

DISABILITY LAW COLORADO

Financial Statements And Single
Audit Reports As Of September 30, 2020
(With Summarized Financial Information
As Of September 30, 2019)

Together With Independent Auditors' Report

JDS professional
group
certified public accountants, consultants and advisors



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Disability Law Colorado:

Report on the Financial Statements

We have audited the accompanying financial statements of Center for Legal Advocacy, dba Disability Law Colorado (the "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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits 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 auditors' 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.

Members:

American Institute of Certified Public Accountants • Colorado Society of Certified Public Accountants

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Independent Auditors' Report (Continued)

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 Colorado 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.

Effect of Adopting New Accounting Standard

As discussed in Note 2, the Organization adopted the Financial Accounting Standards Board's Accounting Standards update ("ASU") 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*, as of and for the year ended September 30, 2020. The requirements of the ASU have been applied prospectively to all periods presented. Our opinion is not modified with respect to this matter.

Other Matters

Reporting on Summarized Comparative Information

We have previously audited the Organization's September 30, 2019, financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated February 27, 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.

Supplemental 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 on pages 21 to 22 is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*, and is not a required part of the basic financial statements. Such information is the responsibility of the management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated April 27, 2021, on our consideration of Disability Law Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. 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 in considering the Disability Law Colorado's internal control over financial reporting and compliance.

JDS Professional Group

April 27, 2021

DISABILITY LAW COLORADO

Statement Of Financial Position

As Of September 30, 2020

(With Summarized Financial Information As Of September 30, 2019)

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ASSETS

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 225,702	\$ 201,959
Accounts receivable, net of allowance of \$2,000	4,614	
Government grants receivable	184,084	134,567
Publication inventory	42,544	49,322
Prepaid expenses	22,516	14,300
Investments	475,567	540,679
Property and equipment, net	<u>13,242</u>	<u>23,836</u>
 Total Assets	 <u><u>\$ 968,269</u></u>	 <u><u>\$ 964,663</u></u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable	\$ 26,188	\$ 41,589
Accrued payroll costs	135,870	112,249
Refundable advances	94,409	2,741
Capital lease obligations	<u>14,695</u>	<u>25,150</u>
Total Liabilities	<u>271,162</u>	<u>181,729</u>

Net Assets:

Without donor restrictions	204,736	250,451
With donor restrictions	<u>492,371</u>	<u>532,483</u>
Total Net Assets	<u>697,107</u>	<u>782,934</u>

TOTAL LIABILITIES AND NET ASSETS

	<u><u>\$ 968,269</u></u>	<u><u>\$ 964,663</u></u>
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The accompanying notes are an integral part of the financial statements

DISABILITY LAW COLORADO

Statement Of Activities

For The Year Ended September 30, 2020

(With Summarized Financial Information For The Year Ended September 30, 2019)

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	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
Support And Revenue:				
Government grants	\$ 2,650,866	\$	\$ 2,650,866	\$ 2,675,467
Contributions	264,623	25,000	289,623	107,547
In-kind contributions				7,529
Publications, net of cost of goods sold of \$13,012	27,016		27,016	19,155
Workshops and client fees	5,900		5,900	183,440
Other income	1,602		1,602	2,164
Investment income, net		(1,530)	(1,530)	14,018
Change in value of perpetual trust		(43,582)	(43,582)	(2,166)
Net assets released from restrictions:				
Satisfaction of purpose restrictions	20,000	(20,000)		
Total Support And Revenue	<u>2,970,007</u>	<u>(40,112)</u>	<u>2,929,895</u>	<u>3,007,154</u>
Expenses:				
Program Services -				
Developmental Disabilities (PADD)	519,064		519,064	497,195
Mental Illness (PAIMI)	377,342		377,342	394,237
Older Americans	604,781		604,781	624,994
Individual Rights (PAIR)	230,721		230,721	316,862
Client Assistance Program	181,136		181,136	166,834
Other programs	646,283		646,283	512,342
Total Program Services	<u>2,559,327</u>		<u>2,559,327</u>	<u>2,512,464</u>
Supporting Services -				
Management and general	327,045		327,045	273,025
Fundraising	129,350		129,350	122,465
Total Supporting Services	<u>456,395</u>		<u>456,395</u>	<u>395,490</u>
Total Expenses	<u>3,015,722</u>		<u>3,015,722</u>	<u>2,907,954</u>
Changes in net assets from operations	(45,715)	(40,112)	(85,827)	99,200
Net Assets, Beginning Of Year	250,451	532,483	782,934	683,734
NET ASSETS, END OF YEAR	<u>\$ 204,736</u>	<u>\$ 492,371</u>	<u>\$ 697,107</u>	<u>\$ 782,934</u>

