

**Preliminary Draft
For Discussion Only**

**Disability Rights Iowa
Des Moines, Iowa**

FINANCIAL REPORT

September 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Disability Rights Iowa
Des Moines, Iowa

Opinion

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, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As described in Note 12 to the financial statements, Disability Rights Iowa adopted new accounting guidance related to Accounting Standards Codification No. 842, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Disability Rights Iowa's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Disability Rights Iowa's ability to continue as a going concern for a reasonable period of time.

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

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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2024, 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 CPA LLP

West Des Moines, Iowa
January 19, 2024

**Disability Rights Iowa
STATEMENTS OF FINANCIAL POSITION**

	September 30	
ASSETS	2023	2022
CURRENT ASSETS		
Cash	\$ 228,333	\$ 248,081
Grants receivable	113,617	120,333
Other receivables	-	600
Prepaid expenses	14,160	9,214
Total current assets	<u>356,110</u>	<u>378,228</u>
OTHER ASSETS		
Security deposit	12,336	12,336
Beneficial interest in net assets of Community Foundation of Greater Des Moines	372,546	331,087
Certificate of deposit	77,645	-
Operating lease right-of-use assets	806,936	-
Total other assets	<u>1,269,463</u>	<u>343,423</u>
Totals	<u>\$1,625,573</u>	<u>\$ 721,651</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 4,271	\$ 7,566
Accrued salaries and related expenses	55,451	63,162
Accrued vacation pay	51,133	48,853
Deferred revenue	19,180	13,940
Operating lease liabilities, current portion	121,512	-
Total current liabilities	<u>251,547</u>	<u>133,521</u>
NONCURRENT LIABILITIES		
Operating lease liability	775,490	-
Total noncurrent liabilities	<u>775,490</u>	<u>-</u>
NET ASSETS		
Net assets without donor restrictions	461,893	559,140
Net assets with donor restrictions	136,643	28,990
Total net assets	<u>598,536</u>	<u>588,130</u>
Totals	<u>\$1,625,573</u>	<u>\$ 721,651</u>

See Notes to Financial Statements.

**Disability Rights Iowa
STATEMENTS OF ACTIVITIES**

	<u>Year ended September 30, 2023</u>			<u>Year ended September 30, 2022</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	\$1,943,568	\$ –	\$1,943,568	\$1,852,581	\$ –	\$1,852,581
Litigation award	–	–	–	572,297	–	572,297
Contributions	7,259	–	7,259	19,346	–	19,346
Change in beneficial interest	31,396	–	31,396	(66,913)	–	(66,913)
Interest income	13,586	1,116	14,702	694	31	725
Attorney fees	–	107,415	107,415	572,297	–	572,297
Miscellaneous income	20,237	2,960	23,197	1,060	968	2,028
Net assets released from restriction	3,838	(3,838)	–	130	(130)	–
Total public support and revenue	<u>2,019,884</u>	<u>107,653</u>	<u>2,127,537</u>	<u>2,379,195</u>	<u>869</u>	<u>2,380,064</u>
EXPENSES						
Program services						
Protection and Advocacy for Individuals with Mental Illness	442,555	–	442,555	355,256	–	355,256
Protection and Advocacy for Individuals with Developmental Disabilities	345,936	–	345,936	395,043	–	395,043
Protection and Advocacy of Individual Rights	195,163	–	195,163	167,525	–	167,525
Protection and Advocacy of Traumatic Brain Injury	46,026	–	46,026	60,588	–	60,588
Protection and Advocacy of Voting Access	52,824	–	52,824	26,140	–	26,140
Protection and Advocacy for Beneficiaries of Social Security	86,050	–	86,050	98,804	–	98,804
Protection and Advocacy of Assistive Technology	33,297	–	33,297	34,776	–	34,776
Work Incentives Planning and Assistance	253,922	–	253,922	238,290	–	238,290
Protection and Advocacy for Benefits Representative Payee	213,091	–	213,091	230,990	–	230,990
Protection and Advocacy for Access to COVID-19 Vaccines	–	–	–	28,590	–	28,590
Expanding the Public Health Workforce	35,720	–	35,720	4,937	–	4,937
Other services	79,245	–	79,245	23,510	–	23,510
Total program services	<u>1,783,829</u>	<u>–</u>	<u>1,783,829</u>	<u>1,664,449</u>	<u>–</u>	<u>1,664,449</u>
Supporting services						
Management and general	<u>333,302</u>	<u>–</u>	<u>333,302</u>	<u>212,106</u>	<u>–</u>	<u>212,106</u>
Total supporting services	<u>333,302</u>	<u>–</u>	<u>333,302</u>	<u>212,106</u>	<u>–</u>	<u>212,106</u>
Total expenses	<u>2,117,131</u>	<u>–</u>	<u>2,117,131</u>	<u>1,876,555</u>	<u>–</u>	<u>1,876,555</u>
CHANGE IN NET ASSETS	(97,247)	107,653	10,406	502,640	869	503,509
NET ASSETS , beginning of year	<u>559,140</u>	<u>28,990</u>	<u>588,130</u>	<u>56,500</u>	<u>28,121</u>	<u>84,621</u>
NET ASSETS , end of year	<u>\$ 461,893</u>	<u>\$ 136,643</u>	<u>\$ 598,536</u>	<u>\$ 559,140</u>	<u>\$ 28,990</u>	<u>\$ 588,130</u>

