

**CENTER FOR INDEPENDENT LIVING  
OF CENTRAL PENNSYLVANIA, INC.**  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2017 AND 2016  
AND  
INDEPENDENT AUDITOR'S REPORT

**HAMILTON & MUSSER, P.C.**  
*Certified Public Accountants*

**CENTER FOR INDEPENDENT LIVING OF CENTRAL PENNSYLVANIA, INC.**

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For the Years Ended December 31, 2017 and 2016

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# HAMILTON & MUSSER, P.C.

*Certified Public Accountants • Consultants to Management*

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Center for Independent Living of Central Pennsylvania, Inc.  
Camp Hill, Pennsylvania

### Report on the Financial Statements

We have audited the accompanying financial statements of the Center for Independent Living of Central Pennsylvania, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

*Members of the American and Pennsylvania Institutes of CPAs*

### **Basis for Qualified Opinion**

As more fully described in Note 1 to the financial statements, the Center for Independent Living of Central Pennsylvania, Inc.'s management has elected to not capitalize and depreciate fixed assets, but rather has elected to expense these items in the period of purchase. Accounting principles generally accepted in the United States of America require that such items be capitalized and properly depreciated. The effects on the accompanying financial statements of the failure to capitalize fixed assets have not been determined.

As explained in Note 1 to the financial statements, the Center for Independent Living of Central Pennsylvania, Inc. does not consolidate the financial statements of Living Well Your Way and Home Care for Living Well, Inc. Accounting principles generally accepted in the United States of America require that all commonly controlled organizations to be accounted for in consolidated financial statements. The effects on the accompanying financial statements of not consolidating the Living Well Your Way and Home Care for Living Well, Inc. have not been determined.

### **Qualified Opinion**

In our opinion, except for the effects of the matters discussed in the Basis for Qualified Opinion paragraphs, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Center for Independent Living of Central Pennsylvania, Inc. as of December 31, 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.

September 20, 2018

Mechanicsburg, Pennsylvania



*Certified Public Accountants*

**CENTER FOR INDEPENDENT LIVING OF CENTRAL PENNSYLVANIA, INC.**

## Statements of Financial Position

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and Cash Equivalents		
Unrestricted	\$ 958,833	\$ 1,112,529
Temporarily Restricted	82,129	90,577
Grants and Other Accounts Receivable (Note 8)	930,774	743,768
Prepaid Expenses	11,912	4,860
Security Deposit	4,500	4,500
Beneficial Interest in Net Assets of Community Foundation (Note 2)		
Unrestricted	26,776	21,592
Permanently Restricted	6,207	6,207
Note Receivable (Note 15)	<u>59,900</u>	<u>40,000</u>
 Total Assets	 <u>\$ 2,081,031</u>	 <u>\$ 2,024,033</u>
Liabilities		
Accounts Payable	\$ 110,132	\$ 35,977
Accrued Expenses	66,234	119,388
Due to Funder (Note 11)	440	440
Other Liabilities	<u>23</u>	<u>46</u>
 Total Liabilities	 <u>176,829</u>	 <u>155,851</u>
Net Assets		
Unrestricted		
Undesignated	1,789,090	1,749,806
Board Designated (Note 3)	26,776	21,592
Temporarily Restricted (Note 9)	82,129	90,577
Permanently Restricted (Note 3)	<u>6,207</u>	<u>6,207</u>
 Total Net Assets	 <u>1,904,202</u>	 <u>1,868,182</u>
 Total Liabilities and Net Assets	 <u>\$ 2,081,031</u>	 <u>\$ 2,024,033</u>