The accompanying notes are an integral part of the financial statements

DISABILITY LAW COLORADO

Statement Of Functional Expenses
 For The Year Ended September 30, 2020
 (With Summarized Financial Information As Of September 30, 2019)

	Program Services						Supporting Services			2020 Total	2019 Total
	Developmental Disabilities (PADD)	Mental Illness (PAIMI)	Older Americans	Individual Rights (PAIR)	Client Assistance Program	Other Programs	Total Program Services	Management and General	Fundraising		
Salaries	\$ 308,979	\$ 245,210	\$ 377,005	\$ 141,550	\$ 116,445	\$ 403,393	\$ 1,592,582	\$ 212,206	\$ 61,308	\$ 1,866,096	\$ 1,763,957
Payroll taxes and benefits	80,610	54,375	97,363	35,279	26,287	80,969	374,883	53,286	18,758	446,927	403,121
Facilities	58,901	32,621	47,255	26,838	19,548	53,811	238,974	22,075	9,007	270,056	260,496
Professional, contract services	13,207	9,942	18,913	5,547	4,283	14,798	66,690	8,013	23,190	97,893	95,289
Dues and subscriptions	15,003	6,985	5,859	4,836	3,316	10,829	46,828	2,554	2,024	51,406	56,203
Staff and board development	3,756	1,916	3,911	2,349	741	4,713	17,386	1,364	311	19,061	32,418
Travel	3,342	2,125	12,454	479	846	10,957	30,203	232	350	30,785	39,431
Supplies	3,960	2,631	4,544	1,734	1,333	5,202	19,404	2,601	948	22,953	26,487
Telephone	7,159	2,900	6,855	1,758	1,362	4,760	24,794	1,732	373	26,899	19,560
Postage and printing	1,048	2,192	6,831	529	437	7,687	18,724	1,670	2,211	22,605	23,856
Equipment	3,627	2,262	6,255	738	571	4,960	18,413	1,780	232	20,425	30,429
Repair and maintenance	6,463	5,547	5,362	3,154	2,053	9,909	32,488	2,971	2,997	38,456	30,433
Insurance	3,498	2,135	3,927	1,792	1,359	3,481	16,192	2,124	791	19,107	18,108
Outreach and training	2,873	1,040	2,519	806	648	13,173	21,059	4,807	985	26,851	44,014
Meetings	910	2,127	846	363	281	582	5,109	1,290	797	7,196	10,252
File storage	2,192	1,385	2,241	1,040	800	8,330	15,988	1,014	404	17,406	10,737
Bank and finance charges	140					2,209	2,349	5,277	1,061	8,687	4,095
Accommodation services	1,405	636	73	970	37	2,755	5,876	131		6,007	8,270
All other	255	120	237	115	83	1,276	2,086	1,019	3,207	6,312	20,203
	517,328	376,149	602,450	229,877	180,430	643,794	2,550,028	326,146	128,954	3,005,128	2,897,359
Depreciation	1,736	1,193	2,331	844	706	2,489	9,299	899	396	10,594	10,595
	<u>\$ 519,064</u>	<u>\$ 377,342</u>	<u>\$ 604,781</u>	<u>\$ 230,721</u>	<u>\$ 181,136</u>	<u>\$ 646,283</u>	<u>\$ 2,559,327</u>	<u>\$ 327,045</u>	<u>\$ 129,350</u>	<u>\$ 3,015,722</u>	<u>\$ 2,907,954</u>

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

DISABILITY LAW COLORADO

Statement Of Cash Flows

For The Year Ended September 30, 2020

(With Summarized Financial Information For The Year Ended September 30, 2019)

