



Financial Statements
September 30, 2023

Disability Law Center
(With Comparative Totals for 2022)

Independent Auditor’s Report 1

Financial Statements

 Statement of Financial Position 4

 Statement of Activities 5

 Statement of Functional Expenses 6

 Statement of Cash Flows 7

 Notes to Financial Statements 8

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.....16

 Independent Auditor’s Report on Compliance for the Major Federal Programs and Report on Internal
 Control Over Compliance Required by Uniform Guidance18

 Schedule of Expenditures of Federal Awards21

 Notes to Schedule of Expenditures of Federal Awards.....23

 Schedule of Findings and Questioned Costs.....24



Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Disability Law Center, which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Disability Law Center as of September 30, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities of the Audit of the Financial Statements section of our report. We are required to be independent of Disability Law Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Disability Law Center's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Disability Law Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Disability Law Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the 2022 financial statements of Disability Law Center, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 30, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2024, 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
January 26, 2024

Disability Law Center
 Statement of Financial Position
 September 30, 2023
 (with comparative totals for September 30, 2022)

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	\$ 716,503	\$ 378,006
Grants receivable	161,117	393,124
Related party note receivable	704,195	1,000,000
Related party interest receivable	9,629	24,570
Sales tax receivable	1,851	1,682
Certificates of deposit	1,222,164	792,358
Prepaid expenses	26,351	25,766
Total assets	\$ 2,841,810	\$ 2,615,506
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 8,504	\$ 8,525
Accrued expenses	216,988	204,295
Total current liabilities	225,492	212,820
Net Assets		
Without donor restrictions	2,141,730	2,206,480
With donor restrictions	474,588	196,206
Total net assets	2,616,318	2,402,686
Total liabilities and net assets	\$ 2,841,810	\$ 2,615,506

Disability Law Center
 Statement of Activities
 For the Year Ended September 30, 2023
 (with comparative totals for September 30, 2022)

	2023		2022	
	Without Donor Restrictions	With Donor Restrictions	Total	Totals
Revenue and Support				
Federal revenue				
U.S. Dept. of Health and Human Services	\$ 1,240,011	\$ -	\$ 1,240,011	\$ 1,096,086
U.S. Dept. of Education	292,685	-	292,685	301,651
Social Security Administration	293,542	-	293,542	277,031
U.S. Dept. of Housing and Urban Development	239,966	-	239,966	409,601
U.S. Department of Veterans Affairs "and Justice for All" Campaign	-	10,000	10,000	-
Other grants	145,058	-	145,058	283,545
Interest income	-	606,927	606,927	302,787
Donations	46,849	-	46,849	22,580
In-kind contributions	67,548	-	67,548	63,516
Program income	52,746	-	52,746	17,800
Loss on sale of property and equipment	19,492	72,304	91,796	55,580
Net assets released from restrictions	-	-	-	(4,715)
	410,849	(410,849)	-	-
Total revenue and support	<u>2,808,746</u>	<u>278,382</u>	<u>3,087,128</u>	<u>2,825,462</u>
Expenses				
Program services	2,553,524	-	2,553,524	2,407,933
Management and general	319,247	-	319,247	300,623
Fundraising	725	-	725	656
Total expenses	<u>2,873,496</u>	<u>-</u>	<u>2,873,496</u>	<u>2,709,212</u>
Change in Net Assets	(64,750)	278,382	213,632	116,250
Net Assets, Beginning of Year	<u>2,206,480</u>	<u>196,206</u>	<u>2,402,686</u>	<u>2,286,436</u>
Net Assets, End of Year	<u>\$ 2,141,730</u>	<u>\$ 474,588</u>	<u>\$ 2,616,318</u>	<u>\$ 2,402,686</u>

Disability Law Center
 Statement of Functional Expenses
 For the Year Ended September 30, 2023
 (with comparative totals for September 30, 2022)

