

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

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

June 30, 2019 and 2018

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, 2019 and 2018, 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.

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, 2019 and 2018, 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 4, 2019, 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.

Congbell, Rappold & Yasuta LLP

December 4, 2019

LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.
(A Not-for-Profit Corporation)
STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

	June 30,	
	2019	2018
ASSETS		
Cash and Cash Equivalents	\$ 165,316	\$ 101,380
Grants Receivable	113,423	70,366
Accounts Receivable	314,574	414,829
Prepaid Expenses	2,427	3,240
Investments (Note 5)	-	5,247
Leasehold Improvements and Equipment, Net of Accumulated Depreciation (Note 4)	44,017	48,186
Security Deposit	4,628	4,628
	<u>644,385</u>	<u>647,876</u>
Total Assets	<u>\$ 644,385</u>	<u>\$ 647,876</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts Payable	\$ 77,279	\$ 78,519
Accrued Salaries and Wages	66,934	67,941
Custodial Accounts	-	28,652
Deferred Revenue	161,350	-
Accrued Compensated Leave (Note 10)	54,577	52,816
Line of Credit (Note 9)	-	195,000
Commitments (Note 7)	-	-
	<u>360,140</u>	<u>422,928</u>
Total Liabilities	<u>360,140</u>	<u>422,928</u>
Net Assets:		
Net Assets Without Donor Restrictions:		
Undesignated	158,381	174,948
Board Designated for Building Purchase	50,000	50,000
	<u>208,381</u>	<u>224,948</u>
Net Assets With Donor Restrictions (Note 11)	<u>75,864</u>	<u>-</u>
Total Net Assets	<u>284,245</u>	<u>224,948</u>
Total Liabilities and Net Assets	<u>\$ 644,385</u>	<u>\$ 647,876</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, 2019 and 2018

	Year Ended June 30,	
	2019	2018
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
<i>Revenue, Support, and Gains:</i>		
Grant Revenue	\$ 694,965	\$ 729,907
Interpreting Services	977,544	768,877
Career Path	580,419	624,782
Adult Autism Waiver Program	185,258	213,120
School-based Services	103,685	85,268
Office of Long-term Living Waiver Program	244,347	235,984
Other Programs	537,654	607,334
Contributions	74,684	102,181
Gross Special Events Revenue	44,804	44,783
Less: Direct Costs Associated with Special Events	(21,344)	(24,631)
Miscellaneous	24,905	20,239
Unrealized Gain/(Loss) on Investments	(45)	46
Realized Loss on Investments	(638)	-
Interest and Dividends	124	63
Net Assets Released from Donor Restrictions	24,136	-
	3,470,498	3,407,953
<i>Expenses:</i>		
Program Services	2,942,502	2,924,325
Management and General	492,287	496,140
Fundraising	52,276	56,342
	3,487,065	3,476,807
Decrease in Net Assets Without Donor Restrictions	(16,567)	(68,854)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	100,000	-
Net Assets Released from Donor Restrictions	(24,136)	-
Increase in Net Assets With Donor Restrictions	75,864	-
Increase (Decrease) in Net Assets	59,297	(68,854)
Net Assets at Beginning of Year	224,948	293,802
Net Assets at End of Year	\$ 284,245	\$ 224,948

