



Financial Statements  
September 30, 2020  
(With Comparative Totals for 2019)

## Disability Law Center

Independent Auditor’s Report ..... 1

Financial Statements

    Statement of Financial Position ..... 3

    Statement of Activities ..... 4

    Statement of Functional Expenses ..... 5

    Statement of Cash Flows ..... 6

    Notes to Financial Statements ..... 7

Federal Awards Reports in Accordance with 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* .....14

    Independent Auditor’s Report on Compliance for the Major Federal Program and Report on Internal Control  
    over Compliance Required by Uniform Guidance .....16

    Schedule of Expenditures of Federal Awards .....18

    Notes to Schedule of Expenditures of Federal Awards .....19

    Schedule of Findings and Questioned Costs .....20



## Independent Auditor's Report

To the Board of Trustees  
Disability Law Center  
Salt Lake City, Utah

### Report on the Financial Statements

We have audited the accompanying financial statements of Disability Law Center (a nonprofit organization), which comprise the statement of financial position as of September 30, 2020, 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 Disability Law Center as of September 30, 2020, 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**

### **Report on Summarized Comparative Information**

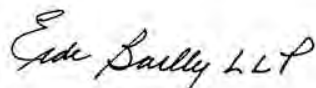
We have previously audited the Disability Law Center's financial statements as of and for the year ended September 30, 2019, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 28, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### *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* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2021 on our consideration of Disability Law Center'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 solely 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 the effectiveness of Disability Law Center's 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 Disability Law Center's internal control over financial reporting and compliance.



Salt Lake City, Utah  
February 23, 2021

Disability Law Center  
Statement of Financial Position  
September 30, 2020

With Summarized Financial Information as of September 30, 2019

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	\$ 542,354	\$ 612,062
Grants receivable	281,832	208,182
Sales tax receivable	1,144	2,693
Certificates of deposit	1,578,953	1,546,607
Prepaid expenses	24,953	22,841
Total current assets	2,429,236	2,392,385
Deposits	2,766	2,766
Equipment, Net of Accumulated Depreciation	10,020	13,060
Total assets	\$ 2,442,022	\$ 2,408,211
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 24,355	\$ 5,477
Accrued expenses	215,809	172,561
Deferred revenues	-	11,475
Total current liabilities	240,164	189,513
Net Assets		
Without donor restrictions	2,015,467	1,757,494
With donor restrictions	186,391	461,204
Total net assets	2,201,858	2,218,698
Total liabilities and net assets	\$ 2,442,022	\$ 2,408,211

# Disability Law Center

## Statement of Activities

For the Year Ended September 30, 2020

With Summarized Financial Information for the Year Ended September 30, 2019

	2020		2019	
	Without Donor Restrictions	With Donor Restrictions	Total	Totals
<b>Revenues and Support</b>				
Federal revenue				
U.S. Dept. of Health and Human Services	\$ 1,098,037	\$ -	\$ 1,098,037	\$ 1,066,632
U.S. Dept. of Education	307,851	-	307,851	282,376
Social Security Administration	276,879	-	276,879	302,831
U.S. Dept. of Housing and Urban Development	184,384	-	184,384	322,797
"And Justice for All" Campaign	203,880	-	203,880	182,682
Other grants	-	207,969	207,969	260,189
Interest income	32,492	11	32,503	22,843
Donated services revenue	52,824	-	52,824	101,240
Donations	48,519	-	48,519	76,170
Program income	-	3,685	3,685	27,965
Net assets released from restrictions	486,478	(486,478)	-	-
	<u>2,691,344</u>	<u>(274,813)</u>	<u>2,416,531</u>	<u>2,645,725</u>
<b>Expenses</b>				
Program services	2,168,432	-	2,168,432	2,191,007
Management and general	261,760	-	261,760	227,523
Fundraising	3,179	-	3,179	4,338
	<u>2,433,371</u>	<u>-</u>	<u>2,433,371</u>	<u>2,422,868</u>
Change in Net Assets	257,973	(274,813)	(16,840)	222,857
Net Assets, Beginning of Year	<u>1,757,494</u>	<u>461,204</u>	<u>2,218,698</u>	<u>1,995,841</u>
Net Assets, End of Year	<u>\$ 2,015,467</u>	<u>\$ 186,391</u>	<u>\$ 2,201,858</u>	<u>\$ 2,218,698</u>

