

**Preliminary Draft
For Discussion
Only**

**Disability Rights Iowa
Des Moines, Iowa**

FINANCIAL REPORT

September 30, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Disability Rights Iowa
Des Moines, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of Disability Rights Iowa (a nonprofit organization), which comprise the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Disability Rights Iowa as of September 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2022, on our consideration of Disability Rights Iowa'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 Rights Iowa'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 Rights Iowa's internal control over financial reporting and compliance.

DENMAN & COMPANY, LLP

West Des Moines, Iowa
January 12, 2022

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**Disability Rights Iowa
STATEMENTS OF FINANCIAL POSITION**

	September 30	
ASSETS	2021	2020
CURRENT ASSETS		
Cash	\$ 71,215	\$ 53,765
Grants and contracts receivable	96,766	101,216
Prepaid expenses	9,537	8,996
Total current assets	<u>177,518</u>	<u>163,977</u>
OTHER ASSETS		
Security deposit	<u>12,336</u>	<u>12,336</u>
Totals	<u>\$ 189,854</u>	<u>\$ 176,313</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 4,290	\$ 6,209
Accrued salaries and related expenses	53,556	49,032
Accrued vacation pay	47,387	51,949
Total current liabilities	<u>105,233</u>	<u>107,190</u>
NET ASSETS		
Net assets without donor restrictions	56,500	55,357
Net assets with donor restrictions	<u>28,121</u>	<u>13,766</u>
Total net assets	<u>84,621</u>	<u>69,123</u>
Totals	<u>\$ 189,854</u>	<u>\$ 176,313</u>

See Notes to Financial Statements.

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**Disability Rights Iowa
STATEMENTS OF ACTIVITIES**

	<u>Year ended September 30, 2021</u>			<u>Year ended September 30, 2020</u>		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE						
Fees and grants from federal government agencies	\$1,719,787	\$ –	\$1,719,787	\$1,720,726	\$ –	\$1,720,726
Contributions	8,349	–	8,349	4,591	–	4,591
Investment income	63	–	63	97	–	97
Miscellaneous income	14,634	14,355	28,989	20,393	14,129	34,522
Net assets released from restriction	–	–	–	500	(500)	–
Total public support and revenue	<u>1,742,833</u>	<u>14,355</u>	<u>1,757,188</u>	<u>1,746,307</u>	<u>13,629</u>	<u>1,759,936</u>
EXPENSES						
Program services						
Protection and Advocacy for Individuals with Mental Illness	408,001	–	408,001	365,470	–	365,470
Protection and Advocacy for Individuals with Developmental Disabilities	369,830	–	369,830	416,355	–	416,355
Protection and Advocacy of Individual Rights	132,555	–	132,555	142,718	–	142,718
Protection and Advocacy of Traumatic Brain Injury	29,007	–	29,007	47,297	–	47,297
Protection and Advocacy of Voting Access	30,690	–	30,690	99,709	–	99,709
Protection and Advocacy for Beneficiaries of Social Security	92,004	–	92,004	93,676	–	93,676
Protection and Advocacy of Assistive Technology	48,080	–	48,080	34,579	–	34,579
Work Incentives Planning and Assistance	150,622	–	150,622	149,164	–	149,164
Protection and Advocacy for Benefits Representative Payee	247,009	–	247,009	184,489	–	184,489
Protection and Advocacy for Access to COVID-19 Vaccines	7,486	–	7,486	–	–	–
Other services	13,491	–	13,491	12,933	–	12,933
Total program services	<u>1,528,775</u>	<u>–</u>	<u>1,528,775</u>	<u>1,546,390</u>	<u>–</u>	<u>1,546,390</u>
Supporting services						
Management and general	212,915	–	212,915	199,675	–	199,675
Total supporting services	<u>212,915</u>	<u>–</u>	<u>212,915</u>	<u>199,675</u>	<u>–</u>	<u>199,675</u>
Total expenses	<u>1,741,690</u>	<u>–</u>	<u>1,741,690</u>	<u>1,746,065</u>	<u>–</u>	<u>1,746,065</u>
CHANGE IN NET ASSETS	1,143	14,355	15,498	242	13,629	13,871
NET ASSETS , beginning of year	<u>55,357</u>	<u>13,766</u>	<u>69,123</u>	<u>55,115</u>	<u>137</u>	<u>55,252</u>
NET ASSETS , end of year	<u>\$ 56,500</u>	<u>\$ 28,121</u>	<u>\$ 84,621</u>	<u>\$ 55,357</u>	<u>\$ 13,766</u>	<u>\$ 69,123</u>

See Notes to Financial Statements.

