

**INDEPENDENT LIVING CENTER  
OF KERN COUNTY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**INDEPENDENT LIVING CENTER OF KERN COUNTY**  
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**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Independent Living Center of Kern County  
Bakersfield, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Independent Living Center of Kern County (a nonprofit organization), which comprise the statement of financial position as of September 30, 2019, 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 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 Independent Living Center of Kern County as of September 30, 2019, 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.

### **Other Matters**

#### *Other Information*

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. The Incentive Funding Form for the State of California Department of Rehabilitation is required by the State of California Department of Rehabilitation and is presented for the purpose 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 April 30, 2020, on our consideration of Independent Living Center of Kern County'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 Independent Living Center of Kern County's internal control over financial reporting and compliance.



Jensen Smith  
Certified Public Accountants, Inc.  
Lincoln, California  
April 30, 2020

**INDEPENDENT LIVING CENTER OF KERN COUNTY**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2019**

**ASSETS**

**Current Assets**

Cash, Cash Equivalents and Restricted Cash	\$ 128,055	
Grants and Other Receivables	306,201	
Total Current Assets		\$ 434,256

**Fixed Assets**

Equipment	128,136	
Less Accumulated Depreciation	(96,369)	
Total Fixed Assets, net		31,767

**Other Assets**

Deposits		50
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**TOTAL ASSETS**

**\$ 466,073**

**LIABILITIES & NET ASSETS**

**Current Liabilities**

Accounts Payable	\$ 29,118	
Credit Cards Payable	22,925	
Payroll and Related Expenses	2,072	
Grant Advances/Deferred Revenues	2,109	
Compensated Absences Payable	25,870	
Total Current Liabilities		\$ 82,094

**Net Assets**

With Donor Restrictions	20,000	
Without Donor Restrictions		
Fixed Assets, net	31,767	
Other Net Assets	332,212	
Net Assets Without Donor Restrictions	363,979	
Total Net Assets		383,979

**TOTAL LIABILITIES & NET ASSETS**

**\$ 466,073**

See Accompanying Notes

**INDEPENDENT LIVING CENTER OF KERN COUNTY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Support</b>			
Governmental Grants and Contracts	\$ -	\$ 984,933	\$ 984,933
Foundation Grants and Donations	4,317	44,475	48,792
Fundraising	707	-	707
Fees for Services	213,165	-	213,165
Interest Income	386	-	386
Assets Released from Restrictions	1,009,408	(1,009,408)	-
Total Revenues and Support	1,227,983	20,000	1,247,983
<b>Expenses</b>			
Program Services	969,812	-	969,812
Support Services			
Fundraising Expenses	367	-	367
Administrative	259,594	-	259,594
Total Expenses	1,229,773	-	1,229,773
Change in Net Assets	(1,790)	20,000	18,210
Net Assets at September 30, 2018	365,769	-	365,769
<b>Net Assets at September 30, 2019</b>	<b>\$ 363,979</b>	<b>\$ 20,000</b>	<b>\$ 383,979</b>