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, 2019 and 2018

	Year Ended June 30,	
	2019	2018
<i><u>Cash Flows from Operating Activities:</u></i>		
Increase (Decrease) in Net Assets	\$ 59,297	\$ (68,854)
Adjustments to Reconcile Increase (Decrease) in Net Assets to		
Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	7,369	7,580
Net Realized and Unrealized		
Loss (Gain) on Investments	683	(46)
Donated Stock	(10,031)	(5,201)
(Increase) Decrease in:		
Grants Receivable	(43,057)	102,490
Accounts Receivable	100,255	(96,496)
Prepaid Expenses	813	10,644
Increase (Decrease) in:		
Accounts Payable	(1,240)	37,041
Accrued Salaries and Wages	(1,007)	(14,258)
Accrued Compensated Leave	1,761	(10,317)
Deferred Revenue	161,350	-
Custodial Accounts	(28,652)	(3,760)
	<u>247,541</u>	<u>(41,177)</u>
Net Cash Provided (Used) by Operating Activities		
<i><u>Cash Flows from Investing Activities:</u></i>		
Purchases of Leasehold Improvements and Equipment	(3,200)	-
Proceeds from Sale of Investments	14,595	-
	<u>11,395</u>	<u>-</u>
Net Cash Provided by Investing Activities		
<i><u>Cash Flows from Financing Activities:</u></i>		
Proceeds from Line of Credit	15,000	155,792
Payments on Line of Credit	(210,000)	(108,792)
	<u>(195,000)</u>	<u>47,000</u>
Net Cash Provided (Used) by Financing Activities		
Increase in Cash and Cash Equivalents	63,936	5,823
Cash and Cash Equivalents at Beginning of Year	101,380	95,557
Cash and Cash Equivalents at End of Year	<u>\$ 165,316</u>	<u>\$ 101,380</u>
<i><u>Supplemental Data:</u></i>		
Interest Paid	<u>\$ 10,798</u>	<u>\$ 9,342</u>
<i><u>Non-Cash Financing Activities:</u></i>		
Donated Stock	<u>\$ 10,031</u>	<u>\$ 5,201</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, 2019
With Comparative Totals for Year Ended June 30, 2018

	2019				2018
	Program Services	Management and General	Fundraising	Totals	Totals
Salaries and Wages	\$ 1,383,648	\$ 336,017	34,277	\$ 1,753,942	\$ 1,918,341
Payroll Taxes	128,412	21,402	3,057	152,871	158,861
Employee Benefits	227,133	37,856	5,408	270,397	264,487
Total Salaries and Benefits	1,739,193	395,275	42,742	2,177,210	2,341,689
Advertising and Publicity	3,433	-	-	3,433	8,633
Bad Debts	-	-	-	-	10,885
Bank Charges	-	13,767	-	13,767	11,949
Communications	10,168	1,695	242	12,105	14,774
Dues, Memberships, Subscriptions	6,126	1,000	143	7,269	4,729
Equipment	17,111	2,852	407	20,370	25,961
General Supplies	14,992	2,556	298	17,846	22,050
Housing Assistance	2,657	-	-	2,657	33,930
Insurance	7,182	1,197	171	8,550	15,565
Interpreter Services	610,329	-	-	610,329	496,737
Occupancy	202,550	34,178	4,823	241,551	257,727
Postage and Delivery	4,136	689	98	4,923	4,819
Printing and Copying	9,480	1,580	226	11,286	13,041
Professional Fees	192,348	11,907	910	205,165	68,619
Program Supplies	14,452	1,962	280	16,694	12,658
Seminars and Training	15,763	2,627	375	18,765	8,054
Travel and Meals	55,583	8,411	1,305	65,299	69,384
Utilities	10,755	1,793	256	12,804	13,479
Consumer Stipends	18,875	-	-	18,875	25,202
Interest	-	10,798	-	10,798	9,342
Depreciation	7,369	-	-	7,369	7,580
Total Expenses	\$ 2,942,502	\$ 492,287	\$ 52,276	\$ 3,487,065	\$ 3,476,807

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, 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Wages	\$ 1,550,381	\$ 330,499	37,461	\$ 1,918,341
Payroll Taxes	133,443	22,241	3,177	158,861
Employee Benefits	<u>222,169</u>	<u>37,028</u>	<u>5,290</u>	<u>264,487</u>
Total Salaries and Benefits	<u>1,905,993</u>	<u>389,768</u>	<u>45,928</u>	<u>2,341,689</u>
Advertising and Publicity	8,633	-	-	8,633
Bad Debts	10,885	-	-	10,885
Bank Charges	-	11,949	-	11,949
Communications	12,410	2,068	296	14,774
Dues, Memberships, Subscriptions	3,972	662	95	4,729
Equipment	20,498	4,975	488	25,961
General Supplies	18,168	3,518	364	22,050
Housing Assistance	33,930	-	-	33,930
Insurance	13,075	2,179	311	15,565
Interpreter Services	496,737	-	-	496,737
Occupancy	211,973	40,707	5,047	257,727
Postage and Delivery	4,048	675	96	4,819
Printing and Copying	10,954	1,826	261	13,041
Professional Fees	54,558	12,996	1,065	68,619
Program Supplies	8,265	3,844	549	12,658
Seminars and Training	6,765	1,128	161	8,054
Travel and Meals	59,357	8,616	1,411	69,384
Utilities	11,322	1,887	270	13,479
Consumer Stipends	25,202	-	-	25,202
Interest	-	9,342	-	9,342
Depreciation	<u>7,580</u>	<u>-</u>	<u>-</u>	<u>7,580</u>
Total Expenses	<u>\$ 2,924,325</u>	<u>\$ 496,140</u>	<u>\$ 56,342</u>	<u>\$ 3,476,807</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, 2019 and 2018