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**Disability Rights Iowa
STATEMENT OF FUNCTIONAL EXPENSES
Year ended September 30, 2021**

	<u>Protection and Advocacy for Individuals with Mental Illness</u>	<u>Protection and Advocacy for Individuals with Developmental Disabilities</u>	<u>Protection and Advocacy of Individual Rights</u>	<u>Protection and Advocacy of Traumatic Brain Injury</u>	<u>Protection and Advocacy of Voting Access</u>	<u>Protection and Advocacy for Beneficiaries of Social Security</u>
Salaries	\$ 269,912	\$ 239,270	\$ 86,903	\$ 18,862	\$ 13,531	\$ 59,402
Employee benefits	30,537	24,720	9,041	2,178	1,869	7,836
Payroll taxes	<u>21,113</u>	<u>18,203</u>	<u>6,634</u>	<u>1,437</u>	<u>1,054</u>	<u>4,690</u>
Total salaries and related expenses	321,562	282,193	102,578	22,477	16,454	71,928
Professional fees and contract services	24,500	24,402	7,729	1,747	3,215	5,700
Supplies	1,227	1,082	381	85	179	274
Telephone	1,182	1,117	400	85	130	299
Postage and shipping	284	259	87	19	26	69
Occupancy	30,359	29,051	10,194	2,217	2,971	7,539
Public information and outreach	1,513	1,963	449	188	5,272	49
Travel and transportation	3,203	4,988	1,537	237	304	627
Conferences and staff development	1,267	1,227	406	87	151	430
Subscriptions and publications	4,384	4,640	1,320	363	-	948
Insurance	8,500	8,129	2,863	620	824	2,190
Organization dues	5,450	5,265	1,918	470	619	926
Equipment, repairs and maintenance	3,781	3,492	1,225	264	393	914
Monitoring, investigation and client work	<u>789</u>	<u>2,022</u>	<u>1,468</u>	<u>148</u>	<u>152</u>	<u>111</u>
Total expenses	<u>\$ 408,001</u>	<u>\$ 369,830</u>	<u>\$ 132,555</u>	<u>\$ 29,007</u>	<u>\$ 30,690</u>	<u>\$ 92,004</u>

See Notes to Financial Statements.

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Protection and Advocacy of Assistive Technology	Work Incentives Planning and Assistance	Protection and Advocacy for Benefits Representative Payee	Protection and Advocacy for Access to COVID-19 Vaccines	Other Services	Total Program Services	Management and General	Total Expenses
\$ 32,489	\$ 102,003	\$ 151,133	\$ 5,240	\$ 8,241	\$ 986,986	\$ 162,808	\$1,149,794
2,949	9,838	21,270	117	201	110,556	12,034	122,590
<u>2,461</u>	<u>8,078</u>	<u>11,497</u>	<u>426</u>	<u>396</u>	<u>75,989</u>	<u>12,920</u>	<u>88,909</u>
37,899	119,919	183,900	5,783	8,838	1,173,531	187,762	1,361,293
2,835	10,142	17,343	593	4,053	102,259	7,285	109,544
129	900	780	10	77	5,124	448	5,572
135	409	823	4	11	4,595	563	5,158
31	349	190	1	2	1,317	230	1,547
3,549	344	20,900	134	256	107,514	14,545	122,059
-	7,500	-	914	41	17,889	-	17,889
677	1,062	1,358	-	13	14,006	-	14,006
1,186	2,488	765	-	63	8,070	271	8,341
-	-	-	-	-	11,655	126	11,781
1,022	3,799	6,094	32	82	34,155	-	34,155
213	1,068	2,170	7	17	18,123	-	18,123
404	2,146	3,077	8	38	15,742	1,685	17,427
<u>-</u>	<u>496</u>	<u>9,609</u>	<u>-</u>	<u>-</u>	<u>14,795</u>	<u>-</u>	<u>14,795</u>
<u>\$ 48,080</u>	<u>\$ 150,622</u>	<u>\$ 247,009</u>	<u>\$ 7,486</u>	<u>\$ 13,491</u>	<u>\$1,528,775</u>	<u>\$ 212,915</u>	<u>\$1,741,690</u>

See Notes to Financial Statements.