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	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Changes in net assets from operations	\$ (85,827)	\$ 99,200
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	10,594	10,595
Loss on investments	59,013	4,128
Changes in assets and liabilities -		
(Increase) decrease in accounts receivable	(4,614)	1,167
(Increase) in government grants receivable	(49,517)	(9,527)
(Increase) decrease in prepaid expenses	(8,216)	4,517
(Increase) decrease in publication inventory	6,778	(5,132)
Increase (decrease) in accounts payable	(15,402)	18,567
Increase in refundable advances	91,668	2,642
Increase in accrued payroll costs	23,620	8,000
Net cash provided by operating activities	<u>28,097</u>	<u>134,157</u>
Cash flows from investing activities:		
Purchases of investments	(19,259)	(34,541)
Sales of investments	25,360	39,449
Net cash provided by investing activities	<u>6,101</u>	<u>4,908</u>
Cash flows from financing activities:		
Proceeds from line-of-credit	250,000	495,000
Payments on line-of-credit	(250,000)	(495,000)
Proceeds from note payable - PPP	348,145	
Payments on note payable - PPP	(348,145)	
Payments on capital lease obligation	(10,455)	(9,421)
Net cash (used in) financing activities	<u>(10,455)</u>	<u>(9,421)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	23,743	129,644
Cash And Cash Equivalents, Beginning Of Year	<u>201,959</u>	<u>72,315</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 225,702</u>	<u>\$ 201,959</u>
Supplemental Cash Flow		
Cash paid for interest	<u>\$ 7,018</u>	<u>\$ 5,705</u>

The accompanying notes are an integral part of the financial statements

DISABILITY LAW COLORADO

Notes To Financial Statements
For The Year Ended September 30, 2020

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(1) Nature Of Activities

The mission of the Center for Legal Advocacy, dba Disability Law Colorado, a Colorado nonprofit corporation (the "Organization"), is to protect and promote the rights of people with disabilities and older people in Colorado through direct legal representation, advocacy, education and legislative analysis. The Organization provides legal assistance to persons with disabilities and their advocates, including parents or guardians where: 1) the disability is central to rather than incidental to the legal dispute; 2) special knowledge of the disabling condition is required; 3) special knowledge of the applicable law is required that is not generally available in the generic legal system. The Organization is supported primarily through government support and private contributions.

The Organization operates the following major programs:

- Protection and Advocacy for Individuals with Intellectual and Developmental Disabilities (PADD) - This program was created to protect and advocate for the rights of people with intellectual and developmental disabilities within the State who are or who may be eligible for treatment or services, or who are being considered for a change in living arrangements. This program has the authority to investigate incidents of abuse and neglect if the incidents are reported to the system or if there is probable cause to believe that the incident occurred.
- Protection and Advocacy for Individuals with Mental Illness (PAIMI) - This program is mandated to investigate cases of abuse and neglect of individuals with mental illness and to insure the provision of their legal rights. In order to focus on those people most at risk of experiencing abuse, neglect and rights violations, the statute prioritizes eligibility to those people living in 24-hour treatment facilities.
- Older Americans - The purpose of the Long-Term Care Ombudsman program is to investigate complaints of residents of long-term care facilities (including nursing homes and assisted living residences) of their family members regarding care, treatment or rights violations. The Legal Assistance Developer provides leadership for improving the quality and quantity of legal and advocacy assistance to ensure a comprehensive elder rights system. This includes developing, monitoring, evaluating and coordinating available legal services for older persons statewide. The developer also provides technical assistance to the State Long-Term Care Ombudsman program on issues of drafting legislation and interpretation of current laws as well as training. Finally, Older Americans also includes the Program For All Inclusive Care For The Elderly (PACE).
- Protection and Advocacy for Individual Rights (PAIR) - This program was created to protect the rights of people with disabilities who are ineligible for services from the protection and advocacy programs for people with mental illness or developmental disabilities or ineligible for services from the Client Assistant Program. The federal statute specifically charges this program with helping to implement the Fair Housing Act and the Americans with Disabilities Act.