Disability Law Center  
Statement of Functional Expenses  
For the Year Ended September 30, 2020  
With Summarized Financial Information for the Year Ended September 30, 2019

	2020			2019	
	Program Services	Management and General	Fundraising	Total	Total
Salaries and wages	\$ 1,440,164	\$ 197,451	\$ 2,450	\$ 1,640,065	\$ 1,584,239
Payroll taxes and benefits	320,936	44,080	547	365,563	391,413
	1,761,100	241,531	2,997	2,005,628	1,975,652
Rent	55,824	3,715	-	59,539	59,539
Contract services	34,749	2,313	-	37,062	28,270
Travel	22,380	1,489	-	23,869	52,421
Office supplies and postage	13,535	903	17	14,455	30,204
Conferences	9,700	646	11	10,357	11,758
Telephone	11,903	793	13	12,709	11,750
Insurance	8,507	567	9	9,083	7,678
Client litigation expenses	76,194	-	-	76,194	118,831
Newsletter and outside printing	51,320	3,419	56	54,795	20,354
Dues/fees	14,362	956	-	15,318	16,061
Repairs and maintenance	-	-	-	-	1,373
Small equipment and computer systems	67,020	4,465	73	71,558	56,233
Library and subscriptions	10,345	688	-	11,033	11,971
Recruitment	74	5	-	79	375
Board expenses	1,206	80	-	1,286	3,268
Consulting	27,366	-	-	27,366	14,055
Total expenses before depreciation	2,165,585	261,570	3,176	2,430,331	2,419,793
Depreciation	2,847	190	3	3,040	3,075
Total expenses	<u>\$ 2,168,432</u>	<u>\$ 261,760</u>	<u>\$ 3,179</u>	<u>\$ 2,433,371</u>	<u>\$ 2,422,868</u>

## Disability Law Center

### Statement of Cash Flows

For the Year Ended September 30, 2020

With Summarized Financial Information for the Year Ended September 30, 2019

	2020	2019
Operating Activities		
Change in net assets	\$ (16,840)	\$ 222,857
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	3,040	3,075
(Increase) decrease in assets		
Grants receivable	(73,650)	212,362
Sales tax receivable	1,549	(1,570)
Prepaid expenses	(2,112)	1,376
Deposits	-	700
Increase (decrease) in liabilities		
Accounts payable	18,878	(9,198)
Accrued expenses	43,248	14,088
Deferred revenues	(11,475)	11,475
	(37,362)	455,165
Net Cash from (used for) Operating Activities		
Investing Activities		
Maturity of certificates of deposit	1,566,860	1,036,047
Interest earned reinvested into certificates of deposit	(32,346)	(22,830)
Acquisition of certificates of deposit	(1,566,860)	(1,536,048)
	(32,346)	(522,831)
Net Cash used for Investing Activities		
Net Change in Cash and Cash Equivalents	(69,708)	(67,666)
Cash and Cash Equivalents, Beginning of Year	612,062	679,728
Cash and Cash Equivalents, End of Year	\$ 542,354	\$ 612,062



## **Note 1 - Summary of Significant Accounting Policies**

### **Organization and Nature of Activities**

Disability Law Center (the Organization), was incorporated under the laws of the State of Utah on April 16, 1975 as a nonprofit corporation. The Organization is part of a nationwide network of protection and advocacy systems (P & A's) which are mandated by Congress to provide legal representation and advocacy services on behalf of all persons with disabilities. Funding for these services is provided under grants from the Department of Health and Human Services, the Department of Education, the Department of Housing and Urban Development, the Social Security Administration, private foundations, and donations.

### **Comparative Financial Information**

The accompanying 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 the Organization's audited financial statements for the year ended September 30, 2019, from which the summarized information was derived.

### **Cash and Cash Equivalents**

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents. At times, amounts on deposit may exceed federally insured limits. To date, the Organization has not experienced any losses from such deposits and believes it is not exposed to any significant credit risk on cash and cash equivalents.

### **Grants Receivable**

Grants receivable are stated at the amount management expects to collect from balances outstanding at year end. An allowance for doubtful accounts has not been established because management believes that all receivables are fully collectible.

### **Certificates of Deposit**

Certificates of Deposit consist of certificates of deposit with financial institutions with original maturities greater than 90 days. These are recorded at cost on the statement of financial position and are included with current assets as the maturities are less than one year. Interest income from these investments is reported on the statement of activities.