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**Disability Rights Iowa
STATEMENT OF FUNCTIONAL EXPENSES
Year ended September 30, 2020**

	Protection and Advocacy for Individuals with Mental Illness	Protection and Advocacy for Individuals with Developmental Disabilities	Protection and Advocacy of Individual Rights	Protection and Advocacy of Traumatic Brain Injury	Protection and Advocacy of Voting Access	Protection and Advocacy for Beneficiaries of Social Security
Salaries	\$ 242,213	\$ 276,837	\$ 94,673	\$ 33,579	\$ 39,673	\$ 60,228
Employee benefits	24,105	25,117	8,540	3,128	4,245	6,842
Payroll taxes	<u>18,597</u>	<u>21,009</u>	<u>7,185</u>	<u>2,564</u>	<u>3,044</u>	<u>4,521</u>
Total salaries and related expenses	284,915	322,963	110,398	39,271	46,962	71,591
Professional fees and contract services	15,418	18,305	5,963	2,076	2,352	4,297
Supplies	1,243	1,439	520	178	191	344
Telephone	948	1,046	458	137	201	256
Postage and shipping	263	336	112	38	48	76
Occupancy	26,569	30,800	10,823	3,635	4,478	7,389
Public information and outreach	7,367	11,155	4,499	143	42,206	2,339
Travel and transportation	2,141	2,217	107	52	142	78
Conferences and staff development	728	819	243	42	80	616
Subscriptions and publications	4,262	4,421	1,197	297	-	974
Insurance	7,801	9,013	3,192	160	1,322	2,244
Organization dues	4,762	5,030	1,857	541	667	1,239
Equipment, repairs and maintenance	6,541	7,302	2,548	712	940	1,717
Monitoring, investigation and client work	<u>2,512</u>	<u>1,509</u>	<u>801</u>	<u>15</u>	<u>120</u>	<u>516</u>
Total expenses	<u>\$ 365,470</u>	<u>\$ 416,355</u>	<u>\$ 142,718</u>	<u>\$ 47,297</u>	<u>\$ 99,709</u>	<u>\$ 93,676</u>

See Notes to Financial Statements.

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Protection and Advocacy of Assistive Technology	Work Incentives Planning and Assistance	Protection and Advocacy for Benefits Representative Payee	Other Services	Total Program Services	Management and General	Total Expenses
\$ 22,665	\$ 101,768	\$ 116,541	\$ 11,177	\$ 999,354	\$ 157,194	\$1,156,548
1,892	9,267	12,855	246	96,237	11,413	107,650
<u>1,679</u>	<u>7,953</u>	<u>8,892</u>	<u>317</u>	<u>75,761</u>	<u>12,379</u>	<u>88,140</u>
26,236	118,988	138,288	11,740	1,171,352	180,986	1,352,338
1,621	6,344	7,500	60	63,936	2,896	66,832
130	233	677	7	4,962	451	5,413
85	1,615	472	6	5,224	404	5,628
27	233	179	3	1,315	289	1,604
2,708	156	15,096	222	101,876	13,606	115,482
634	9,808	310	768	79,229	5	79,234
1,608	2,074	672	—	9,091	—	9,091
47	1,558	294	2	4,429	—	4,429
—	—	—	—	11,151	103	11,254
797	3,988	5,341	59	33,917	—	33,917
129	927	1,605	10	16,767	—	16,767
521	2,608	3,657	56	26,602	935	27,537
<u>36</u>	<u>632</u>	<u>10,398</u>	<u>—</u>	<u>16,539</u>	<u>—</u>	<u>16,539</u>
<u>\$ 34,579</u>	<u>\$ 149,164</u>	<u>\$ 184,489</u>	<u>\$ 12,933</u>	<u>\$1,546,390</u>	<u>\$ 199,675</u>	<u>\$1,746,065</u>

See Notes to Financial Statements.