The Accompanying Notes are an Integral Part of the Financial Statements

**CENTER FOR INDEPENDENT LIVING OF CENTRAL PENNSYLVANIA, INC.**

Statement of Activities

For the Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue				
Grant and Contract Revenue	\$ 1,019,232	\$ -	\$ -	\$ 1,019,232
Registration and Program Fees	1,494,155	-	-	1,494,155
Administration	179,725	-	-	179,725
Donations	15,956	-	-	15,956
Rental Income	20,024	-	-	20,024
Interest	4,358	-	-	4,358
Miscellaneous	11	-	-	11
Change in Value of Beneficial Interest in Net Assets of Community Foundation (Note 2)	5,184	-	-	5,184
Net Assets Released from Restriction	<u>8,448</u>	<u>(8,448)</u>	<u>-</u>	<u>-</u>
 Total Revenue	 <u>2,747,093</u>	 <u>(8,448)</u>	 <u>-</u>	 <u>2,738,645</u>
Expenses				
Program Services	2,504,752	-	-	2,504,752
Supporting Services				
Management and General	194,556	-	-	194,556
Fundraising	<u>3,317</u>	<u>-</u>	<u>-</u>	<u>3,317</u>
 Total Expenses	 <u>2,702,625</u>	 <u>-</u>	 <u>-</u>	 <u>2,702,625</u>
 Change in Net Assets	 44,468	 (8,448)	 -	 36,020
Net Assets, Beginning of Year	<u>1,771,398</u>	<u>90,577</u>	<u>6,207</u>	<u>1,868,182</u>
Net Assets, End of Year	<u>\$ 1,815,866</u>	<u>\$ 82,129</u>	<u>\$ 6,207</u>	<u>\$ 1,904,202</u>

The Accompanying Notes are an Integral Part of the Financial Statements

**CENTER FOR INDEPENDENT LIVING OF CENTRAL PENNSYLVANIA, INC.**

Statement of Activities

For the Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue				
Grant and Contract Revenue	\$ 937,222	\$ -	\$ -	\$ 937,222
Registration and Program Fees	2,264,500	-	-	2,264,500
Donations	19,467	-	-	19,467
Rental Income	17,400	-	-	17,400
Interest	4,948	-	-	4,948
Miscellaneous	230	-	-	230
Change in Value of Beneficial Interest in Net Assets of Community Foundation (Note 2)	2,208	-	-	2,208
Due to Funder Write Off (Note 11)	1,042,041	-	-	1,042,041
Net Assets Released from Restriction	<u>5,325</u>	<u>(5,325)</u>	<u>-</u>	<u>-</u>
 Total Revenue	 <u>4,293,341</u>	 <u>(5,325)</u>	 <u>-</u>	 <u>4,288,016</u>
Expenses				
Program Services	2,942,891	-	-	2,942,891
Supporting Services				
Management and General	247,203	-	-	247,203
Fundraising	<u>4,785</u>	<u>-</u>	<u>-</u>	<u>4,785</u>
 Total Expenses	 <u>3,194,879</u>	 <u>-</u>	 <u>-</u>	 <u>3,194,879</u>
 Change in Net Assets	 1,098,462	 (5,325)	 -	 1,093,137
Net Assets, Beginning of Year	<u>672,936</u>	<u>95,902</u>	<u>6,207</u>	<u>775,045</u>
Net Assets, End of Year	<u>\$ 1,771,398</u>	<u>\$ 90,577</u>	<u>\$ 6,207</u>	<u>\$ 1,868,182</u>

The Accompanying Notes are an Integral Part of the Financial Statements

**CENTER FOR INDEPENDENT LIVING OF CENTRAL PENNSYLVANIA, INC.**

Statement of Functional Expenses  
For the Year Ended December 31, 2017

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Advertising	\$ 60,931	\$ 6,742	\$ -	\$ 67,673
Bad Debt	-	16,639	-	16,639
Conference and Meetings	20,376	-	-	20,376
Contracted Services	194,281	10,226	-	204,507
Dues, Subscriptions, and Memberships	14,598	3,650	-	18,248
Employee Benefits and Taxes	249,269	43,990	-	293,259
Housing Renovations	631,377	-	-	631,377
Insurance	24,436	4,312	-	28,748
Miscellaneous	2,174	-	-	2,174
Moving Expense	20,764	-	-	20,764
Postage and Shipping	6,906	307	459	7,672
Printing and Publications	18,073	276	93	18,442
Rent and Utilities	110,084	5,794	-	115,878
Salaries	1,027,534	98,778	2,568	1,128,880
Staff Training	15,164	-	-	15,164
Supplies	37,740	1,788	197	39,725
Telephone	18,735	986	-	19,721
Travel	52,310	1,068	-	53,378
	<u>\$ 2,504,752</u>	<u>\$ 194,556</u>	<u>\$ 3,317</u>	<u>\$ 2,702,625</u>
Total Expenses				