DISABILITY LAW COLORADO

Notes To Financial Statements
For The Year Ended September 30, 2020

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- Client Assistance Program (CAP) - This program provides information on the available services and benefits under the Rehabilitation Act and Title 1 of the Americans with Disabilities Act to people with disabilities in Colorado, especially those who have been unserved or under served by vocational rehabilitation programs. Upon the request of clients and client applications for services under the Rehabilitation Act, CAP will assist and advocate for them in their relationships with projects and programs. CAP may also provide assistance and advocacy with respect to services that are directly related to the employment of the individual.
 - Other Programs - Other Programs include Voting Protection and Advocacy, Assistive Technology, Traumatic Brain Injury, Protection and Advocacy for Beneficiaries of Social Security, Protection and Advocacy for Strengthening Protection for Social Security Beneficiaries, and Publications.

(2) Summary Of Significant Accounting Policies

Method Of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America.

Basis Of Presentation

Financial statement presentation follows the recommendations of *Financial Statements for Not-for-Profit Organizations*. Under this standard, the Organization is required to report information regarding financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature where by the donor has stipulated the funds that must be maintained in perpetuity.

DISABILITY LAW COLORADO

Notes To Financial Statements
For The Year Ended September 30, 2020

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Risks and Uncertainties

The global community has been under a significant threat from coronavirus ("COVID-19"). The extent to which the COVID-19 pandemic impacts the Organization's business, results of operations and financial condition will depend on future developments, which are still uncertain and cannot be predicted. Even after the COVID-19 pandemic has subsided, the Organization may continue to experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, the Organization cannot reasonably estimate the impact at this time.

Cash And Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, except for cash and cash equivalents subject to investment management direction.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non operating activities. Operating activities consists of those items attributable to the Organization's ongoing program services and investment earnings. Nonoperating activities are limited to activities considered to be of a more unusual or nonrecurring nature.

Government, Contract and Accounts Receivables

The Organization states government contract and accounts receivables at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

Capitalization and Depreciation

The Organization follows the practice of capitalizing all expenditures for land, buildings and equipment of \$5,000 or more. The fair value of donated assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of between 3 and 5 years of the assets. Amortization of capital leases is included in depreciation expense.

Publications Inventory

Publications inventory consists of book and other publications valued at the lower of cost of market. Cost is determined by the first-in, first-out method.

Fair Value Measurements

The Organization follows fair value measurements which among other things requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the standard are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Equities: Valued at the closing price reported on the active market on which the individual securities are traded.

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Notes To Financial Statements
For The Year Ended September 30, 2020

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Exchange traded funds and mutual funds: The fair value of funds is based on quoted net asset values of the shares as reported by the fund. The funds held by the Organization are open-end funds registered with the U.S. Securities and Exchange Commission. The funds must publish their daily net asset value and transact at their price. The funds held by the Organization are considered to be actively traded.

Life insurance policy: The fair value is based upon the cash surrender value, which is the cash amount that would be offered to the Organization by the issuing life carrier upon cancellation of the contract. Management believes that the sensitivity in the fair value measurement of the life insurance is related to market fluctuations, as the investments held in the life insurance are primarily marketable securities.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statements of financial position.

The carrying amount reported in the statement of financial position for cash and cash equivalents, accounts receivable, government grants receivable, accounts payable, and accrued payroll costs approximate fair value because of the immediate or short-term maturities of these financial instruments.

Estimates

The preparation of financial statements in conformity with 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.

Revenue And Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets, or an unconditional promise to give is received. Unconditional promises to give are recorded at net realizable value if expected to be collected in one year and at net present value if expected to be collected in more than

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Notes To Financial Statements
For The Year Ended September 30, 2020

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one year. As of September 30, 2020, the Organization did not have any promises to give. Conditional promises to give with a measurable performance or other barrier and a right of return/right or release are not recognized until the conditions on which they depend have been met. As of September 30, 2020, conditional promises to give were \$206,875, in which a portion had not been spent by year end. Accordingly, \$84,923 is reflected as a refundable advance.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a 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 statement of activities as changes in net assets with donor restrictions.

A portion of the Organization's revenue is derived from cost-reimbursable federal government grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization was awarded cost-reimbursable grants of \$779,379 and refundable advances of \$9,387 that have not been recognized at September 30, 2020, because qualifying expenditures have not yet been incurred.