See Accompanying Notes

**INDEPENDENT LIVING CENTER OF KERN COUNTY  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	DIRECT PROGRAM SERVICES					SUPPORT SERVICES			
	U.S. Dept. of Health & Human Services	California Department of Rehabilitation Grants	Fee For Service Programs	Other Programs	TOTAL PROGRAMS	FUND- RAISING	GENERAL ADMIN. (Indirect)	TOTAL EXPENSES	
	Independent Living Center - Core	Independent Living Center AB 204	Older Indiv. who are blind						
Salaries and Wages	\$ 168,132	\$ 184,436	\$ 38,107	\$ 58,583	\$ 535,995	\$ -	\$ 161,480	\$ 697,475	
Payroll Taxes	15,150	15,756	3,710	5,122	49,244	-	10,947	60,191	
Benefits	39,473	44,644	10,108	11,003	120,287	-	15,003	135,290	
Total Personnel Costs	222,755	244,836	51,925	74,708	705,526	-	187,430	892,956	
Occupancy	25,155	31,529	5,742	7,474	85,959	-	20,485	106,444	
Professional Services	13,429	16,018	1,927	2,938	41,020	-	9,223	50,243	
Office Expense	3,098	7,382	690	3,671	16,854	-	10,247	27,101	
Staff Training and Travel	5,530	9,060	852	2,905	28,741	-	2,347	31,088	
Equipment Rental & Maintenance	21,930	21,387	397	2,180	46,834	-	5,292	52,126	
Insurance	3,041	3,854	715	922	10,564	-	2,498	13,062	
ASL Interpreter	-	-	-	4,242	4,242	-	-	4,242	
Dues and Subscriptions	4,101	4,171	-	157	8,935	-	2,710	11,645	
Rental Assistance - CCT	-	-	-	-	5,950	-	-	5,950	
Communications	1,869	1,575	219	1,388	5,370	-	781	6,151	
Miscellaneous	-	-	-	7,612	7,612	-	-	7,612	
Outreach Expense	98	2,049	-	33	2,205	-	45	2,250	
Vending Machines	-	-	-	-	-	367	-	367	
Total Expenses before depreciation	301,006	341,861	62,467	102,919	969,812	367	241,058	1,211,237	
Depreciation Expense	-	-	-	-	-	-	18,536	18,536	
TOTAL EXPENSES	\$ 301,006	\$ 341,861	\$ 62,467	\$ 102,919	\$ 969,812	\$ 367	\$ 259,594	\$ 1,229,773	

See Accompanying Notes

**INDEPENDENT LIVING CENTER OF KERN COUNTY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**Cash Flows From Operating Activities**

Change in Net Assets	\$ 18,210
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**Adjustments to Reconcile Change in**

**Net Assets to Cash, Cash Equivalents and Restricted Cash:**

Depreciation	18,536
(Increase) Decrease in Assets	
Grants and Other Receivables	(83,221)
Deposits	-
Increase (Decrease) in Liabilities	
Accounts and Credit Cards Payable	41,533
Payroll and Related Expenses	533
Grant Advances	2,109
Compensated Absences Payable	1,862
<b>Net Cash Provided/(Used) by Operating Activities</b>	<b>(438)</b>

Net Change in Cash, Cash Equivalents and Restricted Cash	(438)
Beginning Cash, Cash Equivalents and Restricted Cash	128,493
Ending Cash, Cash Equivalents and Restricted Cash	\$ 128,055

**NOTE:** There was no interest or income taxes paid for the year ended September 30, 2019.



**INDEPENDENT LIVING CENTER OF KERN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**Note 1: Nature of the Organization**

The Independent Living Center of Kern County (the Center) is a California nonprofit corporation and was incorporated in June 1991. The Center was organized primarily to assist persons with disabilities to live in the community with maximum freedom of choice and with an enhanced quality of life. The Center is headquartered in Bakersfield, California, serving Kern County.

The Center provides a wide range of services, including, but not limited to, personal advocacy, systems advocacy, personal assistance referral, housing assistance, information and referral, peer support, independent living skills training and an assistive technology program.

The Center is a not-for-profit corporation exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and the related California revenue code 23701(d). It has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code and qualifies for the 50% charitable contribution deduction for individual donors. It did not have unrelated business income during the fiscal year ended September 30, 2019.

**Note 2: Summary of Significant Accounting Policies**

**Basis of Accounting**

The accompanying financial statements of the Center are presented using the accrual method of accounting in accordance with Generally Accepted Accounting Principles in the United States of America. Consequently, support and revenues are recognized when earned, and expenses are recognized when the obligations are incurred rather than when cash is received or spent.

**Classes of Net Assets**

The financial statements report amounts by class of net assets:

- a) *Net assets without donor restrictions* are those currently available for use in the activities of the Center under the direction of the board, and those resources invested in equipment and furniture.
- b) *Net assets with donor restrictions* are those stipulated by donors for specific operating purposes or for the acquisition of property and equipment; those not currently available for use until commitments regarding their use have been fulfilled or lifetime beneficiary interests have ceased, or those contributed with the donor stipulation that they be held in perpetuity with use of income for future specific activities or future periods. At September 30, 2019, the Center had \$20,000 of funds restricted for a purpose to be completed in a future period.

**INDEPENDENT LIVING CENTER OF KERN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**Note 2: Summary of Significant Accounting Policies - Continued**

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.