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 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.
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

1. Organization and Nature of Activities (Continued)

The Community Outreach work of LVCIL had a large influx of activities in the year, thanks to the award of the Statewide Coalition Group grant to LVCIL. The project unites systems advocacy efforts, outreach and education at all seventeen Centers for Independent Living in Pennsylvania. The topics of focus have been Violence & Abuse, Emergency Preparedness and Voting Rights. LVCIL coordinates the project and facilitates the other centers for independent living in receiving a modest quarterly allocation to support the work.

LVCIL has a twenty-four 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 can be paid through several means including private pay, county funding, group fundraising or a combination of means. Fundraising opportunities assist participants in defraying program costs.

The year saw a resurgence in the Lehigh Valley Adaptations Group thanks to a private donor. This group 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. LVCIL also offers two CommUnity Clubs which meet on a monthly basis for community or social events to help consumers build peer relationships.

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.

LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

1. Organization and Nature of Activities (Continued)

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. 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 250 participants at any given time and staffing in the program has increased steadily.

Other T&E services have also grown for 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 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 (currently Cedarbrook Nursing Home) 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 private pay, and various grants.

LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

1. Organization and Nature of Activities (Continued)

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

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 has developed AccessCheck which provides fee-for-service consulting and site surveys. A multi-year grant with the PA Developmental Disabilities Council also allows LVCIL to promote fitness and Health systems advocacy and inclusive events and facilities in several northern counties in PA. A related program through Temple's Tech Owl initiative is now allowing 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.

Lastly, LVCIL has continued to increase its virtual presence. The LVCIL website, 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.

LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

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. 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.

LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

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, 2019 and 2018.

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.

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 support with donor restrictions, while contributions without donor-imposed restrictions are recorded as support without donor restrictions. 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.

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.

LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

2. Summary of Significant Accounting Policies (Continued)

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.

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, 2019 and 2018.

LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

2. Summary of Significant Accounting Policies (Continued)

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

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 \$3,433 and \$8,633 for the years ended June 30, 2019 and 2018, 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 45% and 50% 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, 2019 and 2018, respectively. Receivables from these funding sources were approximately 65% and 63% of total grants and accounts receivable for the years ended June 30, 2019 and 2018, respectively.

LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

2. Summary of Significant Accounting Policies (Continued)

Adoption of New Accounting Standards

The Organization has adopted the provisions of ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* effective fiscal year ended June 30, 2019. In August 2016, FASB issued the above standard, with the stated purpose of improving financial reporting by not-for-profit entities (NFP). Among other provisions, ASU 2016-14 reduces the number of net assets from three to two, requires the presentation of expenses in both natural and functional classifications, enhances disclosures on liquidity, and eliminates the requirement to prepare a reconciliation in the statement of cash flows when applying the direct method. It also revises the definitions of certain terms. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017. The Organization elected to adopt ASU 2016-14 for the year ending June 30, 2019 and it was applied retrospectively to the year ending June 30, 2018.