Workshops and client fees are recognized when a workshop is held or client service performed. The performance obligation consists of delivering the goods or services to the customer. Revenue is recognized as the services are met. The performance obligation consists of delivering the services to the customer and are satisfied as work is performed or deliverables are met, over time. Payments are due to the Organization either upon receipt or within 30 days once invoiced for satisfied performance obligations (depending on the terms of the contract). Transaction prices for each deliverable are written in the contracts. Payments received prior to performance obligations being met are reflected in deferred revenue.

Methods Used for Allocation of Expenses from Management and General Activities

The cost of providing program and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Such allocations are determined by management on an equitable basis based on time and effort. Allocated expenses include salaries, payroll tax and benefits, telephone, postage and printing, repair and maintenance, and insurance, depreciation, meetings, accommodation services.

Adoption of New Accounting Pronouncement

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers: Topic 606*, to supercede nearly all existing revenue recognition guidance relative to exchange transactions under U.S. GAAP. The Organization adopted the provisions of this guidance on October 1, 2019, using the modified retrospective approach and applied the standard to contracts as of the date of adoption. The adoption did not have a material impact on the Organization’s revenue recognition.

In June 2018, FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies how entities determine whether to account for a transfer of assets as an exchange transaction or contribution. The distinction is important because contributions are accounted for under Accounting Standards Codification (ASC) 958-605, *Not-for-Profit Entities -Revenue Recognition*, which exchange transactions are accounted for under other guidance such as ASC 606, *Revenue from Contracts with Customers*. The guidance also clarified how entities determine whether a contribution is conditional or unconditional. The Organization adopted the provisions of this guidance on October 1, 2019, using the prospective approach. The adoption did result in \$84,923 of contributions being recognized as refundable advances instead of contributions revenue.

Subsequent Events

Management has evaluated subsequent events through April 27, 2021, the date the financial statements were available to be distributed.

(3) Tax Exempt Status

The Organization is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code. As such, donors are entitled to a charitable deduction for their contribution to the Organization.

The Organization follows *Accounting for Uncertainty in Income Taxes* accounting standard which requires the Organization to determine whether a tax position (and the related tax benefit) is more likely than not to be sustained upon examination by the applicable taxing authority, based solely on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement, presuming the tax position is examined by the appropriate taxing authority that has knowledge of all relevant information. During the year ended September 30, 2020, the Organization’s management evaluated its tax positions to determine the existence of uncertainties, and did not note any matters that would require recognition or which may have an affect on it tax-exempt status.

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Notes To Financial Statements
For The Year Ended September 30, 2020

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The Organization is no longer subject to U.S. federal tax audits on its Form 990 by taxing authorities for fiscal years ending prior to September 30, 2017. The years subsequent to these years contain matters that could be subject to differing interpretations of applicable tax laws and regulations as it relates to the amount and/or timing of income, deductions, and tax credits. Although the outcome of tax audits is uncertain, the Organization believes no issues would arise.

(4) Investments And Concentration Of Credit Risks

The following table presents assets measured at fair value on a recurring basis, as of September 30, 2020:

	Level 1	Level 2	Level 3	Total
Life insurance policy	\$	\$	\$ 8,197	\$ 8,197
Mutual funds	8,900			8,900
Equities	70,594			70,594
Exchange traded funds -				
High yield funds	22,681			22,681
Mid cap dividend funds	20,183			20,183
Small cap value funds	4,646			4,646
Small cap dividend funds	7,031			7,031
Select dividends	39,955			39,955
Emerging market funds	30,260			30,260
Bond funds	111,204			111,204
Trust funds	61,658			61,658
Foreign large value	13,800			13,800
Large blend funds	13,730			13,730
Power shares preferred	30,271			30,271
Total at fair value	<u>\$ 434,913</u>	<u>\$</u>	<u>\$ 8,197</u>	<u>\$ 443,110</u>
Cash and cash equivalents				32,457
				<u>\$ 475,567</u>

Following is the reconciliation of Level 3 investments as of September 30, 2020:

Beginning Balance	\$ 8,197
Change in value of life insurance policy	
Ending Balance	<u>\$ 8,197</u>

The Organization's cash demand deposits are held at financial institutions at which deposits are insured up to \$250,000 by the FDIC. As of September 30, 2020, there were no funds at risk.