## Equipment

Equipment additions over \$1,000 are recorded at cost or, if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 39 years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended September 30, 2020.

## Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

## Revenue and Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

Contributions of donated cash, assets and services are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. The Organization received donated services in the amount of \$52,824 for the year ended September 30, 2020. The donated services are reported as client litigation expenses in the accompanying statement of functional expenses.

### **Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent and depreciation, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, contract services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

### **Income Taxes**

Disability Law Center is organized as a Utah nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifying for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Section 509(a)(1). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Organization has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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 and those differences could be material.

### **Concentrations of Credit Risk**

The Organization receives a significant amount of its funding from government sources. Decreases in this government support would have an adverse effect upon the Organization.

### **Government Funding**

Funding from all government sources is considered to be unrestricted as long as it is expended under contract guidelines and is expended in the year for which it is contracted.

### **Advertising and Promotion**

All costs associated with advertising and promoting the Organization's goods and services are expensed in the year incurred. For the year ended September 30, 2020, the Organization incurred \$4,190 of advertising or promotion costs. Advertising and promotion expenses are included in program services on the statement of activities.

### **Adoption of Financial Accounting Standards Board (FASB) Accounting Standards Update 2018-08**

Disability Law Center has adopted the provisions of FASB Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08) applicable to contributions made. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and contributions made. Management has adopted this standard because it assists Disability Law Center in evaluating whether transactions should be accounted for as contributions or exchange transactions and in determining whether a contribution is conditional. As of October 1, 2019, Disability Law Center has implemented the provisions of ASU 2018-08 applicable to contributions received on a modified prospective basis to agreements that were not completed as of the date of adoption or were entered after the date of adoption. Management has determined that the adoption of this standard did not have a significant impact on Disability Law Center's financial statements.

### **Subsequent Events**

The Organization has evaluated subsequent events through February 23, 2021, the date the financial statements were available to be issued.

**Note 2 - Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$	355,963
Grants receivable		281,832
Sales tax receivable		1,144
Certificates of deposit		<u>1,312,471</u>
	\$	<u><u>1,951,410</u></u>

As part of a liquidity management plan, management invests cash in excess of daily requirements in certificates of deposit.

**Note 3 - Equipment**

Equipment consists of the following at September 30, 2020:

Computer equipment	\$	18,878
Furniture		3,437
Leasehold improvements		5,865
Less accumulated depreciation		<u>(18,160)</u>
Net property and equipment	\$	<u><u>10,020</u></u>

**Note 4 - Operating Leases**

The Organization leases office space on a month to month lease with current monthly lease payments of \$4,962.

Rent expense for the year ended September 30, 2020, was \$59,539.

**Note 5 - Net Assets with Donor Restrictions**

Net assets with donor restrictions consist of the following at September 30, 2020:

Grants for legislative advocacy/other grants	\$	52,814
Grants for specific litigation projects		8,676
Client representation fund		124,401
Litigation revenue related to Fair Housing Grant		<u>500</u>
	\$	<u><u>186,391</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors as follows for the year ended September 30, 2020:

Satisfaction of purpose restrictions	
Grants for legislative advocacy/other grants	\$ 106,695
Grants for specific litigation projects	141,840
Client representation fund	<u>237,943</u>
	<u>\$ 486,478</u>

**Note 6 - Benefit Plan**

The Organization maintains a defined-contribution 401(k) plan. Under the 401(k) plan, employees are eligible for participation after three months of continuous employment as long as they work at least 1,000 hours during the calendar year. The Board of Trustees determines the percentage of the Organization's contribution on an annual basis. For the fiscal year ended September 30, 2020, the Organization contributed \$76,439.



Federal Awards Reports in Accordance with  
Uniform Guidance  
September 30, 2020

**Disability Law Center**



**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***

The Board of Trustees  
Disability Law Center  
Salt Lake City, Utah

We have audited, 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, the financial statements of Disability Law Center (a nonprofit organization), which comprise the statement of financial position as of September 30, 2020, 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 February 23, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Disability Law Center’s internal control over financial reporting (internal control) as a basis for designing 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 Disability Law Center’s internal control. Accordingly, we do not express an opinion on the effectiveness of Disability Law Center’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Disability Law Center’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material



effect on the financial statement. 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*.