	2023			2022	
	Program Services	Management and General	Fundraising	Total	Total
Salaries and wages	\$ 1,745,195	\$ 240,737	\$ 518	\$ 1,986,450	\$ 1,898,054
Payroll taxes and benefits	393,444	54,746	118	448,308	424,165
Rent	105,437	6,693	-	112,130	55,435
Contract services	26,328	1,672	-	28,000	33,816
Travel	39,277	2,494	-	41,771	31,972
Office supplies and postage	14,376	913	8	15,297	11,010
Conferences	12,183	774	7	12,964	20,450
Telephone	15,455	982	8	16,445	13,437
Insurance	10,865	690	6	11,561	12,012
Client litigation expenses	26,599	-	-	26,599	27,852
Newsletter and outside printing	17,967	1,141	10	19,118	62,193
Dues/fees	20,588	1,307	-	21,895	21,565
Repairs and maintenance	-	-	-	-	483
Small equipment and computer systems	91,726	5,827	50	97,603	72,000
Library and subscriptions	17,085	1,085	-	18,170	13,921
Recruitment	501	32	-	533	4,182
Board expenses	2,431	154	-	2,585	296
Consulting	14,067	-	-	14,067	3,904
Total expenses before depreciation	2,553,524	319,247	725	2,873,496	2,706,747
Depreciation	-	-	-	-	2,465
Total expenses	\$ 2,553,524	\$ 319,247	\$ 725	\$ 2,873,496	\$ 2,709,212

Disability Law Center
 Statement of Cash Flows
 For the Year Ended September 30, 2023
 (with comparative totals for September 30, 2022)

	2023	2022
Operating Activities		
Change in net assets	\$ 213,632	\$ 116,250
Adjustments to reconcile change in net assets to net cash flows from (used for) operating activities		
Depreciation	-	2,465
Loss on sale of property and equipment	-	4,715
Changes in operating assets and liabilities		
Grants receivable	232,007	(99,682)
Related party interest receivable	14,941	(20,287)
Sales tax receivable	(169)	(655)
Prepaid expenses	(585)	(1,322)
Deposits	-	2,766
Accounts payable	(21)	2,892
Accrued expenses	12,693	(21,746)
Net Cash from (used for) Operating Activities	472,498	(14,604)
Investing Activities		
Interest earned reinvested into certificates of deposit	(429,806)	(2,289)
Principal payments on related party notes receivable	295,805	-
Net Cash used for Investing Activities	(134,001)	(2,289)
Net Change in Cash and Cash Equivalents	338,497	(16,893)
Cash and Cash Equivalents, Beginning of Year	378,006	394,899
Cash and Cash Equivalents, End of Year	\$ 716,503	\$ 378,006

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, 2022, 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. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. At September 30, 2023, the Organization had approximately \$466,000 in excess of FDIC-insured limits.

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 the lower of cost or fair value 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.

Property and Equipment

Property and equipment additions over \$5,000 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, 2023.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor 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 those resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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 are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Organization's cost-reimbursable federal contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, at September 30, 2023, conditional contributions approximating \$124,000 for which no amounts have been received in advance, have not been recognized in the accompanying financial statements.

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 \$1,779 for the year ended September 30, 2023. 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, payroll taxes and benefits, small equipment and computer systems, contract services, travel, office supplies and postage, insurance, and various other expenses, 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, and has been determined not to be a private foundation. 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 revenue 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.

In-kind Contributions

In-kind contributions included donated professional services and donated rent. Donated professional services are recorded at the respective fair values of the services received. Donated rent represents the difference between the market value of the rent and the actual rate being charged to the Organization by “and Justice for all,” as further discussed in Note 3.

Advertising Costs

Advertising costs are expensed as incurred and totaled \$13,149 during the year ended September 30, 2023.

Recently Issued Accounting Pronouncements

Effective October 1, 2022, the Organization adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, *Leases* (Topic 842). The Organization elected to apply the guidance as of October 1, 2022, the beginning of the adoption period. The standard requires the recognition of right-of-use assets and lease liabilities for lease contracts with terms greater than 12 months. Operating lease costs are recognized in the statement of activities as a single lease cost and finance lease costs are recognized in two components, interest expense and amortization expense.