DISABILITY LAW COLORADO

Notes To Financial Statements
For The Year Ended September 30, 2020

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The Organization received approximately 40% of its total revenue from the U.S. Department of Health and Human Services during the year ended September 30, 2020.

(5) **Publication Inventory**

Publication inventory consisted of the following as of September 30, 2020:

Residents' Rights products	\$ 24,013
Booklets and manuals	18,531
	<u>\$ 42,544</u>

(6) **Endowment**

On September 18, 2002, the Organization and representatives of the Estate of Alexander R. Aitken entered into an agreement to create the Alexander R. Aitken Trust permanently restricted endowment and the Fellow Travelers Fund. Under the agreement, earnings are defined as interest and dividends and do not include depreciation or appreciation. Additionally, capital gains will not be considered income, but will be reinvested in the endowment. Annually, not more than 70% of the earnings of the fund held in perpetuity may be transferred to the Fellow Travelers Fund which is classified as net assets with donor restrictions. Such funds are restricted for legal problems for persons with a mental disability that is organically or otherwise caused.

Changes in Endowment Net Assets

Changes in donor restricted endowment net assets for the year ended September 30, 2020, are as follows:

	<u>Net Assets With Donor Restrictions</u>
Endowment net assets, beginning of year	\$ 532,483
Net investment return (loss)	(45,112)
Distributions -	
Appropriation of endowment assets pursuant to spending-rate policy	(20,000)
Endowment net assets, end of year	<u>\$ 467,371</u>

DISABILITY LAW COLORADO

Notes To Financial Statements
For The Year Ended September 30, 2020

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(7) Property and Equipment

Property and equipment consisted of the following as of September 30, 2020:

Furniture and equipment	\$	150,340
Capital leases		57,731
Leasehold improvements		14,265
Total		<u>222,336</u>
Less: accumulated depreciation		(209,094)
Net property and equipment	\$	<u><u>13,242</u></u>

Depreciation expense amounted to \$10,594 during the year ended September 30, 2020.

(8) Line of Credit

As of September 30, 2020, there was no balance owed on a \$200,000 line-of-credit with a financial institution. Interest accrued on outstanding balances are based on the published Wall Street Journal Prime Rate, which as of September 30, 2020, was 5.00%, plus 2.75% percentage points above the index, not less than 8.25% per annum. In the case of default on the note, the creditor holds the right of offset against other accounts currently held at the financial institution. The line of credit is secured by receivables, cash, inventory and other assets.

(9) Capital Lease Obligations

The Organization has a photocopier under a capital leasing arrangement. Payments are due in monthly installments of principal and interest of \$1,049 through December 2021, secured by equipment. Fixed assets capitalized under these leases amounted to \$13,019, net of accumulated amortization of \$21,699.

The future minimum lease payments as of September 30, 2020 are as follows:

<u>September 30,</u>		
2021	\$	12,592
2022		3,148
Total minimum lease payments		<u>15,740</u>
Less: interest		(1,045)
Present value of future minimum lease payments	\$	<u><u>14,695</u></u>

DISABILITY LAW COLORADO

Notes To Financial Statements
For The Year Ended September 30, 2020

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(10) Lease Commitments

The Organization leases office space in Denver and Grand Junction, Colorado. The future minimum lease payments are as follows as of September 30:

2021	\$ 209,595
2022	36,958
2023	36,958
Total	<u>\$ 283,511</u>

(11) Net Assets With Donor Restrictions

Net assets with donor restrictions as of September 30, 2020, are available for the following:

<u>Subject to expenditure for specified purpose::</u>	
Development disabilities	\$ 25,000
<u>Subject to spending policy and appropriation:</u>	
Investment in perpetual trust	362,344
Support legal services for persons with a mental disability	105,027
Total	<u>\$ 492,371</u>

(12) Liquidity And Availability Of Financial Assets

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows as of September 30, 2020:

Financial assets, at year end	
Cash and cash equivalents	\$ 225,702
Receivables	188,698
Investments	475,567
Total financial assets	<u>889,967</u>
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Donor restricted endowment to be held in perpetuity	(362,344)
Endowment earning not expected to be spent in the next year	(85,027)
Life insurance investment	<u>(8,197)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 434,399</u>

DISABILITY LAW COLORADO

Notes To Financial Statements
For The Year Ended September 30, 2020

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As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization also has a \$200,000 line of credit available for cash flow if needed.