**Disability Rights Iowa
STATEMENTS OF CASH FLOWS**

**Preliminary Draft
For Discussion
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	Year ended September 30	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 15,498	\$ 13,871
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Changes in assets and liabilities		
Grants and contracts receivable	4,450	(17,266)
Prepaid expenses	(541)	9,268
Security deposits	-	(3,832)
Accounts payable	(1,919)	3,423
Accrued salaries and related expenses	4,524	13,515
Accrued vacation pay	(4,562)	11,519
Net cash provided by operating activities	17,450	30,498
NET INCREASE IN CASH	17,450	30,498
CASH		
Beginning	53,765	23,267
Ending	\$ 71,215	\$ 53,765

See Notes to Financial Statements.

**Disability Rights Iowa
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Disability Rights Iowa (the Organization) was organized in August 1984 to provide protection and advocacy services for developmentally disabled persons and individuals with mental illness in Iowa.

Disability Rights Iowa provides free legal and non-legal advocacy assistance to persons with disabilities. Services include individual representation to protect rights or to secure entitlements and services, self-help information, educational programs, and administrative and legislative advocacy. Service priorities center on prevention of abuse and neglect, access to entitlements, and least restrictive environment issues.

The Organization administers several programs, each of which has its own eligibility criteria and service priorities and a parent support program. These programs are:

Protection and Advocacy for Individuals with Mental Illness – Provides advocacy to remedy abuse or neglect of individuals with mental illness who are residents of certain care and treatment facilities (e.g., mental health institutes, nursing facilities, community hospitals, assisted living facilities, and mental health facilities for children) or in home and community based settings. Legal assistance to protect rights and advocate for services to individuals with mental illness, living in facilities or the community and even in their homes.

Protection and Advocacy for Individuals with Developmental Disabilities – Provides advocacy to remedy abuse or neglect of individuals with developmental disabilities and assistance accessing entitlements and services (e.g., special education, day programs, and residential services). A developmental disability is a severe physical, cognitive, or emotional impairment that begins before age 22, likely to continue indefinitely, and interferes with three or more major life activities.

Protection and Advocacy of Individual Rights – Provides advocacy to individuals with disabilities who are not eligible for the mental health or developmental disabilities programs described above and who require advocacy assistance to overcome discrimination or barriers to living independently.

Protection and Advocacy of Traumatic Brain Injury – Funded by the Children’s Health Act of 2000, the program has been established to provide services to individuals with traumatic brain injury. Services may include the provision of (1) information, referrals, and advice; (2) individual and family advocacy; (3) legal representation; and (4) specific assistance in self-advocacy.

Protection and Advocacy of Voting Access – Funded by the Help America Vote Act of 2002, the program has been established to advance the participation of individuals with disabilities in the electoral process. Each state must use their allotted money by means of training, education, and assistance with voter rights, responsibilities, registration, and election day process.

Protection and Advocacy for Beneficiaries of Social Security – The program assists social security beneficiaries who are trying to obtain, maintain, or regain employment and provides legal and advocacy assistance with Ticket to Work issues.

Protection and Advocacy of Assistive Technology – Provides protection and advocacy services to assist individuals of all ages with disabilities in the acquisition, utilization or maintenance of assistive technology services or devices.

Work Incentives Planning and Assistance (WIPA) – The program is funded by the Social Security Administration (SSA) to provide benefits planning and assistance to Social Security beneficiaries.

Disability Rights Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Organization (continued)

Protection and Advocacy for Benefits Representative Payee – The program was formed to mitigate the risk of organizational fraud and abuse to beneficiaries whose representative payees are also their employers by conducting site reviews of representative payee organizations on behalf of the Social Security Administration.

Protection and Advocacy for Access to COVID-19 Vaccines – Provides advocacy to individuals with disabilities by expanding access to COVID-19 vaccines.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) *Accounting Standards Codification*. The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions represent resources used in carrying on the general operations of the Organization and are given with no time or purpose restriction by the donor. They also include funds which have been designated internally by the Organization.

Net assets with donor restrictions consist of net assets which have a time or purpose restriction placed on them by the donor or are held in perpetuity pursuant to donor stipulations. Time and purpose restriction net assets have restrictions placed on them by the donor at the time of the gift. When a restriction expires, they are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Net assets held in perpetuity are assets donated with a donor's stipulation that they will be invested to provide a permanent source of income.

