

DISABILITY LAW CENTER
INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS
(WITH SUPPLEMENTARY INFORMATION
AND COMPLIANCE REPORTS)

September 30, 2010



HANSEN, BARNETT & MAXWELL, P.C.
Certified Public Accountants

DISABILITY LAW CENTER

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Disability Law Center

We have audited the accompanying statement of financial position of the Disability Law Center (a nonprofit organization) as of September 30, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the management of the Disability Law Center. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Disability Law Center's 2009 financial statements and, in our report dated January 29, 2010, we expressed an unqualified opinion on those statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Disability Law Center as of September 30, 2010, and the results of operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2011 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of*

States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Hansen, Barnett + Maxwell, P.C.

HANSEN, BARNETT & MAXWELL, P.C.

Salt Lake City, Utah
January 20, 2010

DISABILITY LAW CENTER
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2010
With Summarized Financial Information as of September 30, 2009

ASSETS	<u>2010</u>	<u>2009</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 350,753	\$ 563,082
Receivables:		
Grants receivable	92,769	102,115
Sales tax receivable	<u>3,573</u>	<u>2,780</u>
	96,342	104,895
Investments		
Certificate of Deposit	250,000	-
Investment in Stock	<u>5,547</u>	<u>-</u>
	255,547	-
Prepaid expenses	18,670	15,182
Deposits	<u>3,372</u>	<u>3,372</u>
TOTAL CURRENT ASSETS	724,684	686,531
EQUIPMENT, NET OF DEPRECIATION	<u>9,316</u>	<u>9,780</u>
TOTAL ASSETS	<u>\$ 734,000</u>	<u>\$ 696,311</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 5,339	\$ 9,327
Accrued expenses	<u>56,691</u>	<u>96,170</u>
TOTAL CURRENT LIABILITIES	62,030	105,497
NET ASSETS		
Unrestricted	441,165	358,039
Temporarily restricted	<u>230,805</u>	<u>232,775</u>
TOTAL NET ASSETS	<u>671,970</u>	<u>590,814</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 734,000</u>	<u>\$ 696,311</u>

The accompanying notes are an integral part of these financial statements.

**DISABILITY LAW CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2010
With Summarized Financial Information for the Year Ended September 30, 2009**

	2010			2009 Totals
	Unrestricted	Temporarily Restricted	Total	
REVENUES AND SUPPORT				
Federal Awards				
US Dept. of Health and Human Services	\$ 866,664	\$ -	\$ 866,664	\$ 927,432
US Dept. of Education	367,878	-	367,878	314,974
Social Security Administration	100,350	-	100,350	107,361
Housing and Urban Development	5,581	-	5,581	12,715
"And Justice for All" Campaign	127,236	-	127,236	110,519
Other grants	-	54,688	54,688	68,750
Litigation revenue	-	-	-	11,500
Interest income	1,899	140	2,039	1,729
Donations	49,904	12,200	62,104	94,606
Loss on investments	(314)	-	(314)	-
Net assets released from restrictions	68,998	(68,998)	-	-
TOTAL REVENUES AND SUPPORT	<u>1,588,196</u>	<u>(1,970)</u>	<u>1,586,226</u>	<u>1,649,586</u>
EXPENSES				
Program services	1,312,903	-	1,312,903	1,389,673
Management and general	174,301	-	174,301	161,863
Fundraising activities	17,866	-	17,866	36,096
TOTAL EXPENSES	<u>1,505,070</u>	<u>-</u>	<u>1,505,070</u>	<u>1,587,632</u>
CHANGE IN NET ASSETS	83,126	(1,970)	81,156	61,954
NET ASSETS - beginning of year	<u>358,039</u>	<u>232,775</u>	<u>590,814</u>	<u>528,860</u>
NET ASSETS - end of year	<u>\$ 441,165</u>	<u>\$ 230,805</u>	<u>\$ 671,970</u>	<u>\$ 590,814</u>

The accompanying notes are an integral part of these financial statements.