(13) **Pension Plan**

The Organization has a defined contribution plan covering all employees with at least one year of service. The Organization makes contributions of two percent to nine percent based on years of service. In addition, the Organization will match 50 percent of the employees' contribution provided the employee elects to contribute at least 2 percent of their salary. The maximum match an employee can receive is 3 percent of their annual salary, while the maximum contribution the Organization will make for an individual employee can be 12 percent of an individual's salary. Pension expense amounted to \$107,772 during the year ended September 30, 2020.

(14) **New Accounting Pronouncements**

In March of 2018, FASB issued ASU No. 2018-20, *Leases*, which requires the Organization to recognize all leased assets as assets on the statement of financial position with a corresponding liability resulting in a gross up of the statement of financial position. Entities will also be required to present additional disclosure as to the nature and extent of leasing activities. The requirements of this statement are effective for the Organization's financial statements for the year ended September 30, 2023. The Organization has not evaluated the impact due to the timing of implementation of this standard.

DISABILITY LAW COLORADO

Supplementary Schedule Of Expenditures Of Federal Awards For The Year Ended September 30, 2020

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Federal Grantor and Program Title	CFDA Number	Identifying Number	Program Award Amount	Federal Expenditures
U. S. Department of Health and Human Services				
Developmental Disabilities Basic Support and Advocacy Grants **	93.630			
2019 Award		1901COPADD	\$ 506,685	\$ 99,131
2020 Award		1801COPADD	526,104	418,280
			1,032,789	517,411
Voting Access for Individuals with Disabilities - Grants for Protection and Advocacy Systems	93.618			
2019 Award		1901COPAVA	98,209	36,192
2020 Award		1803COVOTP	105,261	86,996
			203,470	123,188
ACL Assistive Technology State Grants for Protection and Advocacy	93.843			
2019 Award		1901COPAAT	66,810	12,060
2020 Award		1801COPAAT	68,010	50,842
			134,820	62,902
P&A for Traumatic Brain Injury	93.873			
2019 Award		1901COPATB	61,176	3,606
2020 Award		1801COPATB	61,876	44,382
			123,052	47,988
Protection and Advocacy for Individuals with Mental Illness	93.138			
2019 Award		19 SMP08970	449,205	13,094
2020 Award		18 SMP08970	450,031	411,336
			899,236	424,430
Passed through from the Colorado Department of Human Services Aging Cluster - Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044			
2019 Award		CMS 20 IHEA 129087	120,000	120,000
2020 Award		CMS 19 IHEA 109682	120,000	-
			240,000	120,000
Special Programs for the Aging - Title VII, Chapter 2 - Long-Term Care Ombudsman Services for Older Individuals	93.042			
2019 Award		CMS 20 IHEA 129087	30,000	30,000
2020 Award		CMS 19 IHEA 109682	30,000	-
			60,000	30,000
Total Aging Cluster			300,000	150,000
Total U. S. Department of Health and Human Services			\$2,693,367	\$ 1,325,919

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

DISABILITY LAW COLORADO

Supplementary Schedule Of Expenditures Of Federal Awards
For The Year Ended September 30, 2020

Federal Grantor and Program Title	CFDA Number	Identifying Number	Program Award Amount	Federal Expenditures
<u>U. S. Department of Education</u>				
Rehabilitation Services Client Assistance Program	84.161			
2019 Award		H161A190005	\$ 187,616	\$ 81,145
2020 Award		H161A180005	189,735	122,389
			377,351	203,534
Program of Protection and Advocacy of Individual Rights	84.240			
2019 Award		H240A170006	251,772	4,810
2020 Award		H240A180006	254,620	247,109
			506,392	251,919
Total U. S. Department of Education			883,743	455,453
<u>U. S. Social Security Administration</u>				
Social Security State Grants for Work Incentives				
Assistance to Disabled Beneficiaries	96.009			
2019 Award		PAB 19020384-01	100,000	-
2020 Award		PAB 19020384-02-02	100,000	83,822
2019 Award		SPS 18000011-03	275,816	-
2020 Award		SPS 18000011-02	270,039	167,698
2021 Award		SPS 18000011-01	260,754	101,190
Total U. S. Social Security Administration			1,006,609	352,710
Total Federal Expenditures			\$4,583,719	\$ 2,134,082