The Accompanying Notes are an Integral Part of the Financial Statements



**CENTER FOR INDEPENDENT LIVING OF CENTRAL PENNSYLVANIA, INC.**Statement of Functional Expenses  
For the Year Ended December 31, 2016

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Advertising	\$ 5,983	\$ 662	\$ -	\$ 6,645
Conference and Meetings	21,125	-	-	21,125
Contracted Services	147,087	7,742	-	154,829
Dues, Subscriptions, and Memberships	20,308	5,077	-	25,385
Employee Benefits and Taxes	259,404	45,778	-	305,182
Housing Renovations	449,132	-	-	449,132
Insurance	124,269	21,930	-	146,199
Miscellaneous	383	-	-	383
Moving Expense	15,024	-	-	15,024
Office Equipment and Software	105	-	-	105
Postage and Shipping	4,695	209	312	5,216
Printing and Publications	22,555	345	116	23,016
Rent and Utilities	116,241	6,118	-	122,359
Salaries	1,600,627	153,869	4,001	1,758,497
Staff Training	10,860	-	-	10,860
Supplies	68,030	3,223	356	71,609
Telephone	21,013	1,106	-	22,119
Travel	<u>56,050</u>	<u>1,144</u>	<u>-</u>	<u>57,194</u>
Total Expenses	<u>\$ 2,942,891</u>	<u>\$ 247,203</u>	<u>\$ 4,785</u>	<u>\$ 3,194,879</u>

The Accompanying Notes are an Integral Part of the Financial Statements

**CENTER FOR INDEPENDENT LIVING OF CENTRAL PENNSYLVANIA, INC.**

Statements of Cash Flows

For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities:		
Cash Received From		
Grants, Contracts, Registration and Program Fees	\$ 2,526,141	\$ 3,106,860
Donations	15,956	19,467
Interest and Dividends	4,358	4,948
Cash Paid To		
Suppliers, Employees and Designees	<u>(2,688,699)</u>	<u>(3,132,017)</u>
Net Cash and Cash Equivalents Used by Operating Activities	<u>(142,244)</u>	<u>(742)</u>
Cash Flows from Investing Activities:		
Purchase of Investments Held in Community Foundation	<u>-</u>	<u>(10,266)</u>
Net Cash and Cash Equivalents Used by Investing Activities	<u>-</u>	<u>(10,266)</u>
Cash Flows from Financing Activities:		
Disbursement of Note Receivable	<u>(19,900)</u>	<u>(40,000)</u>
Net Cash and Cash Equivalents Used by Financing Activities	<u>(19,900)</u>	<u>(40,000)</u>
Net Decrease in Cash and Cash Equivalents	(162,144)	(51,008)
Cash and Cash Equivalents, Beginning of Year	<u>1,203,106</u>	<u>1,254,114</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,040,962</u>	<u>\$ 1,203,106</u>
Reconciliation of Change in Net Assets to Net Cash and Cash Equivalents Used by Operating Activities:		
Change in Net Assets	\$ 36,020	\$ 1,093,137
Adjustments to Reconcile Change in Net Assets to Net Cash and Cash Equivalents Used by Operating Activities:		
Due to Funder Write Off	-	(1,042,041)
Change in Value of Beneficial Interest in Net Assets of Community Foundation	(5,184)	(2,208)
(Increase) Decrease in Grants and Other Accounts Receivable	(187,006)	(112,492)
Prepaid Expenses	(7,052)	2,062
Increase (Decrease) in Accounts Payable	74,155	16,972
Accrued Expenses	(53,154)	43,411
Due to Funder	-	440
Other Liability	<u>(23)</u>	<u>(23)</u>
Net Cash and Cash Equivalents Used by Operating Activities	<u>\$ (142,244)</u>	<u>\$ (742)</u>

