial assistance in the form of rent, security deposit, and other related expense payments. LVCIL is the first center for independent living in the country to offer the SSVF program.

Staff members also provide landlord-tenant mediation and landlord workshops to educate local landlords on areas of interest. LVCIL uses the *Housing First* model in serving those who are homeless or nearly homeless. 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 group plans its activities for the year, and a youth-led leadership structure steers the program. 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 can be paid through several means including private pay, county funding, group fundraising or a combination of means. Fundraising by S2L donors makes full and partial scholarships available to S2L Group members.

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. A highlight in the program is a week-long trip to State College for the Penn State Community on Transition conference. Real World Lehigh Valley participants and staff serve as facilitators at the conference. This is also a fee-for service program paid through a variety of private and public sources. Fundraising efforts also help offer assistance with the program fees.

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**1. Organization and Nature of Activities (Continued)**

The LVCIL S2L Group is also currently involved in a two-year Transition Advocacy project with a focus on developing early employment opportunities for high school age youth. In the program young adults are building self-advocacy skills and have met with their legislators.

LVCIL provides vocational services for young adults ages 18-25 and also to a small number of other adults. These services known as Career Path services encompass an eight week skills building community-based 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. Participants have completed high school and are seeking their first significant employment experience. 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 has grown to serve about 150 participants at any given time, and staffing in the program has increased steadily.

In the 2014-2015 Fiscal Year, LVCIL opened a Carbon and Monroe county Career Path site through an OVR Innovation & Expansion grant. LVCIL is now able to reach out to young adults in two additional counties where services are often limited.

Based on LVCIL's success with transition and youth employment services, LVCIL has 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.

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. 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 programming for the deaf and hard of hearing including the ASL Club and ASL classes.

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**1. Organization and Nature of Activities (Continued)**

LVCIL serves as a supports coordination agency in Pennsylvania's Adult Autism Waiver ("AAW") Program, and also 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 Attendant Care, Act 150 and Independence 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.

LVCIL is involved in several community-based programs through grant opportunities. The Community Access Program is a five year project focusing on ADA compliance and disability sensitivity education. The project has partners from many varied community entities including cities, municipalities, and outdoor venues. In the program, ADA accessibility site surveys are offered and over a dozen specific ADA trainings are available from program staff. The project's goal is to make the Lehigh Valley and greater Commonwealth more welcoming to all persons with disabilities.

Leadership Development in Schools is a community outreach project. Through this statewide effort, LVCIL collaborates with the PA Department of Education, educators and youth leaders to build leadership into school curriculum. The program's second year saw the addition of many new partners who expand the project's outreach and impact. Educators are now uploading meaningful leadership lesson plans onto the project's website. The project also involves outreach to school-aged youth, which is achieved in part, through the "*I'm a Leader*" contest. Program staff travel to the schools from which winning entries come and host an assembly to lift up the winner and the leadership theme.

The final community outreach project is the Cross Disability Efforts project. In this effort LVCIL is promoting systems change through conversations, forums and social media. Even within the disability community, all people cannot agree on common issues such as preferred language and service options. By bringing people together in-person or virtually, people can gain a greater understanding and respect for the varied views and needs of persons with disabilities. The project seeks to build greater understanding within the disability community.

Lastly, LVCIL has continued to increase its virtual presence. The LVCIL website, [www.lvcil.org](http://www.lvcil.org), receives ongoing numerous improvements to complement its growing programming. LVCIL is also active on social media as a resource for disseminating information.

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**June 30, 2017 and 2016**

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**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 three net asset categories follows:

*Unrestricted Net Assets*

Unrestricted net assets include funds not subject to donor-imposed stipulations. In general, the revenues received and expenses incurred in conducting the Organization's charitable mission are included in this category.

*Temporarily Restricted Net Assets*

Temporarily restricted net assets include gifts, grants and pledges whose use by the Organization has been limited by donors to later periods of time or after specified dates, or to a specified purpose. The Organization currently does not have any temporarily restricted net assets.

*Permanently Restricted Net Assets*

Permanently restricted net assets include gifts, trusts and pledges which are required by donor-imposed restrictions to be invested in perpetuity and only income be made available for operations in accordance with donor restrictions. The Organization currently does not have any permanently restricted net assets.

*Concentration of Credit Risk*

The Organization maintains cash balances which may, at times, exceed federally insured limits. They historically have 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.

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**2. Summary of Significant Accounting Policies (Continued)**

*Income Taxes (Continued)*

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. 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, 2017 and 2016.