DISABILITY LAW CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2010
With Summarized Financial Information for the Year Ended September 30, 2009

	2010				2009 Total
	Program Services	Management and General	Fundraising	Total	
Salaries and wages	\$ 892,577	\$ 122,169	\$ 13,314	\$ 1,028,060	\$ 1,084,922
Payroll taxes and benefits	<u>216,379</u>	<u>29,616</u>	<u>3,228</u>	<u>249,223</u>	<u>269,271</u>
	1,108,956	151,785	16,542	1,277,283	1,354,193
Rent	46,046	5,065	-	51,111	53,171
Contract services	14,839	1,632	-	16,471	12,044
Travel	36,476	4,012	-	40,488	42,387
Office supplies and postage	27,627	3,092	487	31,206	30,773
Conferences	9,418	1,054	166	10,638	10,607
Telephone	6,765	757	119	7,641	8,304
Insurance	4,505	504	79	5,088	5,525
Client litigation expenses	558	-	-	558	305
Newsletter and Outside Printing	7,308	818	129	8,255	14,606
Dues/fees	9,482	1,043	-	10,525	8,203
Repairs and maintenance	8,032	883	-	8,915	10,655
Small equipment & Computer Sys.	16,055	1,797	283	18,135	20,610
Library and subscriptions	7,029	773	-	7,802	7,053
Recruitment	122	13	-	135	44
Board expenses	2,842	313	-	3,155	1,977
Consulting	<u>3,390</u>	<u>373</u>	<u>-</u>	<u>3,763</u>	<u>3,805</u>
Total expenses before depreciation	1,309,450	173,914	17,805	1,501,169	1,584,262
Depreciation	<u>3,453</u>	<u>387</u>	<u>61</u>	<u>3,901</u>	<u>3,370</u>
Total expenses	<u>\$ 1,312,903</u>	<u>\$ 174,301</u>	<u>\$ 17,866</u>	<u>\$ 1,505,070</u>	<u>\$ 1,587,632</u>

The accompanying notes are an integral part of these financial statements.

**DISABILITY LAW CENTER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2010
With Summarized Financial Information for the Year Ended September 30, 2009**

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 81,156	\$ 61,954
Adjustments to reconcile increase in net assets to net cash flows from operating activities		
Depreciation	3,901	3,370
Issuance of stock in demutualization	(5,861)	-
Loss on investment	314	-
(Increase) decrease in assets:		
Grants receivable	9,346	58,054
Prepaid expenses	(3,488)	617
Sales tax receivable	(793)	(2,007)
Prepaid deposits	-	770
Increase (decrease) in liabilities		
Accounts payable	(3,988)	1,832
Accrued expenses	(39,479)	(14,529)
Net cash flows from operating activities	<u>41,108</u>	<u>110,061</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchase of equipment	(3,437)	(5,318)
Acquisition of Certificate of Deposit	<u>(250,000)</u>	<u>-</u>
Net cash flows from investing activities	(253,437)	(5,318)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(212,329)	104,743
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>563,082</u>	<u>458,339</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 350,753</u>	<u>\$ 563,082</u>

The accompanying notes are an integral part of these financial statements.

DISABILITY LAW CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 Social Security Administration, private foundations, and donations.

Revenue Recognition—The Organization reports contributions received as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributed Services—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 did not receive donated assets or services in the year ended September 30, 2010.

Estimates—The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents—Cash equivalents are generally comprised of certain highly liquid investments with original maturities of less than three months. The Organization's deposits as of the balance sheet date of September 30, 2010 are entirely covered by FDIC insurance or pledged collateral by the Organization's bank.

Grants Receivable—Grants receivables 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.

Equipment—The Organization capitalizes additions to equipment over \$1,000. Lesser amounts are expensed. Purchased equipment is capitalized at cost. Donations of equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Equipment is depreciated using the straight-line method over an estimated useful life of five years.