Cash and Cash Equivalents

For purposes of the cash flow statement, cash and cash equivalents are considered to be highly liquid depository accounts with a maturity of less than three months.

Allocation of Support Service Expenditures

The Center's policy is to allocate the indirect expenses of administrative overhead to certain programs (if allowed by the grantor) based on various direct costs related to each program.

Property and Equipment

Property & Equipment with values greater than \$5,000 are capitalized and stated at historical cost or estimated fair market value at the time of donation for donated property and equipment. Depreciation of property and equipment is calculated on the straight-line method over the following estimated useful lives in years:

Vehicles	5
Office Equipment	5
Furniture and Fixtures	10

Contributed Services

The Center receives significant services from volunteers; however, the value of such services is not reflected in the financial statements since they neither enhance a long-lived asset nor are they of a specialized nature of which the Center would otherwise have to purchase.

Allocated Expenses

Expenses by function have been allocated between program and supporting services classification on the basis of time records, direct costs for programs and administrative activities, and estimates made by the Center's management.

**INDEPENDENT LIVING CENTER OF KERN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**Note 3: Liquidity**

The Center relies primarily on grants and contracts restricted by donors and grantors as well as public support to provide cash flow for operations. Working capital varies during the year based on the timing of irregular receipt of grants and contracts, fundraising events, and other factors with a concentration of cash received. The Center's financial assets available within one year of September 30, 2019 for expenditures are:

	<b><u>Total</u></b>
Cash, cash equivalents and restricted cash	\$ 128,055
Grants and other receivables	306,201
Less: Amounts restricted for Transitions Program	<u>(20,000)</u>
Total	<u><u>\$ 414,256</u></u>

**Note 4: Concentration of Credit Risk**

Financial instruments which potentially subject the Center to concentrations of credit risk consist principally of cash and money market accounts. The Center places its temporary cash and money market accounts with creditworthy, high-quality financial institutions. The cash balances are maintained in accounts which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization has not experienced any losses in such accounts.

**Note 5: Grants and Other Receivables**

At September 30, 2019, the Grants and Other Receivables consisted of the following amounts:

State of California Department of Rehabilitation	\$ 191,257
Department of Health and Human Services	47,899
Department of Health Care Services	9,976
Housing Authority of Kern County	37,778
Others	<u>19,291</u>
Total Accounts Receivable	<u><u>\$ 306,201</u></u>

Receivables have been determined to all be collectible; therefore no allowance for doubtful accounts was necessary.

**Note 6: Operating Leases**

**Facility**

On October 13, 2011, the Center entered into an office lease. The lease commenced January 1, 2012 and continued for seven years ending April 30, 2019. The Center extended the lease for five years amending the lease to increase their space. The new lease has a term of five years beginning May 1, 2019 and ending on April 30, 2024. The lease calls for monthly payments of \$8,185.

**INDEPENDENT LIVING CENTER OF KERN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**Note 6: Operating Leases – Continued**

Future Minimum lease payments are as follows:

For the Year Ending September 30,	TOTAL
2020	\$98,220
2021	\$98,220
2022	\$98,220
2023	\$98,220
2024	\$57,295

Rent expense during the year ended September 30, 2019 totaled \$ 94,125.

**Note 7: Property and Equipment**

The components of property and equipment at September 30, 2019 were as follows:

	2018	Additions	Disposals	2019
Furniture and equipment	\$ 68,140	\$ -	\$ -	\$ 68,140
Vehicle	59,996	-	-	59,996
Less: accumulated depreciation	(77,833)	(18,536)	-	(96,369)
	<u>\$ 50,303</u>	<u>\$ (18,536)</u>	<u>\$ -</u>	<u>\$ 31,767</u>

Depreciation expense for the year ended September 30, 2019 was \$18,536.

Nearly all equipment is purchased with governmental grants specifically to be used in the programs. The Center must obtain approval before disposing of the equipment.

**Note 8: In-Kind Volunteers**

During fiscal year 2018-2019 volunteer hours were provided for both program and fund-raising services but were not recognized as contributions in the financial statements as they did not meet the criteria of Accounting Standards Codification (ASC) No. 958-605-252 (formerly SFAS No. 116).