The Accompanying Notes are an Integral Part of the Financial Statements

**CENTER FOR INDEPENDENT LIVING OF CENTRAL PENNSYLVANIA, INC.**

Notes to Financial Statements

For the Years Ended December 31, 2017 and 2016

**NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities:**

The Center for Independent Living of Central Pennsylvania, Inc. (CILCP) was incorporated during June of 1988, in the Commonwealth of Pennsylvania as a charitable nonprofit organization. The mission of CILCP is to eliminate and prevent barriers that people with disabilities experience by providing ongoing advocacy and offering innovative programs and services. The activities of CILCP are funded through various grants, donations, and fees charged for program services.

**Basis of Accounting:**

The financial statements of CILCP have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

**Principles of Consolidation:**

The accompanying financial statements include the accounts of CILCP. Accounting principles generally accepted in the United States of America require that all commonly controlled organizations be accounted for in consolidated financial statements. The board of directors has elected not to consolidate Living Well Your Way, Inc. and Home Care for Living Well, Inc.

**Basis of Presentation:**

Financial statement presentation follows the *Not-for-Profit Entities* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) which requires the CILCP to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Contributions:**

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

**Cash and Cash Equivalents:**

For the purpose of the Statements of Cash Flows, cash and cash equivalents include all highly liquid investments with an initial maturity date of three months or less.

**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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Fixed Assets:**

It is CILCP's policy to not capitalize and depreciate furniture, fixtures, and equipment items. Purchases of these items are expensed in the year of purchase. This differs from accounting principles generally accepted in the United States of America that require fixed assets to be capitalized and expensed over their estimated useful lives.

**CENTER FOR INDEPENDENT LIVING OF CENTRAL PENNSYLVANIA, INC.**

Notes to Financial Statements

For the Years Ended December 31, 2017 and 2016

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

**Deferred Revenue:**

Income received in advance from grants is deferred and recognized over the periods to which it relates.

**Taxation:**

CILCP is exempt from federal income tax as provided by Code Section 501(c)(3) of the Internal Revenue Code. Donors are entitled to deductions for federal income tax purposes for contributions made to CILCP in accordance with the Internal Revenue Code. Accordingly, no income tax is incurred unless CILCP earns income considered to be unrelated business income. CILCP conducted no activities which were subject to income taxes.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by CILCP. Management evaluated the tax positions taken and concluded that CILCP had taken no uncertain tax positions that require recognition or disclosure in the financial statements. No provision or benefit for income taxes has been included in these financial statements. With few exceptions, CILCP is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before December 31, 2014.

**Grants and Other Accounts Receivable:**

CILCP provides credit in the normal course of business to governmental agencies. CILCP considers allowances for doubtful accounts based on factors surrounding the credit risk of specific agencies, historical trends, projection of trends, and other information. Management of CILCP periodically reviews the collectability of grants receivable, and those accounts which are considered not collectible are written off as bad debts. Based on management's review, an allowance for doubtful accounts is not considered necessary.

**Fair Value Measurements:**

Financial instruments are valued at fair market value on a recurring basis in the Statements of Financial Position.

Fair Value Reporting requires an establishment of a hierarchy that ranks the quality and reliability of inputs, or assumptions, used in the determination of fair value and requires financial assets and liabilities carried at fair value to be classified and disclosed in one of the following three categories:

- Level 1 – Quoted prices in active markets for identical assets and liabilities
- Level 2 – Directly or indirectly observable inputs other than Level 1 quoted prices
- Level 3 – Unobservable inputs not corroborated by market data

For financial instruments that have quoted market prices in active markets, CILCP uses the quoted market prices as fair values and includes those financial instruments in Level 1 of the fair value hierarchy. When quoted market prices in active markets are not available, various pricing services are used to determine fair value of financial instruments that are included in Level 2 of the fair value hierarchy. Level 3 represents financial assets whose fair value is determined based upon inputs that are unobservable and include CILCP's own determinations of the assumptions that a market participant would use in pricing the asset.