Grants and Contracts Receivable, Deferred Grant Revenue, and Fees and Grants from Federal Government Agencies

Revenue from government grants and contracts is generally considered to be subject to conditions that must be met before the Organization is entitled to funding. The Organization recognizes revenue from grants and contracts at estimated realizable amounts when all material barriers have been overcome in order for the Organization to be entitled to the funding. Typically these barriers are overcome when qualifying expenditures have been incurred or defined outcomes have been achieved, which is generally as services under the grants and contracts are performed. Revenues from grants and contracts whose conditions have been met are recorded as grants and contracts receivable until funded by the government agency. Certain grants and contracts provide for payments in advance based upon estimated costs incurred or billings based upon actual costs incurred plus allocated indirect costs. Funding received prior to the conditions being met is recorded as deferred grant revenue.

All grants and contracts receivable are considered collectible, therefore no allowance for doubtful accounts was recorded at September 30, 2021 and 2020.

There was no deferred grant revenue at September 30, 2021 and 2020.

Property and Equipment

Property and equipment purchases in excess of \$5,000 are capitalized and stated at cost when placed in service. Donated items are recorded at estimated fair market value. Maintenance and repairs are charged to activities when incurred. Depreciation is computed using the straight-line method over the estimated useful lives ranging from 3 to 10 years for software, furniture and equipment.

Disability Rights Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising Costs

Advertising costs are charged to operations in the period in which they are incurred. Advertising costs for both of the years ended September 30, 2021 and 2020 were \$-0-.

Allocation of Functional Expenses

The allocations of expenses shown on the statements of functional expenses were made first by direct allocation to either administrative or program services, then on the basis of time spent in the activity. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Concentrations

The Organization is primarily funded through direct federal grants. The Department of Health and Human Services provided 57% and 62% of the total public support and revenue during the years ended September 30, 2021 and 2020, respectively. The Department of Education provided 9% of the total public support and revenue during both of the years ended September 30, 2021 and 2020. The Social Security Administration provided 32% and 28% of the total public support and revenue during the years ended September 30, 2021 and 2020, respectively.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for income taxes has been made.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) for an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has evaluated their material tax positions and determined there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by tax authorities; however, there are currently no audits for any tax periods in progress. Management believes the Organization is no longer subject to income tax examinations for tax years prior to 2018.

Reclassifications

Certain reclassifications have been made to the 2020 financial statements in order to conform to the 2021 presentation with no effect on previously reported net assets or change in net assets.

**Disability Rights Iowa
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 GRANTS AND CONTRACTS RECEIVABLE AND FEES AND GRANTS FROM FEDERAL GOVERNMENT AGENCIES

The composition of grants and contracts receivable and fees and grants from federal government agencies is as follows:

	Grants and contracts <u>receivable</u>	Fees and grants from federal government <u>agencies</u>
<u>Year ended September 30, 2021</u>		
U.S. Department of Health and Human Services		
Protection and Advocacy for Individuals with Developmental Disabilities	\$ 12,995	\$ 419,807
Protection and Advocacy for Individuals with Mental Illness	29,181	462,658
Protection and Advocacy of Traumatic Brain Injury	5,760	32,928
Protection and Advocacy of Voting Access	6,586	34,339
Protection and Advocacy of Assistive Technology	3,753	54,696
Protection and Advocacy for Access to COVID-19 Vaccines	3,345	8,216
 U.S. Department of Education		
Protection and Advocacy of Individual Rights	8,757	150,984
 Social Security Administration		
Protection and Advocacy for Beneficiaries of Social Security	15,592	106,231
Protection and Advocacy for Benefits Representative Payee	7,795	285,858
Work Incentives Planning and Assistance	<u>3,002</u>	<u>164,070</u>
 Totals	 <u>\$ 96,766</u>	 <u>\$1,719,787</u>
<u>Year ended September 30, 2020</u>		
U.S. Department of Health and Human Services		
Protection and Advocacy for Individuals with Developmental Disabilities	\$ 15,041	\$ 470,373
Protection and Advocacy for Individuals with Mental Illness	32,690	410,909
Protection and Advocacy of Traumatic Brain Injury	5,779	54,544
Protection and Advocacy of Voting Access	9,357	108,413
Protection and Advocacy of Assistive Technology	4,733	38,633
 U.S. Department of Education		
Protection and Advocacy of Individual Rights	8,420	161,149
 Social Security Administration		
Protection and Advocacy for Beneficiaries of Social Security	15,959	106,316
Protection and Advocacy for Benefits Representative Payee	7,997	211,340
Work Incentives Planning and Assistance	<u>1,240</u>	<u>159,049</u>
 Totals	 <u>\$ 101,216</u>	 <u>\$1,720,726</u>