Concentrations of Credit Risk—The Organization's financial instruments that are exposed to concentration of credit risk consist primarily of federal grant revenues.

DISABILITY LAW CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

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.

Functional Allocation of Expenses—The cost of providing the various programs and other activities is summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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.

Income Taxes—The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code in relation to its exempt activities. In addition, the IRS has determined that the Organization is not a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ended September 30, 2010.

Advertising and Promotion—All cost associated with advertising and promoting the Organization’s goods and services are expensed in the year incurred. For the year ended September 30, 2010, the Organization did not incur any advertising or promotion costs.

Subsequent Events—The Organization has evaluated subsequent events through January 20, 2011, the date these financial statements were available to be issued.

NOTE 2 – OPERATING LEASES

On February 1, 2003, the Organization entered into a five-year lease for its office space in Salt Lake City. The current monthly lease payments are \$4,082. The lease has been extended through January 31, 2013.

On March 1, 2008, the Organization entered into a 26 month lease for office space in Cedar City. The lease-term ended in April 2010. The Organization has elected not to renew this lease.

The yearly rental expense obligations under the leases are as follows:

2011	\$ 48,979
2012	48,979
2013	<u>16,326</u>
	<u>\$ 114,284</u>

Rent expense for the year ended September 30, 2010 was \$51,111.

**DISABILITY LAW CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

NOTE 3 – EQUIPMENT

Equipment as of September 30, 2010 is as follows:

Cost:	
Computer equipment/etc.	\$ 23,120
Less accumulated depreciation	<u>(13,804)</u>
Net book value	<u>\$ 9,316</u>

NOTE 4 – RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at September 30, 2010:

Grants for legislative advocacy	\$ 162,088
Litigation revenue related to Protection and Advocacy for People with Developmental Disabilities	64,873
Other	<u>3,844</u>
	<u>\$ 230,805</u>

NOTE 5 – 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, 2010, the Organization contributed \$47,063.

NOTE 6 - FAIR VALUE MEASUREMENTS

Generally accepted accounting principles (GAAP) defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. GAAP also specifies a fair value hierarchy based upon the observability of inputs used in valuation techniques. Observable inputs (highest level) reflect market data obtained from independent sources, while unobservable inputs (lowest level) reflect internally developed market assumptions. Fair value measurements are classified under the following hierarchy:

Level 1: Financial assets and financial liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Organization can access. The fair value of the Organization's investment in stock is based on the stock's quoted price as of the balance sheet date.

Level 2: Financial assets and financial liabilities whose values are based on the following:

- a) Quoted prices for similar assets or liabilities in active markets;
- b) Quoted prices for identical or similar assets or liabilities in non-active markets; or

**DISABILITY LAW CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

- c) Valuation models whose inputs are observable, directly or indirectly, for substantially the full term of the asset or liability

Level 3: Financial assets and financial liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs may reflect our estimates of the assumptions that market participants would use in valuing the financial assets and financial liabilities.

The following tables summarize Level 1, 2 and 3 financial assets and financial liabilities by their classification in the statement of financial position at September 30, 2010.

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investment in stock	\$ 5,547	\$ -	\$ -
Total	<u>\$ 5,547</u>	<u>\$ -</u>	<u>\$ -</u>

The Organization's stock was received as a result of the demutualization of Principal Mutual Company to become Principal Financial Group. The Organization received 214 shares of stock in the new company.

NOTE 7 – PRIOR YEAR TOTALS

Totals for the year ended September 30, 2009 are presented for comparative purposes only. For more information, please refer to the financial statements for that year.

**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

We have audited the financial statements of the Disability Law Center (a nonprofit organization) as of September 30, 2010 and for the year then ended, and have issued our report thereon, dated January 20, 2011. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Disability Law Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Disability Law Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Disability Law Center's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Disability Law Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an

opinion. The results of our tests disclosed no instances of noncompliance or other matter that is required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Trustees, management and funding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Hansen, Barnett + Maxwell, P.C.