The Organization has elected the package of practical expedients permitted in Topic 842. Accordingly, the Organization accounted for its existing leases as either finance or operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under Topic 842, (b) whether classification of the operating lease would be different in accordance with Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in Topic 842 at lease commencement.

The Organization does not have any significant, long-term lease contracts, thus adoption of the new lease accounting guidance did not significantly impact the Organization’s statement of financial position, statement of activities, statement of functional expenses, or statement of cash flows. The Organization leases office space from a related party under a short-term lease. See Note 3 for further disclosure of the Organization’s lease contracts.

Subsequent Events

The Organization has evaluated subsequent events through January 26, 2024, 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	\$	241,915
Grants receivable		161,117
Related party note receivable		704,195
Related party interest receivable		9,629
Sales tax receivable		1,851
Certificates of deposit		1,222,164
		1,222,164
	\$	2,340,871

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

Note 3 - Leases

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

The Organization leases office space under a short-term lease agreement with “and Justice for all” (AFJA). The lease expires in December 2023 and provides for a discounted lease rate of \$9 per square foot. The fair market value lease rate is estimated to be \$50,967 more per year and has been recorded as an in-kind contribution from the related party during the year ended September 30, 2023. Rent expense for the year ended September 30, 2023 totaled \$112,130.

Note 4 - Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at September 30, 2023:

Subject to Expenditure for Specified Purpose	
Grants for legislative advocacy/other grants	\$ 186,509
Grants for specific litigation projects	288,079
	\$ 474,588

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, 2023:

Satisfaction of purpose restrictions	
Grants for legislative advocacy/other grants	\$ 165,171
Litigation revenue related to Protection and Advocacy for People with Developmental Disabilities	5,400
Litigation revenue related to Protection and Advocacy for Individuals with Mental Illness	25,000
Grants for specific litigation projects	145,874
Client representation fund	25,000
Litigation revenue related to Fair Housing Grants	44,404
	\$ 410,849

Note 5 - In-kind Contributions

For the year ending September 30, 2023, in-kind contributions recognized within the statement of activities included the following:

Rent (Note 3)	\$ 50,967
Professional services	1,779
	\$ 52,746

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, 2023, the Organization contributed \$93,517.

Note 7 - Related Party Transactions

“and Justice for all” (AJFA) is a 501(c)(3) organization that was established by members of Utah’s legal community and the state’s primary providers of civil legal services to increase access to civil legal services for the disadvantaged and for persons with disabilities throughout Utah. The Organization is one of the three members who jointly control AJFA by equal appointments on AJFA’s Board of Directors.

During 2021, the Organization entered into a note receivable with AFJA in the amount of \$1,000,000. The note bears interest at 2.00% and matures July 2024. Total principal and interest is payable in one lump sum upon maturity of the note. At September 30, 2023, outstanding principal totaled \$703,704 and accrued interest totaled \$9,138. For the fiscal year ended September 30, 2023, interest income from this agreement was \$16,588. The total principal and interest on the note receivable was paid in full in January 2024.

AJFA also operates the Community Legal Center (the Center), which provides subsidized rents to organizations housed in the Center, including the Organization, as further described in Note 3.



Federal Awards Reports in Accordance with
the Uniform Guidance
September 30, 2023

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 (*Government Auditing Standards*), the financial statements of Disability Law Center, which comprise the statement of financial position as of September 30, 2023, 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 January 26, 2024.

Report on 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Questioned Costs we identified certain deficiencies internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 to be a material weakness.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2023-002 to be a significant deficiency.

Report on 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 statements. 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 Findings

Government Auditing Standards requires the auditor to perform limited procedures on Disability Law Center's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Disability Law Center's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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.