**Disability Rights Iowa
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of September 30, 2021 and 2020:

	2021	2020
Furniture and equipment	\$ 10,472	\$ 10,472
Less accumulated depreciation	<u>(10,472)</u>	<u>(10,472)</u>
Property and equipment, net	<u>\$ —</u>	<u>\$ —</u>

NOTE 4 LINE OF CREDIT

The Organization has a \$50,000 line of credit with Bankers Trust Company (the Bank), maturing August 3, 2022. Interest is payable monthly at the Wall Street Journal Prime Rate plus 1.50 percent, which totaled 4.75 percent at September 30, 2021. The Organization had \$-0- outstanding on this line of credit at September 30, 2021 and 2020.

NOTE 5 LITIGATION REIMBURSEMENTS

In performing its purpose of protection and advocacy of the rights of persons with disabilities, the Organization pursues various legal remedies on behalf of persons in the State of Iowa. Accordingly, the Organization does receive reimbursements for costs incurred in the settlement of some cases. These litigation reimbursements are considered program income under guidelines established by the federal agencies that primarily fund the Organization through federal awards. This income is available to be spent in furtherance of the goals and objectives of some cases. For the years ended September 30, 2021 and 2020, the Organization received \$14,355 and \$14,129, respectively, in litigation reimbursements.

NOTE 6 RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions are derived from litigation reimbursements, which are considered program income and are required to be spent in accordance with the applicable grant requirements. At September 30, 2021 and 2020, net assets were restricted for the following programs:

	2021	2020
Protection and Advocacy for Individuals with Developmental Disabilities	\$ 22,367	\$ 12,229
Protection and Advocacy for Individuals with Mental Illness	<u>5,754</u>	<u>1,537</u>
	<u>\$ 28,121</u>	<u>\$ 13,766</u>

**Disability Rights Iowa
NOTES TO FINANCIAL STATEMENTS**

**Preliminary Draft
For Discussion
Only**

NOTE 7 LIQUIDITY

The Organization's financial assets available within one year of the statement of financial position date of September 30, 2021 and 2020 for general expenditure are as follows:

	2021	2020
Cash	\$ 71,215	\$ 53,765
Grants and contracts receivable	96,766	101,216
	\$ 167,981	\$ 154,981

The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, a cash flow line of credit of up to \$50,000 is available to draw upon in the event of an unanticipated liquidity need.

NOTE 8 RETIREMENT PLAN

The Organization sponsors a 403(b) Salary Deferral Plan which covers all eligible employees. Employees who have attained the age of 18 are eligible to participate in the plan for salary deferral immediately. The Organization contributes 5% of eligible employee wages after one year of service. Total contributions to the plan were \$55,130 and \$51,050 for the years ended September 30, 2021 and 2020, respectively.

NOTE 9 OPERATING LEASES

The Organization entered into lease agreements for office facilities that expired on May 31, 2020. Total base monthly payments under the agreements were \$4,789 per month plus a proportionate amount for common operating expenses and taxes of approximately \$4,600 per month.

The Organization entered into a new office facilities lease that began on June 1, 2020 and will expire May 31, 2030. Total base monthly payments under the agreement are \$10,096 and will increase each year by approximately 2.3%. Total office lease expense charged to program expenses for 2021 and 2020 was \$122,057 and \$115,479, respectively.

The Organization also leases various office equipment under noncancellable operating leases expiring January 31, 2023.

Future minimum lease payments are as follows:

Year ending September 30

2022	\$ 132,384
2023	128,265
2024	130,483
2025	133,414
2026	136,428
Thereafter	526,666
Total	\$1,187,640

NOTE 10 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through January 12, 2022, the date which the financial statements were available to be issued. There were no subsequent events required to be accrued or disclosed.