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,	
	2019	2018
Cash and Cash Equivalents	\$ 165,316	\$ 101,380
Grants Receivable	113,423	70,366
Accounts Receivable	314,574	414,829
Investments	-	5,247
Net Assets With Board Designations	(50,000)	(50,000)
Net Assets With Donor Restrictions	(75,864)	-
	\$ 467,449	\$ 541,822

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, 2019, is 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, 2019 and 2018

4. Leasehold Improvements and Equipment

Leasehold improvements and equipment consist of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Leasehold Improvements	\$ 42,004	\$ 42,004
Furniture, Fixtures and Equipment	<u>57,071</u>	<u>53,871</u>
	99,075	95,875
Less: Accumulated Depreciation	<u>(55,058)</u>	<u>(47,689)</u>
	<u>\$ 44,017</u>	<u>\$ 48,186</u>

Depreciation charged to expense was \$7,369 and \$7,580 for the years ending June 30, 2019 and 2018, respectively.

5. Investments

Investments are composed of the following at June 30, 2019 and 2018:

	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Equities - Financial	\$ -	\$ -	\$ 5,201	\$ 5,247
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,201</u>	<u>\$ 5,247</u>

A summary of earnings on investments for the years ended June 30, 2019 and 2018 are as follows:

	<u>Year Ended June 30,</u>	
	<u>2019</u>	<u>2018</u>
Dividend Income	\$ 122	\$ 29
Realized Gain	(638)	-
Unrealized Gain	<u>(45)</u>	<u>46</u>
	<u>\$ (561)</u>	<u>\$ 75</u>

6. 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 summarizes the fair value hierarchy:

LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

6. 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, 2019 and 2018.

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 represents 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>2019</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>2018</u>				
Equities	<u>\$ 5,247</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,247</u>

There were no transfers between Level 1, Level 2, and Level 3 investments in 2019 and 2018. 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, 2019 and 2018

7. Operating Lease Obligations

The Organization leases office and facility space at 713 N 13th Street, Allentown, PA under a two-year lease agreement expiring June, 2021.

The Organization leased three classrooms at 630 Interchange Rd, Kresgeville, PA under an agreement that expired September, 2018.

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

Rental expense, including common area maintenance charges, under lease agreements was \$243,806 and \$256,192 for the years ending June 30, 2019 and 2018, respectively.

Future minimum lease payments under these agreements are as follows:

Year Ending June 30,

2020	\$	241,384
2021		241,532
2022		8,112
2023		8,112
2024		8,112
2025		676

8. 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 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 years ended June 30, 2019 and 2018.

9. 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, 2020. The interest rate at June 30, 2019 is 6.14%. The outstanding balance was \$-0- and \$195,000 at June 30, 2019 and 2018, respectively. Interest expense was \$10,798 and \$9,342 during the years ended June 30, 2019 and 2018, respectively.

LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

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, 2019 and 2018, this liability amounted to \$54,577 and \$52,816, respectively.

11. Net Assets With Donor Restrictions

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

	2019	2018
Adaptations Program	\$ 75,864	\$ -
	\$ 75,864	\$ -

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,	
	2019	2018
Adaptations Program	\$ 24,136	\$ -
	\$ 24,136	\$ -

12. Subsequent Events

Management has evaluated subsequent events through December 4, 2019 the date on which the financial statements were available to be issued. No subsequent events have occurred that require recognition or disclosure.

SUPPLEMENTARY INFORMATION

**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING
AGREED-UPON PROCEDURES**

Board of Directors
Lehigh Valley Center for Independent Living, Inc.
Allentown, Pennsylvania

We have performed the procedures enumerated below, which were agreed to by the Commonwealth of Pennsylvania, Department of Human Services (DHS) and Lehigh Valley Center for Independent Living, Inc. solely to assist you with respect to the financial schedules and exhibits required by the DHS Single Audit Supplement. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the DHS. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

For Supplemental Schedules:

Reconciliation of Federal Awards

- (a) We agreed the expenditure amounts listed on the reconciliation schedule under the "Federal Expenditures per the SEFA" column C to the audited Schedule of Expenditures of Federal Awards (SEFA).
- (b) We agreed the receipt amounts listed on the reconciliation schedule under the "Federal Awards Received per the audit confirmation reply from Pennsylvania" column D to the sub recipient Federal amounts that were reflected in the audit confirmation reply from the Office of Budget, Comptroller Operations.
- (c) We recalculated the amounts listed under the "Difference" column E and the "% Difference" column F.
- (d) We agreed the amounts listed under the "Difference" column E to the audited books and records of the entity.
- (e) We agreed the "Detailed Explanation of the Differences" to the audited books and records of the entity
- (f) Based on the procedures detailed in paragraphs (a) through (e) above, there were no adjustments and/or findings which have not been reflected on the corresponding schedules.