See Notes to Financial Statements.

**Disability Rights Iowa
STATEMENT OF FUNCTIONAL EXPENSES
Year ended September 30, 2023**

	<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	\$ 288,194	\$ 222,106	\$ 125,731	\$ 29,503	\$ 28,333	\$ 55,685
Employee benefits	31,855	24,161	12,613	3,782	3,535	5,791
Payroll taxes	<u>21,255</u>	<u>16,445</u>	<u>9,451</u>	<u>2,305</u>	<u>2,068</u>	<u>4,123</u>
Total salaries and related expenses	341,304	262,712	147,795	35,590	33,936	65,599
Professional fees and contract services	21,271	17,417	11,073	2,070	2,844	4,234
Supplies	1,549	1,387	778	165	176	576
Telephone	1,269	1,062	662	135	153	264
Postage and shipping	346	290	181	36	42	62
Occupancy	34,900	29,007	16,199	3,779	4,111	6,363
Public information and outreach	4,534	2,218	655	185	3,140	516
Travel and transportation	5,844	5,431	2,131	371	5,064	1,862
Conferences and staff development	2,394	1,226	727	139	162	240
Subscriptions and publications	4,695	4,748	1,738	594	-	1,000
Insurance	9,458	7,904	4,539	1,017	1,170	1,773
Organization dues	5,038	4,421	2,558	528	771	1,008
Equipment, repairs and maintenance	5,827	5,491	3,196	595	849	1,338
Monitoring, investigation and client work	3,483	2,185	2,559	808	406	974
Miscellaneous	<u>643</u>	<u>437</u>	<u>372</u>	<u>14</u>	<u>-</u>	<u>241</u>
Total expenses	<u>\$ 442,555</u>	<u>\$ 345,936</u>	<u>\$ 195,163</u>	<u>\$ 46,026</u>	<u>\$ 52,824</u>	<u>\$ 86,050</u>

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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	Expanding the Public Health Workforce	Other Services	Total Program Services	Management and General	Total Expenses
\$ 20,680	\$ 169,534	\$ 130,919	\$ -	\$ 20,742	\$ 63,557	\$1,154,984	\$ 182,607	\$1,337,591
3,158	28,373	18,700	-	2,802	2,498	137,268	19,986	157,254
<u>1,613</u>	<u>11,994</u>	<u>9,281</u>	<u>-</u>	<u>1,517</u>	<u>3,889</u>	<u>83,941</u>	<u>13,319</u>	<u>97,260</u>
25,451	209,901	158,900	-	25,061	69,944	1,376,193	215,912	1,592,105
1,865	14,636	12,178	-	2,120	3,276	92,984	6,553	99,537
153	579	557	-	173	14	6,107	770	6,877
102	1,096	438	-	134	10	5,325	558	5,883
30	1,185	103	-	39	3	2,317	237	2,554
3,132	364	10,433	-	3,612	249	112,149	105,549	217,698
98	4,185	249	-	51	51	15,882	228	16,110
75	5,319	7,317	-	284	2,121	35,819	133	35,952
141	7,998	658	-	151	535	14,371	313	14,684
-	-	-	-	-	-	12,775	103	12,878
897	6,449	4,925	-	989	72	39,193	53	39,246
166	1,662	1,891	-	420	77	18,540	23	18,564
724	56	1,781	-	653	51	20,561	2,862	23,423
283	492	13,661	-	2,033	6	26,890	-	26,890
<u>180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,836</u>	<u>4,723</u>	<u>8</u>	<u>4,731</u>
<u>\$ 33,297</u>	<u>\$ 253,922</u>	<u>\$ 213,091</u>	<u>\$ -</u>	<u>\$ 35,720</u>	<u>\$ 79,245</u>	<u>\$1,783,829</u>	<u>\$ 333,302</u>	<u>\$2,117,131</u>

