



CID-NY

**CENTER FOR INDEPENDENCE
OF THE DISABLED IN NEW YORK, INC.**

Audited Financial Statements
and
Single Audit Reports

June 30, 2017

CENTER FOR INDEPENDENCE OF THE DISABLED IN NEW YORK, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Center for Independence of the Disabled in New York, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the Center for Independence of the Disabled in New York, Inc. ("CIDNY"), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization'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 organization'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 CIDNY as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited CIDNY's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 9, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2017 on our consideration of CIDNY'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 CIDNY's internal control over financial reporting and compliance.



Schall & Ashenfarb
Certified Public Accountants, LLC

December 13, 2017

CENTER FOR INDEPENDENCE OF THE DISABLED IN NEW YORK, INC.
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2017
(With comparative totals at June 30, 2016)

	<u>6/30/17</u>	<u>6/30/16</u>
Assets		
Current assets:		
Cash and cash equivalents	\$459,408	\$419,986
Investments (Note 3)	736,467	435,489
Pledges receivable	20,611	49,422
Government grants receivable	1,068,338	513,570
Prepaid expenses and other assets	21,446	9,349
Total current assets	<u>2,306,270</u>	<u>1,427,816</u>
Non-current assets:		
Security deposits	85,754	85,754
Fixed assets, net of accumulated depreciation (Note 5)	17,274	32,450
Total non-current assets	<u>103,028</u>	<u>118,204</u>
Total assets	<u><u>\$2,409,298</u></u>	<u><u>\$1,546,020</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$212,363	\$117,906
Government grant advances	578,671	38,422
Total current liabilities	<u>791,034</u>	<u>156,328</u>
Non-current liabilities:		
Deferred rent	113,034	102,264
Total liabilities	<u>904,068</u>	<u>258,592</u>
Commitments (Note 6)		
Net assets:		
Unrestricted	1,290,811	1,118,539
Temporarily restricted (Note 4)	214,419	168,889
Total net assets	<u>1,505,230</u>	<u>1,287,428</u>
Total liabilities and net assets	<u><u>\$2,409,298</u></u>	<u><u>\$1,546,020</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

CENTER FOR INDEPENDENCE OF THE DISABLED IN NEW YORK, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017
(With comparative totals for the year ended June 30, 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u> (Note 4)	<u>Total 6/30/17</u>	<u>Total 6/30/16</u>
Support and revenue:				
Grants and contributions:				
Government contracts (Note 6)	\$3,677,670		\$3,677,670	\$2,551,017
Foundation and institutional grants		\$142,402	142,402	71,348
Individual contributions	314,076		314,076	313,182
Fee income	45,315		45,315	76,115
In-kind contributions (Note 2i)	100,000		100,000	79,000
Interest income	2,570		2,570	2,003
Unrealized (loss)/gain on investments	(480)		(480)	399
Other income			0	12,500
Net assets released from restrictions:				
Satisfaction of program restrictions	96,872	(96,872)	0	0
Total support and revenue	<u>4,236,023</u>	<u>45,530</u>	<u>4,281,553</u>	<u>3,105,564</u>
Expenses:				
Program services	<u>3,642,710</u>		<u>3,642,710</u>	<u>2,815,156</u>
Supporting services:				
Management and general	398,891		398,891	293,875
Fundraising	<u>22,150</u>		<u>22,150</u>	<u>19,887</u>
Total supporting services	<u>421,041</u>	<u>0</u>	<u>421,041</u>	<u>313,762</u>
Total expenses	<u>4,063,751</u>	<u>0</u>	<u>4,063,751</u>	<u>3,128,918</u>
Change in net assets	172,272	45,530	217,802	(23,354)
Net assets - beginning of year	<u>1,118,539</u>	<u>168,889</u>	<u>1,287,428</u>	<u>1,310,782</u>
Net assets - end of year	<u>\$1,290,811</u>	<u>\$214,419</u>	<u>\$1,505,230</u>	<u>\$1,287,428</u>

The attached notes and auditor's report are an integral part of these financial statements.