We were not engaged to, and did not; perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Department of Human Services and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Congbell, Rappold & Yasuta LLP

December 4, 2019

LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.
(A Not-for-Profit Corporation)
RECONCILIATION OF FEDERAL AWARDS
For the Year Ended June 30, 2019

RECONCILIATION
Federal Awards Passed Through the Pennsylvania Department of Human Services
Expenditures per the SEFA to Revenue Received per the Pennsylvania Audit Confirmation Reply

(A)	(B)	(C)	(D)	(E)	(F)	(G)
<u>CFDA Name</u>	<u>CFDA Number</u>	<u>Federal Expenditures per the SEFA</u>	<u>Federal Awards Received per the audit confirmation reply from Pennsylvania</u>	<u>Difference (C-D)</u>	<u>% Difference (C-D)</u>	<u>Detailed Explanation of the Differences</u>
Medicaid: Title XIX	93.778	\$ 310,575	\$ 310,575	\$ -	0%	N/A

LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.
(A Not-for-Profit Corporation)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures	Expenditures to Sub-Recipients
CDBG - Entitlement Grants Cluster:				
U.S. Department of Housing and Urban Development				
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	23,019	-
Passed Through the City of Easton: Community Development Block Grants	14.218	N/A	7,989	-
Passed Through the County of Northampton: Community Development Block Grants	14.218	N/A	33,429	-
Total CDBG - Entitlement Grants Cluster			<u>74,437</u>	<u>-</u>
Medicaid Cluster				
U.S. Department of Health and Human Services				
Passed Through the Pennsylvania Department of Human Services: Medical Assistance Program	93.778	101266074	310,575	-
Total Medicaid Cluster			<u>310,575</u>	<u>-</u>
U.S. Department of Education				
Passed Through the Pennsylvania Department of Labor and Industry: Rehabilitation Services: Vocational Rehabilitation Grants to States	84.126	VR00018230	88,331	-
	84.126	VR00018232	183,134	-
	84.126	VR00019230	232,380	-
	84.126	VR00019232	297,886	-
Total Federal CFDA Number 84.126			<u>801,731</u>	<u>-</u>
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187	VR00018231	1,737	-
Total U.S. Department of Education			<u>803,468</u>	<u>-</u>
U.S. Department of Health and Human Services				
Passed Through the Pennsylvania Department of Labor and Industry: ACL Independent Living State Grants	93.369	4100081441	194,021	144,000
Passed Through the Temple University: ACL Assistive Technology	93.464	N/A	10,619	-
Passed Through the Pennsylvania Development Disabilities Council: Developmental Disabilities Basic Support and Advocacy Grants: Fitness and Health	93.630	4100077228	46,959	-
Leadership Development in Schools	93.630	4100063419	7,249	-
Total Federal CFDA Number 93.960			<u>54,208</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>258,848</u>	<u>144,000</u>
U.S. Department of Housing and Urban Development				
Passed Through the County of Lehigh: Community Development Block Grants	14.228	N/A	10,207	-
Total U.S. Department of Housing and Urban Development			<u>10,207</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 1,457,535</u>	<u>\$ 144,000</u>

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, 2019

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, 2019. 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, 2019, 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 4, 2019.

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.

Congbell, Rappold & Yucasita LLP

December 4, 2019

**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, 2019. 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, 2019.

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, material weaknesses may exist that have not been identified.

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

Campbell, Rappold & Yusaite LLP

December 4, 2019

LEHIGH VALLEY CENTER FOR INDEPENDENT LIVING, INC.
(A Not-for-Profit Corporation)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

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:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.126	Rehabilitation Services: Vocational Rehabilitation Grants to States
93.778	Medical Assistance Program

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.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.