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SUPPLEMENTARY INFORMATION

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Disability Rights Iowa
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CASH BASIS
Year ended September 30, 2021

<u>Federal grantor/pass-through grantor/grant description</u>	<u>Assistance listing number</u>	<u>Agency or pass-through number</u>	<u>Federal expenditures</u>
US Department of Health and Human Services			
<i>Direct Award</i>			
Development Disabilities Basic Support and Advocacy Grants	93.630	2001IAPADD 2101IAPADD	\$ 143,485 <u>278,367</u> <u>421,852</u>
Expanding Disabilities Network's Access to COVID-19 Vaccines	93.630	2101IAPAC5	<u>4,871</u>
Protection and Advocacy for Individuals with Mental Illness	93.138	6X98SM001997 6X98SM083846	205,937 <u>260,230</u> <u>466,167</u>
Protection and Advocacy for Persons with Traumatic Brain Injury	93.873	2001IAPATB 2101IAPATB	17,814 <u>15,132</u> <u>32,946</u>
Voting Access for Individuals with Disabilities – Grants for Protection and Advocacy Systems	93.618	2001IAPAVA 2101IAPAVA	26,115 <u>10,995</u> <u>37,110</u>
Subtotal direct programs			<u>962,946</u>
<i>Passed through The University of Iowa</i>			
Protection and Advocacy of Assistive Technology	93.843	1901IAPAAT 2001IAPAAT	11,048 <u>43,750</u> <u>54,798</u>
Total US Department of Health and Human Services			<u>1,017,744</u>
US Department of Education			
<i>Direct Award</i>			
Protection and Advocacy of Individual Rights	84.240	H240A200016 H240A210016	45,044 <u>105,602</u> <u>150,646</u>
Total US Department of Education			<u>150,646</u>
Social Security Administration			
<i>Direct Award</i>			
Protection and Advocacy for Beneficiaries of Social Security	96.009	PAB19020336-01 PAB19020336	26,793 <u>79,805</u> <u>106,598</u>
Protection and Advocacy for Benefits Representative Payee	96.009	SPS18000018-02 SPS18000018-03	87,190 <u>198,869</u> <u>286,059</u>
Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries	96.008 96.008	WIP15050441-06 WIP21050490-01	112,706 <u>49,604</u> <u>162,310</u> <u>554,967</u>
Total Social Security Administration			<u>554,967</u>
Total expenditures of federal awards			<u>\$1,723,357</u>

See Independent Auditor's Report and Notes to Schedule of Expenditures of Federal Awards - Cash Basis

Disability Rights Iowa
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CASH BASIS

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of Disability Rights Iowa under programs of the federal government for the year ended September 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not intended to, and does not, present the financial position, change in net assets, or cash flows of Disability Rights Iowa.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular 122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 INDIRECT COST RATE

Disability Rights Iowa has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

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

Board of Directors
Disability Rights Iowa
Des Moines, Iowa

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 Rights Iowa (a nonprofit organization), which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated January 12, 2022.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Disability Rights Iowa'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*.

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 Rights Iowa's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Disability Rights Iowa's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DENMAN & COMPANY, LLP

West Des Moines, Iowa
January 12, 2022

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

Board of Directors
Disability Rights Iowa
Des Moines, Iowa

Report on Compliance for Each Major Federal Program

We have audited Disability Rights Iowa's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Disability Rights Iowa's major federal program for the year ended September 30, 2021. Disability Rights Iowa's major federal program is identified in the summary of independent auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Disability Rights Iowa'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 occurred. An audit includes examining, on a test basis, evidence about Disability Rights Iowa'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 Rights Iowa's compliance.

Opinion on Each Major Federal Program

In our opinion, Disability Rights Iowa complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2021.

Report on Internal Control Over Compliance

Management of Disability Rights Iowa 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 Rights Iowa's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Disability Rights Iowa'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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

DENMAN & COMPANY, LLP

West Des Moines, Iowa
January 12, 2022

**Disability Rights Iowa
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended September 30, 2021**

SECTION I – SUMMARY OF INDEPENDENT AUDITOR’S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: **Unmodified opinion**

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None Reported

Type of auditor’s report issued on compliance for major federal programs: **Unmodified opinion**

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

Identification of major federal programs: **Assistance Listing Number 93.630 – Development Disabilities Basic Support and Advocacy Grants and Expanding Disabilities Network’s Access to COVID-19 Vaccines**

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 – FINDINGS RELATED TO THE FINANCIAL STATEMENTS

Internal Control Deficiencies – No matters were noted.

Instances of Noncompliance – No matters were noted.

SECTION III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Internal Control Deficiencies – No matters were noted.

Instances of Noncompliance – No matters were noted.