CENTER FOR INDEPENDENCE OF THE DISABLED IN NEW YORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017
(With comparative totals for the year ended June 30, 2016)

	<u>Supporting Services</u>			Total Supporting Services	Total Expenses 6/30/17	Total Expenses 6/30/16
	Program Services	Management and General	Fundraising			
Salaries	\$2,065,296	\$192,438	\$13,527	\$205,965	\$2,271,261	\$1,700,407
Payroll taxes and fringes	615,194	57,322	4,029	61,351	676,545	463,942
Occupancy	366,307	34,131	2,400	36,531	402,838	391,304
Consultants and contractual expenses	22,487	2,086	42	2,128	24,615	25,554
Insurance	15,080	1,397	13	1,410	16,490	15,883
Telephone and internet	53,034	4,942	347	5,289	58,323	53,848
Dues and subscriptions	16,447	1,522		1,522	17,969	18,436
Maintenance and repairs	48,958	4,533		4,533	53,491	29,446
Postage and delivery	6,635	650	383	1,033	7,668	11,009
Office supplies and expenses	45,695	4,330	1,077	5,407	51,102	45,657
Professional fees (including in-kind) (Note 2i)	215,602	82,540	187	82,727	298,329	229,106
Outreach	18,425			0	18,425	14,762
Equipment and rentals	84,941	7,863		7,863	92,804	74,537
Bank charges		722		722	722	804
Travel/conferences	44,624	619		619	45,243	38,977
Miscellaneous expenses	10,095	2,510	145	2,655	12,750	70
Total expenses before depreciation and amortization	3,628,820	397,605	22,150	419,755	4,048,575	3,113,742
Depreciation and amortization	13,890	1,286		1,286	15,176	15,176
Total expenses	\$3,642,710	\$398,891	\$22,150	\$421,041	\$4,063,751	\$3,128,918

The attached notes and auditor's report are an integral part of these financial statements.

CENTER FOR INDEPENDENCE OF THE DISABLED IN NEW YORK, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017
(With comparative totals for the year ended June 30, 2016)

	<u>6/30/17</u>	<u>6/30/16</u>
Cash flows from operating activities:		
Change in net assets	\$217,802	(\$23,354)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	15,176	15,176
Unrealized loss/(gain) on investments	480	(399)
Changes in assets and liabilities:		
Pledges receivable	28,811	(14,059)
Government grants receivable	(554,768)	112,658
Prepaid expenses and other assets	(12,097)	4,028
Accounts payable and accrued expenses	94,457	(82,488)
Government grant advances	540,249	2,014
Deferred rent	10,770	21,215
Total adjustments	<u>123,078</u>	<u>58,145</u>
Net cash provided by operating activities	<u>340,880</u>	<u>34,791</u>
 Cash flows from investing activities:		
Transfers to cash	0	100,000
Purchase of investments (including reinvestment of investment income)	<u>(301,458)</u>	<u>(1,546)</u>
Net cash (used for)/provided by investing activities	<u>(301,458)</u>	<u>98,454</u>
 Cash flows from financing activities:		
Proceeds from line of credit	0	250,000
Repayments of line of credit	<u>0</u>	<u>(250,000)</u>
Net cash flow from financing activities	<u>0</u>	<u>0</u>
 Net increase in cash and cash equivalents	39,422	133,245
 Cash and cash equivalents - beginning of year	<u>419,986</u>	<u>286,741</u>
 Cash and cash equivalents - end of year	<u><u>\$459,408</u></u>	<u><u>\$419,986</u></u>
 Supplemental data:		
Interest and income taxes paid	<u><u>\$0</u></u>	<u><u>\$0</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

CENTER FOR INDEPENDENCE OF THE DISABLED IN NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1 - Organization

The Center for Independence of the Disabled in New York, Inc. ("CIDNY") is a leader in improving and maintaining the independence of people with disabilities by removing barriers to full participation in social, economic, cultural, and political life of the community. For over 30 years, CIDNY has led public policy, education and advocacy efforts on issues related to people with disabilities and public benefits, housing, education, employment, transportation, and health care. CIDNY also addresses these issues through a wide array of educational workshops including independent living skill training, benefits and public policy updates, personal financial management, job hunting, and interview coaching, and mastering the housing search, among others. For service providers and the general public, CIDNY provides disability awareness training, workshops on the ADA, and the latest updates on benefits available to people with disabilities. Services are available to all people with disabilities residing in New York City, including those with physical, sensory, cognitive, and psychiatric disabilities.

CIDNY has been notified by the Internal Revenue Service that it is exempt from Federal income taxes under Internal Revenue Code Section 501(c)(3) and has not been designated as a private foundation.