The Organization files Federal Form 990, *Return of Organization Exempt from Tax*, with the United States Internal Revenue Service and 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.

*Contributions*

All contributions, including unconditional promises, are recognized as support and are measured at their fair values. Depending on the form of the benefits received, contributions are either recorded by the Organization as revenues or assets, or as decreases in liabilities or expenses. Contributions with donor-imposed restrictions are recorded as restricted support, while contributions without donor-imposed restrictions are recorded as unrestricted support. The expiration of a donor-imposed restriction on a contribution is recognized in the period in which the restriction expires. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Conditional promises are recorded when donor stipulations are substantially met. 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.

*Revenue Recognition*

The Organization recognizes support and revenue on the accrual basis of accounting. Revenue from cost-reimbursement grants, performance grants, and program fees are recognized as revenue in the period in which the costs are incurred and the service is provided.

**LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

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**2. Summary of Significant Accounting Policies (Continued)**

*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.

*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, 2017 and 2016.

*Investments*

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



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**2. Summary of Significant Accounting Policies (Continued)**

*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 estimates 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*

The Organization holds funds for several small organizations and grant programs as well as administers funds for the PA Youth Leadership Network. The funds held do not belong to the Organization and are therefore reported as a liability of the Organization.

*Advertising and Publicity*

Advertising and publicity costs are expensed as incurred by the Organization, and were \$31,232 and \$16,230 for the years ended June 30, 2017 and 2016, 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 86% and 90% of LVCIL's grant revenues were provided by three agencies, Pennsylvania Department of Labor and Industry Office of Vocational Rehabilitation, Pennsylvania Development Disabilities Council, and U.S. Department of Veterans Affairs, during the years ended June 30, 2017 and 2016, respectively. Receivables from these funding sources were approximately 80% and 81% of total grants receivable for the years ended June 30, 2017 and 2016, respectively.

**LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.**  
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**June 30, 2017 and 2016**

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**3. Leasehold Improvements and Equipment**

Leasehold improvements and equipment consist of the following at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Leasehold Improvements	\$ 42,004	\$ 42,004
Furniture, Fixtures and Equipment	<u>53,871</u>	<u>53,871</u>
	95,875	95,875
Less: Accumulated Depreciation	<u>(40,109)</u>	<u>(32,488)</u>
	<u><u>\$ 55,766</u></u>	<u><u>\$ 63,387</u></u>

Depreciation charged to expense was \$7,621 and \$7,430 for the years ending June 30, 2017 and 2016, respectively.

**4. Investments**

Investments are composed of the following at June 30, 2017 and 2016:

	<u>2017</u>		<u>2016</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Equities - Financial	\$ -	\$ -	\$ 9,773	\$ 8,381
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,773</u></u>	<u><u>\$ 8,381</u></u>

A summary of earnings on investments for the years ended June 30, 2017 and 2016 are as follows:

	<u>June 30,</u>	
	<u>2017</u>	<u>2016</u>
Interest Income	\$ 50	\$ -
Realized Gain	228	-
Unrealized Gain (Loss)	<u>1,392</u>	<u>(1,392)</u>
	<u><u>\$ 1,670</u></u>	<u><u>\$ (1,392)</u></u>

**5. Fair Value Measurements**

FASB ASC 820 specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). In accordance with FASB ASC 820, the following summarized the fair value hierarchy:

**LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.**  
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**5. Fair Value Measurements (Continued)**

Level 1 Inputs – Quoted prices for identical assets and liabilities in active markets.

Level 2 Inputs – Observable inputs other than Level 1 prices, such as quoted prices for similar assets and liabilities, quoted prices in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Inputs – Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurements.

Valuation techniques used in fair value measurement need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. (There have been no changes in the methodologies used at June 30, 2017 and 2016.)

*Equities:* Valued at their quoted market prices in active markets.

The method described above may produce a fair calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The underlying investment in marketable securities is exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain marketable securities, and the level of uncertainty related to changes in the value of the marketable securities, it is at least reasonably possible that changes in risks in the near term could materially affect account balances and the amounts reported in the statements of financial position and the statements of activities.

The following table represent the Organization's assets measured at fair value on a recurring basis as of June 30 and are categorized using three levels of fair value hierarchy.

<u>2017</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>2016</u>				
Equities	<u>\$ 8,381</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,381</u>

There were no transfers between Level 1, Level 2, and Level 3 investments in 2017 and 2016. Transfers are recognized at the end of the reporting period.

**LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.**  
**(A Not-for-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

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**6. Operating Lease Obligations**

The Organization leases office and facility space at 713 N 13<sup>th</sup> Street, Allentown, PA under a five year lease agreement expiring June, 2019.

The Organization leases three classrooms at 630 Interchange Rd, Kresgeville, PA under an agreement that expired September, 2016.

The Organization leases office equipment under a five year lease agreement expiring July, 2019.

Rental expense, including common area maintenance charges, under lease agreements was \$207,260 and \$197,144 for the years ending June 30, 2017 and 2016, respectively.

Future minimum lease payments under these agreements are as follows:

Year Ending June 30,

2018	\$	239,756
2019		239,756
2020		528

**7. Retirement Plan**

The Organization offers a SEP IRA retirement plan. The Plan covers 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 31<sup>st</sup> of a given fiscal year. The amount of contributions by the Organization is determined by management and the Board of Directors based on the availability of funds. There were no employer contributions made during the years ended June 30, 2017 and 2016.

**8. Line of Credit**

The Organization has a line of credit agreement with BB&T Bank for \$250,000. The line of credit agreement bears a variable interest rate, expiring September, 2017. The interest rate at June 30, 2017 is 4.64%. The outstanding balance was \$148,000 and \$-0- for the years ended June 30, 2017 and 2016, respectively.

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**9. 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, 2017 and 2016, this liability amounted to \$63,133 and \$49,535, respectively.

**10. Prior Period Adjustment**

The statement of activities and changes in net assets of the Organization has been restated for the year ended June 30, 2016. In previously issued financial statements, the Organization recorded an expense and accrual for an employer contribution to the discretionary SEP IRA plan. During 2017, the Board of Directors retroactively rescinded the discretionary 2016 employer contribution which resulted in a \$31,133 increase in net assets and decrease in liabilities of the Organization at June 30, 2016.

**11. Subsequent Events**

Management has evaluated subsequent events through December 6, 2017 the date on which the financial statements were available to be issued. Subsequent to June 30, 2017, the Organization's grant with *Supportive Services for Veteran Families* program expired and was not renewed. The income provided by this grant during the years ended June 30, 2017 and 2016 was approximately 18% and 20%, respectively, of total grant revenues for the years then ended.

## SUPPLEMENTARY INFORMATION

**LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.**  
**(A Not-for-Profit Corporation)**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2017**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures	Expenditures to Sub-Recipients
<b><u>DIRECT AWARD</u></b>				
<b>U.S. Department of Veterans Affairs</b>				
VA Supportive Services for Veteran Families Program	64.033	N/A	\$ 219,872	\$ -
Total U.S. Department of Veterans Affairs			219,872	-
<b><u>PASS-THROUGH AWARDS</u></b>				
<b>U.S. Department of Education</b>				
Passed Through the Pennsylvania Department of Labor and Industry: Rehabilitation Services: Vocational Rehabilitation Grants to States	84.126	4000018879	37,989	-
	84.126	4000019848	231,175	-
Total U.S. Department of Education			269,164	-
<b>U.S. Department of Health and Human Services</b>				
Passed Through the Pennsylvania Development Disabilities Council: Developmental Disabilities Basic Support and Advocacy Grants:				
Cross Disability Efforts	93.630	4100063418	55,518	-
Leadership Development in Schools	93.630	4100063419	75,125	-
Community Accessibility Project	93.630	4100059665	196,605	-
			327,248	-
Passed Through the Pennsylvania Department of Human Services:				
Lehigh County Aging Adult Services	93.071	16.AGNG.268	1,987	-
Medical Assistance Program	93.778	101266074	204,435	-
Passed Through the Pennsylvania Department of Labor and Industry:				
ACL Independent Living State Grants	93.369	410006600	9,410	-
Total U.S. Department of Health and Human Services			543,080	-
<b>U.S. Department of Housing and Urban Development</b>				
Passed Through the County of Lehigh: Community Development Block Grants	14.228	N/A	27,227	-
Passed Through the City of Allentown Community Development Block Grants	14.218	N/A	10,000	-
Passed Through the City of Bethlehem Community Development Block Grants	14.218	N/A	21,721	-
Passed Through the County of Northampton Community Development Block Grants	14.218	N/A	40,057	-
Total Federal CFDA Number 14.218			71,778	-
Total U.S. Department of Housing and Urban Development			99,005	-
Total Expenditures of Federal Awards			\$ 1,131,121	\$ -

**LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.**  
**(A Not-for-Profit Corporation)**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2017**

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**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Lehigh Valley Center for Independent Living, Inc. under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Lehigh Valley Center for Independent Living, Inc. it is not intended to and does not present the financial position, changes in net assets, or cash flows of Lehigh Valley Center for Independent Living, Inc.