**Note 9: Concentrations**

The majority of the funding for the Center comes from government funded contracts and programs. If these contracts or programs are cancelled or not renewed, the Center would be unable to continue the programs funded by these contracts and programs.

**INDEPENDENT LIVING CENTER OF KERN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**Note 10: Employee Benefits**

The Center offers a medical plan to eligible employees. This plan is administered by the management of the Center and substantially all eligible employees of the Center participate in the plan. The medical plan also covers vision and dental plans which allows eligible employees to participate with the same guidelines as the medical plan.

The Independent Living Center of Kern County's expense for the benefit plans for the year ended September 30, 2019 were as follows:

Medical Plan	\$ 105,666
Dental Plan	17,742
Vision Plan	5,136
	<u>\$ 128,544</u>

Effective August 1, 2012, the Center made available a 403(b) retirement plan to its eligible employees. Employees may make voluntary contributions to the plan. The Center does not match contributions.

**Note 10: Subsequent Events**

Events subsequent to September 30, 2019 have been evaluated through April 30, 2020, the date at which the Organization's audited financial statements were available to be issued. No events required disclosure during this period.

## SUPPLEMENTAL INFORMATION

**INDEPENDENT LIVING CENTER OF KERN COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

<b><u>Federal Grantor/Pass Through Grantor/ Program Title</u></b>	<b><u>Federal CFDA Number</u></b>	<b><u>Federal Award or Pass-Through Grantor's Number</u></b>	<b><u>Federal Expenditures</u></b>	<b><u>Expenditures to Subrecipients</u></b>
<b><u>US Department of Education</u></b>				
<b><u>Passed through California Department of Rehabilitation:</u></b>				
Independent Living Services for Older Individuals Who Are Blind	84.177	30546	\$ 79,778	\$ -
State Independent Living Centers State and Social Security Reimbursement (SSR) Grants	NONE	30581-2 & 30925	202,374	-
<b><u>Total Passed through CA Department of Rehabilitation</u></b>			<u>282,152</u>	<u>-</u>
<b><u>Total US Department of Education</u></b>			<b>282,152</b>	<b>-</b>
<b><u>US Department of Housing and Urban Development</u></b>				
<b><u>Passed through County of Kern:</u></b>				
Continuum of Care Grant	14.267	NA	87,506	-
<b><u>Total US Department of Housing and Urban Development</u></b>			<b>87,506</b>	<b>-</b>
<b><u>US Department of Health and Human Services</u></b>				
ACL Centers for Independent Living	93.432	90IL0255-02-00	376,032	-
<b><u>Passed through Public Health Institute</u></b>				
Disability and Business Technical Assistance Centers	93.433	00302	5,000	-
<b><u>Total US Department of Health and Human Services</u></b>			<u>381,032</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 750,690</b>	<b>\$ -</b>

**INDEPENDENT LIVING CENTER OF KERN COUNTY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**NOTE A** – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Independent Living Center of Kern County and is presented on the accrual basis of accounting. 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of basic financial statements.

The Organization did not elect to use the ten percent (10%) de minimis indirect cost rate.



**INDEPENDENT LIVING CENTER OF KERN COUNTY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

There were no prior audit findings.

# INCENTIVE FUNDING FORM

Submit This Form Each Year With The ILC's Audit

\*Page: 1 of 2

Name of ILC: INDEPENDENT LIVING CENTER OF KERN COUNTY

Fiscal Year: 2018-19

## NON-GOVERNMENT GRANTS AND CASH DONATIONS/CONTRIBUTIONS

Total Cash Donations:	See attached sheet - Page 16	\$ 28,792.00
Total Cash Contributions:		
Total Non-Govt. Grants:		
		\$ -
		\$ -
		\$ -
		\$ -
	Total:	\$ 28,792.00

## CONTRIBUTIONS RELEASED FROM DONOR RESTRICTIONS (Private sources only)\*\*

Source:		\$ -
		\$ -
		\$ -
		\$ -
		\$ -
	Total:	\$ -

## NET INCOME RAISED FROM FUNDRAISING (Income less expenses)

Source:	PUBLIC Fundraising Revenue (Net) - See attached sheet - Page 16	\$ 340.00
		\$ -
		\$ -
		\$ -
	Total:	\$ 340.00

## FEES FOR SERVICES

Source:	Fees for Services - See attached sheet - Page 16	\$ 213,165.00
	Total:	\$ 213,165.00

## OTHER (Explain)

Source:		\$ -
		\$ -
		\$ -
		\$ -
	Total:	\$ -

GRAND TOTAL: \$ 242,297.00

ILC Signature: 

Date: 4/30/2020

Auditor Signature: 

Phone Number: (916) 434-1662

\* Attach additional pages if necessary.