**Disability Law Center’s Response to the Finding**

Disability Law Center’s response the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Disability Law Center’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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 Disability Law Center’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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Salt Lake City, Utah  
February 23, 2021



## **Independent Auditor's Report on Compliance for the Major Federal Program and Report on Internal Control over Compliance Required by Uniform Guidance**

The Board of Trustees  
Disability Law Center  
Salt Lake City, Utah

### **Report on Compliance for the Major Federal Program**

We have audited Disability Law Center's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Disability Law Center's major federal program for the year ended September 30, 2020. Disability Law Center's major federal program is 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 the compliance for Disability Law Center's major federal program 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* (CFR) 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 the major federal program occurred. An audit includes examining, on a test basis, evidence about Disability Law Center'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 the major federal program. However, our audit does not provide a legal determination on the Disability Law Center's compliance.

### **Opinion on the Major Federal Program**

In our opinion, Disability Law Center complied, in all material respects, with the types of requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2020.

## **Report on Internal Control over Compliance**

Management of Disability Law Center is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered Disability Law Center's internal control over compliance with requirements that could have a direct and material effect on its major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Disability Law Center'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.

The image shows a handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, professional style.

Salt Lake City, Utah  
February 23, 2021

Disability Law Center  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
Department of Health and Human Services			
Protection and Advocacy for People with Developmental Disabilities	93.630		\$ 405,053
Protection and Advocacy for Individuals with Mental Illness	93.138		478,404
Protection and Advocacy for Traumatic Brain Injury	93.234		50,000
Voting Access for Individuals with Disabilities	93.618		<u>106,297</u>
Total Department of Health and Human Services			<u>1,039,754</u>
Department of Education			
Client Assistance Program	84.161A		136,253
Protection and Advocacy of Individual Rights	84.240A		171,598
Protection and Advocacy for Assistive Technology	84.343A		<u>58,283</u>
Total Department of Education			<u>366,134</u>
Social Security Administration			
Work Incentives Assistance to Disabled Beneficiaries	96.009		128,697
Work Incentives Assistance to Disabled Beneficiaries - Representative Payee	96.009		<u>148,182</u>
Total Social Security Administration			<u>276,879</u>
Department of the Treasury			
Passed through from Utah Bar Foundation COVID-19 Coronavirus Relief Fund	21.019	None provided	<u>25,518</u>
Department of Housing and Urban Development			
Fair Housing Assistance Program	14.401		47,300
Fair Housing Initiative Project	14.408		<u>137,084</u>
Total Department of Housing and Urban Development			<u>184,384</u>
Total Federal Financial Assistance			<u><u>\$ 1,892,669</u></u>

**Note 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Disability Law Center (the Organization) under programs of the federal government for the year ended September 30, 2020. The information is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Disability Law Center, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Disability Law Center.

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

Expenditures reported in the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

**Note 3 – Indirect Cost Rate**

The Organization has not elected to use the 10% de minimis cost rate.

**Section I – Summary of Auditor’s Results**

**FINANCIAL STATEMENTS**

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major program	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

**Identification of major program:**

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Protection and Advocacy for People with Development Disabilities	93.630

Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

---

**Section II – Financial Statement Findings**

---

**2020-001      Preparation and Review of Schedule of Expenditures of Federal Awards  
Significant Deficiency in Internal Control over Financial Reporting**

*Criteria:* The internal control system should ensure that the schedule of expenditures of federal awards (SEFA) is prepared in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

*Condition:* During the course of our engagement we proposed an adjustment to the SEFA to include CARES Act related funding.

*Cause:* The Organization received a COVID-19 related grant that was passed through another nonprofit entity. The pass-through nonprofit entity did not identify the CFDA number. As a result, the Organization did not properly identify and adequately review all of the amounts required to be reported on the SEFA, causing amounts of expenditures to require adjustment in order to be properly reported on the SEFA.

*Effect:* An adjustment was required to the SEFA. Inaccurate identification of program expenditures can result in inaccurate risk assessments, identification of major programs, materiality determinations, identification of compliance requirements and reporting errors.

*Recommendation:* The Organization should review the requirements of Uniform Guidance and establish procedures to ensure proper and timely identification of federal awards. Such procedures should include corresponding with granting agencies, when necessary.

*View of Responsible Officials:* Management agrees with the finding.

---

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

---

No findings to report.