HANSEN, BARNETT & MAXWELL, P.C.

Salt Lake City, Utah
January 20, 2011

**REPORT ON COMPLIANCE REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Board of Trustees
Disability Law Center

Compliance

We have audited the Disability Law Center's compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Disability Law Center's major federal programs for the year ended September 30, 2010. The Disability Law Center's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of the Disability Law Center's management. Our responsibility is to express an opinion on the Disability Law Center's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 the 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. Our audit does not provide a legal determination on the Disability Law Center's compliance with those requirements.

In our opinion, the Disability Law Center complied, in all material respects, with the 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, 2010.

Internal Control over Compliance

The management of the Disability Law Center is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Disability Law Center's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing

our opinion on compliance and to test and report on internal control over compliance in accordance with OBM Circular A-133, 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 the 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended for the information and use of the Board, management and federal awarding agencies and pass-through entities and should not be used by anyone other than the specified parties.

Hansen, Barnett + Maxwell, P.C.

HANSEN, BARNETT & MAXWELL, P.C.

Salt Lake City, Utah
January 20, 2011

**DISABILITY LAW CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services		
Protection and Advocacy for People with Developmental Disabilities	93.630	\$ 326,769
Protection and Advocacy for Individuals with Mental Illness	93.138	408,923
Traumatic Brain Injury	93.234	44,617
Voting Access for Individuals with Disabilities	93.618	<u>86,355</u>
Total U.S. Department of Health and Human Services		<u>866,664</u>
U.S. Department of Education		
Client Assistance Programs	84.161A	124,688
Protection and Advocacy of Individual Rights	84.240A	175,984
Protection and Advocacy Assistive Technology	84.343A	<u>67,206</u>
Total U.S. Department of Education		<u>367,878</u>
Social Security Administration		
Work Incentives Assistance to Disabled Beneficiaries	96.009	<u>100,350</u>
U.S. Department of Housing and Urban Development		
Fair Housing Initiatives Program	14.408	<u>5,581</u>
Total Expenditures of Federal Awards		<u>\$ 1,340,473</u>

DISABILITY LAW CENTER
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2010

NOTE 1—SIGNIFICANT ACCOUNTING POLICIES

The following information regarding the schedule of expenditures of federal awards is provided to assist the reader in understanding the accounting policies regarding, and the nature of the federal awards.

Basis of Accounting — The schedule of expenditures of federal awards includes the federal grant activity of the Disability Law Center and is prepared on the accrual basis of accounting, the same basis used by the Organization in its financial reporting. Receivables are recorded when appropriate program expenditures are made and the Organization has a claim for reimbursement. The Organization receives all of its Federal awards directly from the Federal government.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some of the amounts presented in this schedule may differ from their presentation in the financial statements.

**DISABILITY LAW CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

A. SUMMARY OF AUDIT RESULTS

1. The independent auditors' report on the financial statements expresses an unqualified opinion.
2. No significant deficiencies with regard to internal control over financial reporting are reported.
3. No instances of noncompliance material to the financial statements of the Disability Law Center were disclosed as a result of the audit.
4. No significant deficiencies with regard to internal control over major federal award programs were identified.
5. The auditor's report on compliance for the major federal award programs of the Disability Law Center expresses an unqualified opinion.
6. There were no audit findings which are required to be reported under Section 510(a) of OMB Circular A-133 disclosed during the audit.
7. The programs tested as major programs include:

Protection and Advocacy for Individuals with Mental Illness	93.138
Protection and Advocacy of Individual Rights	84.240A
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Disability Law Center qualifies as a low-risk auditee for the year ended September 30, 2010, as defined by §__.530 of OMB Circular A-133.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

No findings to report.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAMS AUDIT

No findings to report.

D. PRIOR YEAR FINDINGS

No findings were reported in the prior year.