Financial instruments are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of financial instruments, it is at least reasonably possible changes in risks in the near term would materially affect financial instruments reported in the Statements of Financial Position and Activities.

**CENTER FOR INDEPENDENT LIVING OF CENTRAL PENNSYLVANIA, INC.**

Notes to Financial Statements

For the Years Ended December 31, 2017 and 2016

**NOTE 2 BENEFICIAL INTEREST IN NET ASSETS OF COMMUNITY FOUNDATION**

During 2002, CILCP established The Center for Independent Living of Central PA Fund (the Fund) with The Foundation for Enhancing Communities (the Foundation). The Foundation retains legal title to all assets held in the Fund, and the net earnings of the Fund, after deducting the expenses of investing and administering it, are distributed annually to CILCP. To date, \$24,002 has been contributed to the Foundation. The distribution committee of the Foundation has the power to modify any restriction on the Fund; however, it is the Foundation's intention to distribute any earnings to CILCP for as long as CILCP continues to exist. The Fund is split into two components: The Center for Independent Living of Central PA Fund – Agency (Fund – Agency) and The Center for Independent Living of Central PA Fund – Designated (Fund – Designated). Although the Fund is the beneficiary to both components, CILCP is only permitted to claim the amount held for the Fund – Agency as an asset in their records.

In accordance with ASC 958, *Transfers of Assets to a Nonprofit Corporation or Charitable Trust that Raises or Holds Contributions for Others*, the endowment fund created by CILCP is reflected on the Statements of Financial Position as Beneficial Interest in Net Assets of Community Foundation. The following is a summary of the activity for the years ended December 31, 2017 and 2016.

	<u>2017</u>	<u>2016</u>
Beginning Balance	\$ 27,799	\$ 15,325
Contributions	-	10,266
Distributions	-	-
Change in Value of Beneficial Interest in		
Community Foundations	5,799	2,583
Investment Management Fees	<u>(615)</u>	<u>(375)</u>
Ending Balance	<u>\$ 32,983</u>	<u>\$ 27,799</u>

The fair value of CILCP's interest in net assets held by the community foundation is determined, based on Foundation management's assumptions, which market participants would use in pricing the assets. The assumptions are developed, based on the best information available, which is a Level 3 valuation input, as described in Note 1 – "Fair Value Measurements."

**NOTE 3 ENDOWMENT FUND HELD IN COMMUNITY FOUNDATION**

During 2002, CILCP established an endowment fund. The investment policies, use of earnings, and current year activity are as follows:

**Investment Management Policy**

Gifts to CILCP are generally given with the donors' expectations that the funds will stay intact and will grow from earnings, which can then be used for current or long-term needs of CILCP. Therefore, the funds should be invested in accordance with these general policies:

1. *Preservation of Capital* – Both with respect to the overall Fund and to the assets assigned to each investment manager, the Budget Committee and the investment managers should make conscious efforts to preserve capital, understanding that losses may occur in individual securities.

**CENTER FOR INDEPENDENT LIVING OF CENTRAL PENNSYLVANIA, INC.**

Notes to Financial Statements

For the Years Ended December 31, 2017 and 2016

**NOTE 3                    ENDOWMENT FUND HELD IN COMMUNITY FOUNDATION (CONTINUED)**

2. *Risk Aversion* – Understanding that risk is present in all types of securities and investment styles, the Budget Committee recognizes that some risk is necessary to produce long-term investment results sufficient to meet the Fund’s objectives. However, investment managers are to make reasonable efforts to control risk, and they will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives.
3. *Adherence to Investment Discipline* – Investment managers are expected to adhere to the investment management styles for which they were hired. Managers will be evaluated regularly for adherence to investment discipline.