** Major Program

DISABILITY LAW COLORADO

Notes To Supplementary Schedule of Expenditures Of Federal Awards
For The Year Ended September 30, 2020

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(1) **Method Of Accounting**

The schedule of expenditures of federal awards has been prepared on an accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and also presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* for all new federal awards received on or after December 26, 2014, and for funding increments (additional funding on existing awards) with modified terms and conditions that are awarded on or after that date. Because the schedule of expenditures of federal awards presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

The Organization has elected not to use a de minimis indirect cost rate as allowed under the Uniform Guidance. The Organization utilizes a federally-approved indirect cost rate approved by its cognizant agency.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Disability Law Colorado:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Disability Law Colorado, 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, which collectively comprise Disability Law Colorado's basic financial statements, and have issued our report thereon dated April 27, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Disability Law Colorado's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Disability Law Colorado's internal control. Accordingly, we do not express an opinion on the effectiveness of Disability Law Colorado'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. 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Members:

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Independent Auditors' Report (Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether Disability Law Colorado's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

JDS Professional Group

April 27, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Disability Law Colorado:

Report on Compliance for Each Major Federal Program

We have audited the compliance of Disability Law Colorado with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Disability Law Colorado's major federal programs for the year ended September 30, 2020. Disability Law Colorado'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 compliance for each of Disability Law Colorado'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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program identified in accompanying schedule of findings and questioned costs occurred. An audit includes examining, on a test basis, evidence about Disability Law Colorado's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Disability Law Colorado's compliance.

Members:

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Independent Auditor's Report (Continued)**Opinion on Each Major Federal Program**

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

Report on Internal Control Over Compliance

Management of Disability Law Colorado is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Disability Law Colorado's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 the Disability Law Colorado's internal control over compliance.

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

Our consideration on 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 Uniform Guidance. Accordingly, this communication is not suitable for any other purpose.

JDS Professional Group

April 27, 2021

DISABILITY LAW COLORADO

Schedule of Findings and Questioned Costs
For The Year Ended September 30, 2020

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Section I - Summary Of Auditors' Results

Financial Statements

Type of auditors' report: unmodified

Internal control over financial reporting:

Material weakness(es) identified? ___ yes X no

Significant deficiencies identified
that are not considered to be material
weaknesses? ___ yes X none reported

Noncompliance material to financial
statements noted? ___ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ___ yes X no

Significant deficiencies identified
that are not considered to be material
weakness(es)? ___ yes X none reported

Type of auditors' report issued on compliance for major programs: unmodified

Any audit findings disclosed that are
required to be reported in accordance
with section 2 CFR 200.516(a)? ___ yes X no

DISABILITY LAW COLORADO

Schedule of Findings and Questioned Costs
For The Year Ended September 30, 2020

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Identification of major programs:

<u>CFDA No.</u>	<u>Federal Grantor and Program Title</u>
93.630	U.S. Department of Health and Human Services - Developmental Disabilities Basic Support and Advocacy Grants

Dollar threshold used to distinguish
between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X yes ___ no

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings And Questioned Costs

None.

DISABILITY LAW COLORADO

Summary Schedule of Prior Audit Findings
For The Year Ended September 30, 2020

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Finding 2019-001: U.S. Department of Health and Human Services -
93.630 Developmental Disabilities Basic Support and Advocacy Grants

Allowable Costs, Significant Deficiency

Condition: During the audit, we noted one employee did not have time cards supporting the time spent on the major program for a portion of the year.

Status: Corrected. Disability Law Colorado has improved its process over time keeping to ensure that all employees correctly complete and submit time reports bi-weekly to support time worked on program activities.