Note 2 - Significant Accounting Policies

a. Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting which is the process of recording revenue and expenses when earned or incurred, rather than received or paid.

CIDNY's net assets are classified based upon the existence or absence of donor-imposed restrictions as follows:

- *Unrestricted* – represents those resources for which there are no restrictions by donors as to their use.
- *Temporarily restricted* – represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor.

b. Revenue Recognition

Contributions are recorded as revenue at the earlier of the receipt of cash or at the time a pledge is considered unconditional. Contributions received with specific donor restrictions are recorded in the temporarily restricted class of net assets. All other contributions are recorded as unrestricted. When the restrictions from temporarily restricted contributions have been met in the year of donation, they are reported as unrestricted.

Contributions expected to be received within one year are recorded at net realizable value. Conditional contributions are recorded as liabilities and are recognized as income when the conditions have been substantially met.

Government grants are recognized as income when a reimbursable expense is incurred. The difference between revenue recognized and cash received is reflected as government grants receivable or refundable advances.

c. Cash and Cash Equivalents

CIDNY considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents except for cash held with an investment custodian for long-term purposes.

d. Concentration of Credit Risk

Financial instruments which potentially subject CIDNY to concentration of credit risk consist of cash accounts and investments. These have all been placed with financial institutions that management deems to be creditworthy. At times, balances may exceed federally insured limits. Investments are subject to market fluctuations and principal is not guaranteed. CIDNY has not sustained any losses due to failure of any financial institution.

e. Allowance for Doubtful Accounts

At June 30, 2017, all contributions and grants receivable are due within one year. Management reviews receivables for collectability based on various factors such as historical experience and subsequent collections. Receivables that are deemed uncollectible will be written off to income when all reasonable collection efforts have been exhausted.

f. Investments

Investments are recorded at fair value, which refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses are recognized in the statement of activities.

g. Fixed Assets

Capital items purchased with unrestricted funds or as part of government contracts whereby the organization has title to or is reasonably expected to retain its interest in the asset are capitalized at cost. Leasehold improvements that have a useful life of more than one year are also capitalized. Normal maintenance and repair costs are charged to expenses.

Depreciation and amortization are charged using the straight-line method over the estimated useful lives of the assets and terms of the lease, as follows:

Leasehold improvements – *life of lease*
Furniture and equipment – *5 to 7 years*

h. Deferred Rent

Rent expense is recognized evenly over the life of the lease using the straight-line method. In the earlier years of the lease, as rent expense exceeds amounts paid, a deferred rent liability is created. In later years of the lease, as payments exceed the

amount of expense recognized, deferred rent will be reduced until it is zero at the end of the lease.

i. Donated Services and Materials

Contributed services that create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contributions are reported at fair market value. In-kind professional fees of \$100,000 and \$79,000 were recognized as revenue and charged to program services during the years ended June 30, 2017 and June 30, 2016, respectively.

Board members and other individuals volunteer their time and perform a variety of tasks that assist CIDNY. These services have not been recorded in the financial statements.

j. Management Estimates

The preparation of financial statements in accordance 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. Actual results could differ from those estimates.

k. Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of CIDNY.

l. Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with CIDNY's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

m. Accounting for Uncertainty of Income Taxes

CIDNY does not believe its financial statements include any material uncertain tax positions. Tax filings for periods ending June 30, 2014 and later are subject to examination by applicable taxing authorities.

n. New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU, which becomes effective for the June 30, 2019 year, with early implementation permitted, focuses on improving the current net asset classification requirements and information presented in the financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows.

FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The ASU, which becomes effective for the June 30, 2020 year, focuses on a principle based model. It highlights the identification of performance obligations of the contract, determining the price and allocating that price to the performance obligation so that revenue is recognized as each performance obligation is satisfied.

In addition, FASB issued ASU No. 2016-02, *Leases*. The ASU, which becomes effective for the June 30, 2021 year, requires all leases to be reflected as assets and liabilities on the statement of financial position.

CIDNY has not yet evaluated the impact these standards will have on future financial statements.

o. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through December 13, 2017, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements.

Note 3 - Investments

Accounting standards establish a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. That would include data obtained from sources independent of CIDNY.