**Investment Objectives**

Specifically, the primary objective in the investment management of fund assets shall be:

- To preserve purchasing power after spending
- To achieve returns that are more than the rate of inflation plus spending over the investment horizon in order to preserve purchasing power of fund assets
- To control risk in the investment of fund assets

**Handling of Income from Endowment Fund Investments**

All income earned, whether interest income, dividend income, or gains realized and unrealized will be available annually to CILCP. The Board of Directors will elect annually whether to withdraw the earnings for operations or grants, or to reinvest the earnings to the Endowment Fund. There are no restrictions on the use of the income other than it must be used for the benefit of CILCP.

Asset activity for the year ended December 31, 2017 is reflected as unrestricted and permanently restricted net assets as follows:

	Unrestricted Board <u>Designated</u>	Permanently <u>Restricted</u>	<u>Total</u>
Beginning Balance	\$ 21,592	\$ 6,207	\$ 27,799
Contributions	-	-	-
Distributions to Operations	-	-	-
Change in Value of Beneficial Interest in Community Foundation	5,799	-	5,799
Investment Management Fees	<u>(615)</u>	<u>-</u>	<u>(615)</u>
Total Fund Net Assets	<u>\$ 26,776</u>	<u>\$ 6,207</u>	<u>\$ 32,983</u>

**CENTER FOR INDEPENDENT LIVING OF CENTRAL PENNSYLVANIA, INC.**

Notes to Financial Statements

For the Years Ended December 31, 2017 and 2016

**NOTE 3            ENDOWMENT FUND HELD IN COMMUNITY FOUNDATION (CONTINUED)**

Asset activity for the year ended December 31, 2016 is reflected as unrestricted and permanently restricted net assets as follows:

	Unrestricted Board <u>Designated</u>	Permanently Restricted	<u>Total</u>
Beginning Balance	\$ 9,118	\$ 6,207	\$ 15,325
Contributions	10,266	-	10,266
Distributions to Operations	-	-	-
Change in Value of Beneficial Interest in Community Foundation	2,583	-	2,583
Investment Management Fees	<u>(375)</u>	<u>-</u>	<u>(375)</u>
Total Fund Net Assets	<u>\$ 21,592</u>	<u>\$ 6,207</u>	<u>\$ 27,799</u>

**NOTE 4            LINE OF CREDIT**

In January 2012, CILCP established a \$1,000,000 line of credit with Juniata Valley Bank. In July 2013, CILCP reduced the available amount on the line of credit from \$1,000,000 to \$400,000. Interest on borrowed amounts is to be paid monthly at a variable interest rate equal to the prime rate as quoted in the *Wall Street Journal*. The interest rate was 3.25% at December 31, 2017 and 2016. There were no outstanding balances on this line of credit at December 31, 2017 and 2016.

Interest paid on the line of credit was \$0 for the years ended December 31, 2017 and 2016.

**NOTE 5            FUNDING SOURCES**

CILCP obtains most of its federal funding under grant contracts with the United States Departments of Education and Health & Human Services through various third-party arrangements.

Under the terms of grant contracts, the programs may be subject to audit by state and federal agencies. Under such audits, costs may be questioned as not being appropriate expenditures under the terms of the grants, which could result in reimbursement to the grantor agencies. Management believes disallowances, if any, would be immaterial.

**NOTE 6            LEASE COMMITMENTS**

CILCP leases office space through an operating lease. In April 2014, CILCP signed a new non-cancellable operating lease. The new lease began May 1, 2014 and expires on April 30, 2017. During 2017, this lease was automatically renewed through April 30, 2019.

The minimum future lease payments are as follows:

2018	\$ 130,225
2019	<u>44,157</u>
Total	<u>\$ 174,382</u>

Rent expense for the office leases totaled \$113,026 and \$114,143 for the years ended December 31, 2017 and 2016, respectively.

**CENTER FOR INDEPENDENT LIVING OF CENTRAL PENNSYLVANIA, INC.**

Notes to Financial Statements

For the Years Ended December 31, 2017 and 2016

**NOTE 7 DONATED SERVICES / IN-KIND**

A number of volunteers have donated time to the CILCP for administrative and program services during 2017 and 2016. They do not meet the criteria for recognition for being recorded in the financial statements for the years ended December 31, 2017 and 2016.