See Notes to Financial Statements.

**Disability Rights Iowa
STATEMENT OF FUNCTIONAL EXPENSES
Year ended September 30, 2022**

	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	\$ 230,111	\$ 261,262	\$ 110,523	\$ 39,668	\$ 15,829	\$ 63,725
Employee benefits	24,800	25,587	11,161	4,146	1,477	8,325
Payroll taxes	<u>16,965</u>	<u>18,963</u>	<u>8,053</u>	<u>2,903</u>	<u>1,155</u>	<u>4,696</u>
Total salaries and related expenses	271,876	305,812	129,737	46,717	18,461	76,746
Professional fees and contract services	18,167	22,869	8,400	3,425	948	5,473
Supplies	1,684	1,786	740	304	68	487
Telephone	1,304	1,481	627	239	71	414
Postage and shipping	340	387	164	55	26	108
Occupancy	26,950	30,690	13,047	4,784	1,800	8,566
Public information and outreach	4,697	2,072	687	353	200	774
Travel and transportation	5,226	4,564	1,659	540	3,268	633
Conferences and staff development	1,690	671	286	110	31	175
Subscriptions and publications	4,839	4,751	1,403	389	-	987
Insurance	7,414	8,497	3,620	1,335	504	2,361
Organization dues	4,601	4,833	2,095	735	576	1,095
Equipment, repairs and maintenance	3,116	3,536	1,503	629	120	985
Monitoring, investigation and client work	3,352	3,094	3,557	973	67	-
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>\$ 355,256</u>	<u>\$ 395,043</u>	<u>\$ 167,525</u>	<u>\$ 60,588</u>	<u>\$ 26,140</u>	<u>\$ 98,804</u>

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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	Expanding the Public Health Workforce	Other Services	Total Program Services	Management and General	Total Expenses
\$ 22,319	\$ 167,603	\$ 137,662	\$ 10,415	\$ 3,621	\$ 3,178	\$1,065,916	\$ 163,294	\$1,229,210
2,263	18,264	20,138	1,468	4	166	117,799	14,216	132,015
<u>1,668</u>	<u>12,215</u>	<u>9,691</u>	<u>802</u>	<u>217</u>	<u>159</u>	<u>77,487</u>	<u>12,135</u>	<u>89,622</u>
26,250	198,082	167,491	12,685	3,842	3,503	1,261,202	189,645	1,450,847
4,523	11,432	12,086	840	140	103	88,406	4,232	92,638
96	1,052	1,467	143	8	54	7,889	571	8,460
92	946	1,015	61	33	10	6,293	707	7,000
26	685	233	18	5	2	2,049	243	2,292
1,905	720	19,278	2,097	—	200	110,037	14,768	124,805
304	5,318	229	11,269	390	18,548	44,841	105	44,946
535	6,226	4,545	83	—	1	27,280	—	27,280
115	4,441	448	22	14	971	8,974	57	9,031
—	—	—	—	—	—	12,369	89	12,458
582	6,388	5,799	597	—	65	37,162	—	37,162
120	1,999	2,137	130	—	13	18,334	—	18,334
198	418	3,378	176	34	24	14,117	1,689	15,806
30	583	12,884	469	471	16	25,496	—	25,496
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<u>\$ 34,776</u>	<u>\$ 238,290</u>	<u>\$ 230,990</u>	<u>\$ 28,590</u>	<u>\$ 4,937</u>	<u>\$ 23,510</u>	<u>\$1,664,449</u>	<u>\$ 212,106</u>	<u>\$1,876,555</u>