The fair value hierarchy is categorized into three levels based on these inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that CIDNY has the ability to access.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Investments consist of the following:

	<u>June 30, 2017</u>		
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Money market funds and other cash	\$334,665	\$334,665	\$0
Fixed income – Certificates of deposit	<u>401,802</u>	<u>0</u>	<u>401,802</u>
	<u>\$736,467</u>	<u>\$334,665</u>	<u>\$401,802</u>

	<u>June 30, 2016</u>		
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Money market funds and other cash	\$235,489	\$235,489	\$0
Fixed income – Certificates of deposit	<u>200,000</u>	<u>0</u>	<u>200,000</u>
	<u>\$435,489</u>	<u>\$235,489</u>	<u>\$200,000</u>

Note 4 - Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

	<u>June 30, 2017</u>			
	<u>Balance</u>		<u>Released</u>	<u>Balance</u>
	<u>7/1/16</u>	<u>Contributions</u>	<u>From</u>	<u>6/30/17</u>
			<u>Restrictions</u>	
Programs:				
Improving Health				
Plan Service	\$17,762	\$0	\$0	\$17,762
Improving Access-a-Ride	0	68,000	(31,565)	36,435
Network Accessibility	0	45,000	(33,373)	11,627
Healthcare Assistance	8,056	14,402	(14,402)	8,056
Other	<u>143,071</u>	<u>15,000</u>	<u>(17,532)</u>	<u>140,539</u>
Total	<u>\$168,889</u>	<u>\$142,402</u>	<u>(\$96,872)</u>	<u>\$214,419</u>

	<u>June 30, 2016</u>			
	<u>Balance</u>		<u>Released</u>	<u>Balance</u>
	<u>7/1/15</u>	<u>Contributions</u>	<u>From</u>	<u>6/30/16</u>
			<u>Restrictions</u>	
Programs:				
Improving Health				
Plan Service	\$19,262	\$0	(\$1,500)	\$17,762
Healthcare Assistance	0	15,598	(7,542)	8,056
Other	<u>143,071</u>	<u>15,000</u>	<u>(15,000)</u>	<u>143,071</u>
Total	<u>\$162,333</u>	<u>\$30,598</u>	<u>(\$24,042)</u>	<u>\$168,889</u>

Note 5 - Fixed Assets

Fixed assets consist of the following:

	<u>6/30/17</u>	<u>6/30/16</u>
Leasehold improvements	\$62,894	\$62,894
Furniture and equipment	<u>182,622</u>	<u>182,622</u>
	245,516	245,516
Less: accumulated depreciation	<u>(228,242)</u>	<u>(213,066)</u>
Total	<u>\$17,274</u>	<u>\$32,450</u>

Note 6 - Commitments and Contingencies

CIDNY has a non-cancelable lease for premises located in New York City, which expires in April 2021, and in Kew Gardens, New York, which expires in December 2020. The terms of these leases call for minimum base rent plus additional rent based on a formula for real estate taxes, labor and utilities.

The following schedule details their future minimum rental payments:

Year ending:	June 30, 2018	\$346,733
	June 30, 2019	380,427
	June 30, 2020	367,633
	June 30, 2021	<u>274,076</u>
Total		<u>\$1,368,869</u>

CIDNY conducts programs which are publicly supported by governmental agencies. Some programs are subject to governmental agency audits and retroactive adjustments for "disallowed" expenses. Management is of the opinion that expense adjustments, if any, resulting from governmental agency audits, will not be material. Disallowances and adjustments, if any, resulting from such audits will be reflected in the financial statements in the year of settlement. As a result, no reserves have been recorded.

CIDNY has an unused line of credit of \$500,000.

Note 7 - Retirement Plan

CIDNY maintains a tax deferred 403(b) retirement plan on behalf of participating employees. All employees may participate by designating a percentage of their salaries, subject to regulatory limits, to be contributed to the plan on a pre-tax basis. No contributions by CIDNY are made to the plan.