**2. Summary of Significant Accounting Policies**

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized using the principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Lehigh Valley Center for Independent Living, Inc. has elected not to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.



**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, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 6, 2017.

**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.

## **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.

*Campbell, Rappold & Yucasita LLP*

December 6, 2017

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

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

**Report on Compliance for Each Major Federal Program**

We have audited Lehigh Valley Center for Independent Living, 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 Lehigh Valley Center for Independent Living, Inc.'s major federal programs for the year ended June 30, 2017. Lehigh Valley Center for Independent Living, 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 Lehigh Valley Center for Independent Living, 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 Lehigh Valley Center for Independent Living, 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 Lehigh Valley Center for Independent Living, Inc.'s compliance.

## ***Opinion on Each Major Federal Program***

In our opinion, Lehigh Valley Center for Independent Living, 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 June 30, 2017.

## **Report on Internal Control Over Compliance**

Management of Lehigh Valley Center for Independent Living, 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 Lehigh Valley Center for Independent Living, 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 Lehigh Valley Center for Independent Living, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2017-001 and 2017-002, that we consider to be significant deficiencies.

Lehigh Valley Center for Independent Living, Inc.'s response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Lehigh Valley Center for Independent Living, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

*Cory Bell, Rappold & Yamasita LLP*

December 6, 2017

**LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.**  
**(A Not-for-Profit Corporation)**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2017**

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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 ☒ no
- Significant deficiencies identified that are not considered to be material weakness(es)? ☐ yes ☒ none reported

Noncompliance material to financial statements noted?

☐ yes ☒ no

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiencies identified that are not considered to be material weakness(es)? ☒ yes ☐ none reported

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 2 CFR section 200.516(a)?

☒ yes ☐ no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

64.033

VA Supportive Services for Veteran Families Program

84.126

Rehabilitation Services: Vocational Rehabilitation Grants to States

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

☐ yes ☒ no

Section II - Financial Statement Findings

No matters were reported.

**LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.**  
**(A-Not-for-Profit Corporation)**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**June 30, 2017**

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**Section III - Federal Award Findings and Questioned Costs**

**FINDING: 2017-001**

<b>Federal Awarding Agency:</b>	<b>U.S Department of Veterans Affairs</b>
<b>CFDA Number and Title:</b>	<b>64.033 – VA Supportive Services for Veteran Families Program</b>

**Condition**

Withdrawals per the Department of Health and Human Services Payment Management System do not match information provided by the grantee's internal drawdown requests tracking.

**Criteria**

Internal controls should have been in place to ensure that reimbursement requests are in agreement with actual charges to the grant during that period.

**Cause**

The Director of Finance erroneously calculated a reimbursement request that included prior expenses related to prior months, which were already reimbursed by the grant.

**Effect**

The miscalculated reimbursement request resulted in advance funding. Advances from the VA Supportive Services for Veterans Families Program are not allowed unless actual charges occur within three days after advance funding.

**Recommendation**

Our recommendation is for the Director of Finance to prepare a report of actual charges for the period of request and compare these results to the grant-to-date calculation used for reimbursement requests.

**Views of Responsible Officials and Planned Corrective Actions**

Recommendation was implemented in July, 2017 and the finding was fully corrected.

**LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.**  
**(A-Not-for-Profit Corporation)**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**June 30, 2017**

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**Section III - Federal Award Findings and Questioned Costs (CONTINUED)**

**FINDING: 2017-002**

<b>Federal Awarding Agency:</b>	<b>U.S Department of Veterans Affairs</b>
<b>CFDA Number and Title:</b>	<b>64.033 – VA Supportive Services for Veteran Families Program</b>

**Condition**

Required documentation checklists were not present in multiple case files as directed by the SSVF.

**Criteria**

Internal controls should have been in place to ensure that case file documentation requirements are met for each case file.

**Cause**

Required documentation checklists are to be completed for every case file, however, various case files did not contain completed checklists as permitted by SSVF.

**Effect**

Because of this condition, case files did not contain all required documentation.

**Recommendation**

Our recommendation is that procedures be implemented to verify that all required documentation is present in all case files.

**Views of Responsible Officials and Planned Corrective Actions**

Federal award program, VA Supportive Services for Veteran Families Program, expired on September 30, 2017 and was not renewed. For future programs, procedures will be implemented to ensure required documentation is present within case files.