**Disability Rights Iowa
STATEMENTS OF CASH FLOWS**

	Year ended September 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 10,406	\$ 503,509
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Change in beneficial interest in net assets of Community Foundation of Greater Des Moines	(41,459)	66,913
Reinvested interest	(2,645)	-
Changes in assets and liabilities		
Grants receivable	6,716	(23,567)
Other receivables	600	(600)
Prepaid expenses	(4,946)	323
Operating lease right-of-use asset, net of liability	90,066	-
Accounts payable	(3,295)	3,276
Accrued salaries and related expenses	(7,711)	9,606
Accrued vacation pay	2,280	1,466
Deferred revenue	<u>5,240</u>	<u>13,940</u>
Net cash flows from operating activities	<u>55,252</u>	<u>574,866</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	<u>(75,000)</u>	<u>(398,000)</u>
Net cash flows from investing activities	<u>(75,000)</u>	<u>(398,000)</u>
NET CHANGE IN CASH	(19,748)	176,866
CASH		
Beginning	<u>248,081</u>	<u>71,215</u>
Ending	<u>\$ 228,333</u>	<u>\$ 248,081</u>

**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 twenty-two, 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.

Expanding the Public Health Workforce – The American Rescue Plan Act of 2021 (ARPA) provided funding to recruit, hire, and train public health workers to respond to the COVID-19 pandemic and prepare for future public health challenges. ARPA directed that funds may be used to offset costs of hiring a range of public health professionals, including but not limited to social support professionals, community health workers, communication, and policy experts and “other positions as may be required to prevent, prepare for, and respond to COVID-19.” Professionals funded through this program may provide a wide range of public health services and supports, including culturally affirmative and linguistically accessible information, assistance with accessing vaccines (including boosters) and connecting to other services, transition and diversion from high-risk congregate settings to community living, health and wellness program, activities that address social isolation and social determinants of health, and other activities that support the public health and wellbeing of older adults and people with disabilities.

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. There is a total of \$372,546 and \$331,087 of assets designated by the Organization for endowment purposes as of September 30, 2023 and 2022, respectively.

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 and Contract 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.

**Disability Rights Iowa
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants and Contracts Receivable, Deferred Grant and Contract Revenue, and Fees and Grants from Federal Government Agencies (continued)

All grants and contracts receivable were evaluated and considered collectible, therefore no allowance for doubtful accounts was recorded at September 30, 2023 and 2022.

There was \$19,180 and \$13,940 of deferred grant and contract revenue at September 30, 2023 and 2022, respectively.

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.

Beneficial Interest in Net Assets of Community Foundation of Greater Des Moines

The Organization recognizes its interest in the net assets of Community Foundation of Greater Des Moines (CFGDM) as an asset fair value. Distributions received from CFGDM decrease this asset, and transfers to CFGDM increase this asset. The Organization recognizes the changes in its interest in the net assets of CFGDM on the statements of activities as investment income or loss.

Certificate of Deposit

The Organization carries an investment in a certificate of deposit, held in a federally insured financial institution, with a readily determinable fair value and at its fair value in the statements of financial position. Interest earned on the certificate of deposit is included on the statements of activities as interest income.

Advertising Costs

Advertising costs are charged to operations in the period in which they are incurred. There were no advertising costs during either of the years ended September 30, 2023 and 2022.

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 51% and 43% of the total public support and revenue during the years ended September 30, 2023 and 2022, respectively. The Department of Education provided 10% and 8% of the total public support and revenue during the years ended September 30, 2023 and 2022, respectively. The Social Security Administration provided 30% and 27% of the total public support and revenue during the years ended September 30, 2023 and 2022, 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.