CENTER FOR INDEPENDENCE OF THE DISABLED IN NEW YORK, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Programs	Direct/ Indirect	Federal CFDA Number	Federal Expenditures
<u>US Department of Education:</u>			
ACL Centers for Independent Living, Direct	Direct	93.432	<u>\$290,760</u>
Total US Department of Education			<u>290,760</u>
<u>US Department of Health and Human Services:</u>			
Special Programs for the Aging, Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals, passed through from the New York State Office for the Aging	Indirect	93.042	534,787
Money Follows the Person Rebalancing Demonstration, passed through from the New York Association on Independent Living	Indirect	93.791	568,970 *
Medicare Enrollment Assistance Program, passed through from National Council on Aging	Indirect	93.071	2,289
Medical Assistance Program - Medicaid Cluster, passed through from Community Service Society**	Indirect	93.778	299,912
Children's Health Insurance Program, passed through from Community Service Society	Indirect	93.767	<u>5,196</u>
Total US Department of Health and Human Services			<u>1,411,154</u>
<u>US Department of Agriculture:</u>			
State Administrative Matching Grants for Supplemental Nutrition Assistance Program - SNAP Cluster, passed through from the Nutrition Consortium of NYS***	Indirect	10.561	<u>35,268</u>
Total US Department of Agriculture			<u>35,268</u>
Total Federal Expenditures			<u><u>\$1,737,182</u></u>

*Indicates a major program

**This program was part of the following cluster:

93.775 - State Medicaid Fraud Control Units

93.777 - State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare

93.778 - Medical Assistance Program

***This program was part of the following cluster:

10.551 - Supplemental Nutrition Assistance Program (SNAP)

10.561 - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program

CENTER FOR INDEPENDENCE OF THE DISABLED IN NEW YORK, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2017

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Center for Independence of the Disabled in New York, Inc. ("CIDNY") under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) 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 CIDNY it is not intended to and does not present the financial position, changes in net assets or cash flows of CIDNY.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule of Federal Awards are presented on the accrual basis of accounting. For grants that were made prior to December 26, 2014, expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*. For grants made after December 26, 2014, expenditures are recognized following the cost principals contained in OMB's *Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Under federal cost principles, certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. No sub-recipients were used.

Note 3 - Indirect Cost Rate

CIDNY has elected not to use the 10-percent de minimus indirect cost rate allowed under the 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
Center for Independence of the Disabled in New York, Inc.

Report on the Financial Statements

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 the Center for Independence of the Disabled in New York, Inc. ("CIDNY"), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated December 13, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered CIDNY'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 CIDNY's internal control. Accordingly, we do not express an opinion on the effectiveness of CIDNY'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 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 over financial reporting 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 CIDNY's financial statements are free of 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Schall & Ashenfarb
Certified Public Accountants, LLC

December 13, 2017

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of
Center for Independence of the Disabled in New York, Inc.

Report on Compliance for Each Major Federal Program

We have audited the Center for Independence of the Disabled in New York, Inc.'s ("CIDNY") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of CIDNY's major federal programs for the year ended June 30, 2017. CIDNY'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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of CIDNY'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 CIDNY'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 CIDNY's compliance.

Opinion on Each Major Federal Program

In our opinion, the Center for Independence of the Disabled in New York, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of CIDNY 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 CIDNY'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 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 CIDNY'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 non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

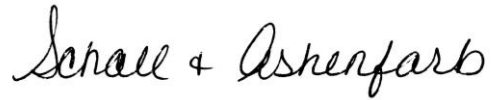
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of CIDNY as of and for the year ended June 30, 2017, and have issued our report thereon dated December 13, 2017, which contained an unmodified opinion on those financial statements. 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 is presented for purposes of additional analysis as required by the Uniform Guidance 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Schall & Ashenfarb
Certified Public Accountants, LLC

December 13, 2017

**CENTER FOR INDEPENDENCE OF THE DISABLED IN NEW YORK, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	UNMODIFIED	
Internal control over financial reporting:		
Material weakness(es) identified?	___ Yes	_X_ No
Significant deficiency(ies) identified		
Not considered to be material weaknesses?	___ Yes	_X_ No
Noncompliance material to financial statements noted?	___ Yes	_X_ No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	___ Yes	_X_ No
Significant deficiency(ies) identified		
Not considered to be material weaknesses?	___ Yes	_X_ No
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 Uniform Guidance, Section 516(a)?	___ Yes	_X_ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.791	Money Follows the Person Rebalancing Demonstration

Dollar threshold used to distinguish between Type A and Type B programs:	\$ <u>750,000</u>
Auditee qualified as low-risk auditee?	_X_ Yes ___ No

**CENTER FOR INDEPENDENCE OF THE DISABLED IN NEW YORK, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Section II – Financial Statement Findings

Current Year:

None

Prior Year Follow-Up:

None - There were no findings in the prior year.

Section III – Federal Award Findings and Questioned Costs

Current Year:

None

Prior Year Follow-Up:

None - There were no findings in the prior year.