\*\* Explain conditions for contributions received with restrictions.

**INDEPENDENT LIVING CENTER OF KERN COUNTY  
ATTACHMENT TO INCENTIVE FUNDING FORM  
SEPTEMBER 30, 2019**

\*Page: 2 of 2

<u>DESCRIPTION</u>	<u>GROSS</u>	<u>EXPENSES</u>	<u>NET</u>
Donations			
Friends of ILCKC/Give Big Kern County	\$ 2,533	\$ -	\$ 2,533
Kern Health Systems - Mattress Project	2,000	-	2,000
Kern County United Way	3,369	-	3,369
Scan Foundation	11,479	-	11,479
Kaiser Permanente AT Storage	4,215	-	4,215
California Emerging Tech Fund	3,412	-	3,412
Misc. Other Small Donations and Grants	1,784	-	1,784
Virginia & Alfred Harrell Foundation (restricted)	20,000	-	20,000
Carryover of restricted funds to FY 19-20	-	20,000	(20,000)
	<u>48,792</u>	<u>20,000</u>	<u>28,792</u>
Fundraisers			
Vending Machine	621	367	254
Other Fundraising	78	-	78
Recology	8	-	8
	<u>707</u>	<u>367</u>	<u>340</u>
Fees for Service			
Pac DBTAC	5,000	-	5,000
ASL Interpreting Services	132,597	-	132,597
CA Community Transition	40,413	-	40,413
Kern County Housing-Case Management	14,085	-	14,085
PG&E Programs	18,060	-	18,060
Misc.	3,010	-	3,010
	<u>213,165</u>	<u>-</u>	<u>213,165</u>
Other Income	-	-	-
TOTALS	<u>\$ 262,664</u>	<u>\$ 20,367</u>	<u>\$ 242,297</u>
TOTAL FUNDS ELIGIBLE FOR SEYMOUR MATCH			<u><u>\$ 242,297</u></u>

See Accompanying Auditor's Report

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**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  
Independent Living Center of Kern County

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 Independent Living Center of Kern County (a nonprofit organization), which comprise the statement of financial position as of September 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 date April 30, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Independent Living Center of Kern County'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 Independent Living Center of Kern County's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Independent Living Center of Kern County 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.



Jensen Smith  
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April 30, 2020

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**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  
Independent Living Center of Kern County

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

We have audited Independent Living Center of Kern County's compliance with the types of compliance requirements described in the *OMB Circular Compliance Supplement* that could have a direct and material effect on each of Independent Living Center of Kern County's major federal programs for the year ended September 30, 2019. Independent Living Center of Kern County'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 Independent Living Center of Kern County'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 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 Independent Living Center of Kern County'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 Independent Living Center of Kern County's compliance.

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

In our opinion, Independent Living Center of Kern County 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 September 30, 2019.

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

Management of Independent Living Center of Kern County 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 Independent Living Center of Kern County'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 Independent Living Center of Kern County'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. 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.



Jensen Smith  
Certified Public Accountants, Inc.  
Lincoln, California  
April 30, 2020



**INDEPENDENT LIVING CENTER OF KERN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**Summary of Audit Results**

**Financial Statements:**

1. The auditor's report expresses an unmodified opinion.
2. No significant deficiencies were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the Organization were disclosed during the audit.

**Federal Awards:**

4. No significant deficiencies were disclosed during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs expresses an unmodified opinion.
6. There were no findings relative to the major federal award programs.
7. The program tested as a major program included:  
US Dept. of Health and Human Services,  
ACL Centers for Independent Living CFDA# 93.432.
8. The threshold for distinguishing between Type A and Type B programs was \$750,000.
9. The Organization was determined to be a low-risk auditee.