**Disability Rights Iowa
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2020.

NOTE 2 GRANTS RECEIVABLE AND GRANT REVENUE

The composition of grants receivable and grant revenue is as follows:

	<u>September 30, 2023</u>		<u>September 30, 2022</u>	
	<u>Grants receivable</u>	<u>Grant revenue</u>	<u>Grants receivable</u>	<u>Grant revenue</u>
U.S. Department of Health and Human Services				
Protection and Advocacy for Individuals with Developmental Disabilities	\$ 12,940	\$ 394,744	\$ 13,880	\$ 444,324
Protection and Advocacy for Individuals with Mental Illness	32,084	503,413	31,116	397,692
Protection and Advocacy of Traumatic Brain Injury	5,417	52,703	5,237	67,661
Protection and Advocacy of Voting Access	8,409	60,028	8,759	30,108
Protection and Advocacy of Assistive Technology	7,593	38,667	15,805	39,191
Protection and Advocacy for Access to COVID-19 Vaccines	-	-	-	31,493
Expanding the Public Health Workforce	495	41,722	2,099	5,780
U.S. Department of Education				
Protection and Advocacy of Individual Rights	10,062	219,497	11,106	188,632
Social Security Administration				
Protection and Advocacy for Beneficiaries of Social Security	18,567	97,290	16,468	112,549
Protection and Advocacy for Benefits Representative Payee	11,677	244,452	7,915	263,362
Work Incentives Planning and Assistance	<u>6,373</u>	<u>291,052</u>	<u>7,948</u>	<u>271,789</u>
Totals	<u>\$ 113,617</u>	<u>\$1,943,568</u>	<u>\$ 120,333</u>	<u>\$1,852,581</u>

NOTE 3 LITIGATION AWARD

During the year ended September 30, 2022, the Organization received litigation award proceeds totaling \$572,297. The litigation involved a case brought against Iowa officials responsible for the administration of the Boys State Training School in Eldora, Iowa, by the Organization and other concerned parties. The case centered on the evidential improper mental health care being provided at the School.

Subsequent to September 30, 2022, the Organization received additional proceeds related to this award, for various fees covered in the award. These proceeds totaled approximately \$86,000 and are included within attorney fees revenue during the fiscal year ended September 30, 2023.

**Disability Rights Iowa
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 BENEFICIAL INTEREST IN NET ASSETS OF COMMUNITY FOUNDATION OF GREATER DES MOINES AND FAIR VALUE MEASUREMENTS

During the year ended September 30, 2022, the Organization transferred \$398,000 to the Community Foundation of Greater Des Moines (CFGDM) under an agency agreement. The transferred assets are held in the CFGDM's Indexed Growth Portfolio pooled fund and managed by CFGDM. The Organization may request distributions from the fund of up to 5% of the fund's balance at December 31 of the previous year.

The Organization follows the Fair Value Measurements and Disclosures Topic of the FASB *Accounting Standard Codification*, which establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs used to measure fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Beneficial interest in assets held by Community Foundation of Greater Des Moines – The Organization holds a share of the pooled funds held by the Community Foundation of Greater Des Moines and not direct ownership of the underlying investments. Although the pooled funds include investments in equity, fixed income, real assets, and other marketable securities, the pool itself is not a publicly traded instrument. Management estimates the fair value of its pooled investments at the statement of financial position date based on its relative ownership investment in the pool. All funds at the Community Foundation of Greater Des Moines are measured at fair value using the net asset value per share, or its equivalent practical expedient.

	<u>Fair value as of</u> <u>September 30</u>		<u>Unfunded</u> <u>commitments</u>	<u>Redemption</u> <u>frequency</u> <u>(if currently</u> <u>eligible)</u>	<u>Redemption</u> <u>notice period</u>
	<u>2023</u>	<u>2022</u>			
Beneficial interest in assets held at Community Foundation of Greater Des Moines Indexed Growth Portfolio	\$ <u>372,546</u>	\$ <u>331,087</u>	None	Daily	None

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
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 6 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, 2023 and 2022, the Organization received \$1,280 and \$968, respectively, in litigation reimbursements, which are included in miscellaneous income.