Salt Lake City, Utah

January 26, 2024



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

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Disability Law Center’s compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

In our opinion, Disability Law Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended September 30, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Disability Law Center and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Disability Law Center’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Disability Law Center's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Disability Law Center's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Disability Law Center's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Disability Law Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Disability Law Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Disability Law Center's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the printed name and date.

Salt Lake City, Utah
January 26, 2024

Disability Law Center
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services			
Protection and Advocacy for Individuals with Mental Illness	93.138	N/A	\$ 529,985
Protection and Advocacy for Traumatic Brain Injury	93.234	N/A	50,000
Voting Access for Individuals with Disabilities	93.618	N/A	121,969
Protection and Advocacy for People with Developmental Disabilities	93.630	N/A	414,977
Developmental Disabilities Basic Support and Advocacy Grants	93.630	N/A	<u>106,317</u>
			521,294
Assistive Technology State Grants for Protection and Advocacy	93.843	N/A	<u>41,763</u>
Total U.S. Department of Health and Human Services			<u>1,265,011</u>
U.S. Department of Education			
Client Assistance Program	84.161A	N/A	131,112
Protection and Advocacy of Individual Rights	84.240A	N/A	<u>161,573</u>
Total U.S. Department of Education			<u>292,685</u>
Social Security Administration			
Work Incentives Assistance to Disabled Beneficiaries	96.009	N/A	101,452
Work Incentives Assistance to Disabled Beneficiaries - Representative Payee	96.009	N/A	<u>192,090</u>
Total Social Security Administration			<u>293,542</u>
U.S. Department of Housing and Urban Development			
Fair Housing Initiative Project	14.408	N/A	<u>239,966</u>
Total U.S. Department of Housing and Urban Development			<u>239,966</u>

Disability Law Center
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Veterans Affairs Passed through Utah Department of Veterans and Military Affairs Veterans Outreach and Education Initiative	64.033	UDVMA1680	2,453
Total U.S. Department of Veterans Affairs			2,453
Total Federal Financial Assistance			\$ 2,093,657

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, 2023. 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	Yes
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 programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516 (a):	No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing</u>
Protection and Advocacy for Individuals with Mental Illness	93.138
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

2023-001 In-Kind Rent Revenues and Expenses – Material Weakness

Criteria: Disability Law Center should have policies and procedures in place to ensure in-kind donations and expenses are properly recorded on the Statement of Activities and Statement of Functional Expenses.

Condition: In connection with the audit procedures performed, it was noted that Disability Law Center's did not properly record in-kind donations and expenses in connection with below market rent on office space. Disability Law Center's system of internal control did not include procedures related to proper recognition of in-kind donations and expenses in connection with their below market rent agreement.

Cause: Disability Law Center failed to record material in-kind donations and expenses in connection with below market rent on office space.

Effect: A material audit adjustment was required to record the proper amounts of in-kind donations and expenses for the year ended September 30, 2023.

Recommendation: Disability Law Center should implement procedures and controls to ensure that rent agreements are evaluated for potential discounted rents and record any material in-kind donations and expenses.

Views of Responsible Officials: Management agrees with this finding and is designing and implementing policies and procedures to address the cause of this finding.

2023-002 Finance Lease Right-of-Use Asset and Liability – Significant Deficiency

Criteria: Disability Law Center should have policies and procedures in place to ensure all finance leases have correct right-of-use assets and liabilities recorded.

Condition: In connection with the audit procedures performed, it was noted that Disability Law Center's did not properly record the right-of-use asset and liability for one finance lease agreement.

Cause: Disability Law Center failed to record the right-of-use asset and liability for one finance lease agreement.

Effect: The financial statements contained an immaterial misstatement relating to the lack of the right-of-use asset and related lease liability.

Recommendation: Disability Law Center should implement procedures and controls to ensure that all lease agreements are reviewed for proper treatment any material right-of-use assets and liabilities are recorded.

Views of Responsible Officials: Management agrees with this finding and is designing and implementing policies and procedures to address the cause of this finding.

Section III – Federal Award Findings and Questioned Costs

None