**NOTE 8 GRANTS AND OTHER ACCOUNTS RECEIVABLE**

CILCP records grants and other accounts receivable for program fees earned during the year from individuals and organizations. CILCP recorded \$930,774 and \$743,768 of grants and other accounts receivable at December 31, 2017 and 2016, respectively.

**NOTE 9 TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are those whose use by CILCP has been limited by donors to a specific time period or purpose. Temporarily restricted net assets are available for the following funds at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Operation Rebuild	\$ -	\$ 213
Accessible Communities Today	-	446
Home Modifications Perry County	<u>82,129</u>	<u>89,918</u>
Total Temporarily Restricted Net Assets	<u>\$ 82,129</u>	<u>\$ 90,577</u>

**NOTE 10 FUNCTIONAL ALLOCATION OF EXPENSES**

The cost of providing the various programs and activities has been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated by management among the programs and supporting services benefited.

**NOTE 11 DUE TO FUNDER**

Beginning in 2011, profit from the payroll services department could no longer be used to fund CILCP. Profit has to be used to offset losses in similar programs or be returned to the funder. The amount due to funder totaled \$1,042,041 at December 31, 2015. During 2016, the Board determined that these funds were no longer required to be remitted back to the funder.

**NOTE 12 RETIREMENT PLAN**

CILCP has a 401(k) Profit Sharing Plan that provides for a discretionary matching contribution. The matching contribution was 5% and 3% for the years ended December 31, 2017 and 2016, respectively. CILCP's contribution was \$38,767 and \$16,147 for the years ended December 31, 2017 and 2016, respectively.

**NOTE 13 CONCENTRATED CREDIT RISK**

Financial instruments that potentially subject CILCP to concentrations of credit risk consist principally of cash and cash equivalents held with financial institutions. Accounts at financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. The amounts in excess of the FDIC limit were \$829,605 and \$966,354 at December 31, 2017 and 2016, respectively.



**CENTER FOR INDEPENDENT LIVING OF CENTRAL PENNSYLVANIA, INC.**

Notes to Financial Statements

For the Years Ended December 31, 2017 and 2016

**NOTE 14      ADVERTISING**

CILCP uses advertising to promote its programs among the audiences it serves. The product costs of advertising are expensed as incurred. Advertising costs totaled \$67,673 and \$6,645, for the years ended December 31, 2017 and 2016, respectively.

**NOTE 15      NOTE RECEIVABLE / RELATED PARTY**

During 2016, CILCP entered into an agreement to loan Living Well Your Way an unsecured and interest-free loan in the amount of \$40,100 to support the organization during its year of inception. Payments in the amount of \$1,667 are to be collected monthly starting June 30, 2017 until paid in full. During 2017, CILCP loaned an additional \$20,000 to Living Well Your Way, Inc. Due to funding issues, CILCP is not requiring payments to be made until January 2019. The note receivable was \$59,900 and \$40,000 at December 31, 2017 and 2016, respectively.

During 2017, CILCP entered into an agreement to loan Home Care for Living Well, Inc. an unsecured and interest-free loan in the amount of \$100,004 to support the organization during its year of inception. The loan is interest free and payments will begin when Home Care for Living Well, Inc has the funds to repay the loan. The note receivable was \$100,004 and \$0 at December 31, 2017 and 2016, respectively.

**NOTE 16      GUARANTEE OF INDEBTEDNESS**

CILCP is the co-signer for Home Care for Living Well, Inc. Therefore, CILCP is contingently liable for the line of credit in the event of default. The balance on Home Care for Living Well, Inc. line of credit was \$7,850 and \$0 at December 31, 2017 and 2016, respectively.

**NOTE 17      SUBSEQUENT EVENTS**

Subsequent events have been evaluated through September 20, 2018, which is the date the financial statements were available to be issued.