**Disability Rights Iowa
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 NET ASSETS WITHOUT DONOR RESTRICTIONS

The Organization has total net assets without donor restrictions totaling \$461,893 and \$559,140 as of September 30, 2023 and 2022, respectively. The Organization has set aside funds for endowment purposes, which are board designated, and included in net assets without donor restrictions as of September 30, 2023 and 2022, as follows:

	2023	2022
Disability Rights Iowa Endowment – CFGDM	\$ <u>372,546</u>	\$ <u>331,087</u>

The Organization's endowment fund consists of investments of board designated assets to provide a source of long term income for maintenance of the Organization. The amounts invested are reported as Beneficial Interest in net assets of Community Foundation on the Statements of Financial Position as of September 30, 2023 and 2022.

The Disability Rights Iowa Board of Directors has designated funds that are functioning as endowments and there is no donor-imposed restriction on the spending of these funds. The Organization approves an amount from the endowment fund to be spent on operations. Investment management expenses of \$1,855 and \$844 were paid from the endowment fund during 2023 and 2022, respectively.

A summary of changes in the endowment fund net assets is as follows:

	September 30	
	2023	2022
<u>Without donor restrictions (board designated)</u>		
Beginning of year	\$ 331,087	\$ –
Contributions	–	398,000
Change in beneficial interest and interest income	<u>41,459</u>	<u>(66,913)</u>
End of year	\$ <u>372,546</u>	\$ <u>331,087</u>

Change in beneficial interest for the year ended September 30, 2023 consists of interest income earned of \$10,063, plus endowment fund gains of \$31,396, for a net total of \$41,459. Change in beneficial interest for the year ended September 30, 2022 consists of interest income earned of \$725, reduced by endowment fund losses of \$66,913, for a net total of \$(66,188).

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

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, 2023 and 2022, net assets were restricted for the following programs:

	2023	2022
Protection and Advocacy for Individuals with Developmental Disabilities	\$ 37,175	\$ 23,118
Protection and Advocacy for Individuals with Mental Illness	<u>99,468</u>	<u>5,872</u>
	\$ <u>136,643</u>	\$ <u>28,990</u>

**Disability Rights Iowa
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 RETIREMENT PLAN

The Organization sponsors a 403(b) Salary Deferral Plan which covers all eligible employees. Employees who have attained the age of eighteen 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 \$55,717 and \$50,471 for the years ended September 30, 2023 and 2022, respectively.

NOTE 10 LEASES

The Organization has entered into a lease for office space with a remaining useful life of seven years at September 30, 2023, and a lease for office equipment with a remaining lease term of five years at September 30, 2023.

The components of lease expense for the year ended September 30, 2023 were as follows:

Operating lease cost	\$ <u>130,861</u>
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Lease cost of \$125,539 and \$5,322 is included in occupancy and equipment expenses on the statement of functional expenses.

Supplemental cash flow information related to leases for the year ended September 30, 2023 was as follows:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	\$ <u>130,861</u>

Supplemental consolidated statement of financial position information related to leases as of September 30, 2023 was as follows:

Operating Leases	
Operating lease right-of-use assets	\$ <u>806,936</u>
Operating lease liabilities, current portion	\$ 121,512
Operating lease liabilities, noncurrent portion	<u>775,490</u>
Total operating lease liability	\$ <u>897,002</u>

Weighted average lease term and discount rate as of September 30, 2023 were as follows:

Weighted Average Remaining Lease Term	
Operating leases	6.60 years
Weighted Average Discount Rate	
Operating leases	1.78%

**Disability Rights Iowa
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 LEASES (continued)

The following table outlines maturities on the Organization's operating lease liabilities as of September 30, 2023:

Year ending September 30

2024	\$ 136,288
2025	139,220
2026	142,234
2027	145,288
2028	143,123
Thereafter	<u>244,545</u>
Total lease payments	950,698
Less imputed interest	<u>53,696</u>
 Total operating lease liabilities	 <u>\$ 897,002</u>

Lease expense for office space totaling \$131,244 and lease expense for office equipment totaling \$5,430 was recognized during the year ended September 30, 2022 in accordance with historical lease accounting treatment.

NOTE 11 LIQUIDITY

The Organization's financial assets available within one year of the statement of financial position date of September 30, 2023 and 2022 for general expenditure are as follows:

	2023	2022
Cash	\$ 228,333	\$ 248,081
Grants and contracts receivable	113,617	120,333
Other receivables	<u>—</u>	<u>600</u>
	<u>\$ 341,950</u>	<u>\$ 369,014</u>

The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 12 CHANGE IN ACCOUNTING PRINCIPLE

Effective October 1, 2022, the Organization adopted FASB ASC 842, *Leases*. The new standard establishes a right of use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the consolidated statement of financial position for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated statement of activities. Leases with a term of less than 12 months will not record a right of use asset and lease liability, and the payments will be recognized into profit or loss on a straight-line basis over the lease term.

The Organization elected to adopt FASB ASC 842, *Leases*, using the optional transition method that allows the Organization to initially apply the new lease standard at the adoption date and recognize a cumulative effect adjustment to the opening balance of net assets in the period of adoption. This cumulative adjustment was material to the Organization's financial statements. Results for periods beginning prior to October 1, 2022 continue to be reported in accordance with historical lease accounting treatment.

**Disability Rights Iowa
NOTES TO FINANCIAL STATEMENTS**

NOTE 12 CHANGE IN ACCOUNTING PRINCIPLE (continued)

The Organization elected to adopt the package of practical expedients available under the transition guidance with the new standard. This package includes the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract.

NOTE 13 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through January 19, 2024, the date which the financial statements were available to be issued. There were no subsequent events required to be accrued or disclosed.

SUPPLEMENTARY INFORMATION

Disability Rights Iowa
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CASH BASIS
Year ended September 30, 2023

<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	2300IAPADD 2201IAPADD	\$ 287,536 <u>108,147</u> <u>395,683</u>
Expanding the Public Health Workforce withing the Disabilities Network	93.630	2201IAPAPH	<u>43,326</u>
Protection and Advocacy for Individuals with Mental Illness	93.138	1X98SM087400-01 6X98SM085932	280,432 <u>222,013</u> <u>502,445</u>
Protection and Advocacy for Persons with Traumatic Brain Injury	93.873	2301IAPATB 2201IAPATB	35,840 <u>16,683</u> <u>52,523</u>
Voting Access for Individuals with Disabilities – Grants for Protection and Advocacy Systems	93.618	2101IAPAVA 2201IAPAVA	57,469 <u>2,909</u> <u>60,378</u>
Subtotal direct programs			<u>1,054,355</u>
<i>Passed through The University of Iowa</i>			
Protection and Advocacy of Assistive Technology	93.843	2201IAPAAT	<u>38,668</u>
Total US Department of Health and Human Services			<u>1,093,023</u>
US Department of Education			
<i>Direct Award</i>			
Protection and Advocacy of Individual Rights	84.240	H240A230016 H240A220016	149,795 <u>70,746</u> <u>220,541</u>
Total US Department of Education			<u>220,541</u>
Social Security Administration			
<i>Direct Award</i>			
Protection and Advocacy for Beneficiaries of Social Security	96.009	PAB19020336-02 PAB19020336-01	41,893 <u>53,298</u> <u>95,191</u>
Protection and Advocacy for Benefits Representative Payee	96.009	SPS23000090-01 SPS18000018-05	7,165 <u>233,524</u> <u>240,689</u>
Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries	96.008	WIP21050490-01 WIP21050490-02 WIP21050490-03	26,598 208,359 <u>57,670</u> <u>292,627</u> <u>628,507</u>
Total Social Security Administration			<u>628,507</u>
Total expenditures of federal awards			<u>\$1,942,071</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
Year ended September 30, 2023

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, 2023. 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.

**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, 2023, 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 19, 2024.

Report on 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.

Report on 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 CPA LLP

West Des Moines, Iowa
January 19, 2024

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL 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

Opinion on Each Major Federal Program

We have audited Disability Rights Iowa's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Disability Rights Iowa's major federal program for the year ended September 30, 2023. 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.

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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2, U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Disability Rights Iowa's compliance with the compliance requirements referred to above and performing other such procedures as we considered necessary in the circumstances.
- Obtain an understanding of Disability Rights Iowa's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Disability Rights Iowa's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Denman CPA LLP

West Des Moines, Iowa
January 19, 2024

**Disability Rights Iowa
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended September 30, 2023**

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.**

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.