

**DISABILITY RIGHTS MICHIGAN
AND SUPPORTING ORGANIZATION**

**REPORT ON CONSOLIDATED
FINANCIAL STATEMENTS
(with supplementary information)**

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Disability Rights Michigan

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Disability Rights Michigan and Supporting Organization (a nonprofit corporation), which comprise the consolidated statements of financial position as of September 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Disability Rights Michigan and Supporting Organization as of September 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, as identified in the table of contents and the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the financial statements. The consolidating statements are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and change in net assets of the individual companies, and it is not a required part of the consolidated 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 audits 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 5, 2021, on our consideration of Disability Rights Michigan and Supporting Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Michigan and Supporting Organization's internal control over financial reporting and compliance.

Manes Costeiran PC

January 5, 2021

**DISABILITY RIGHTS MICHIGAN
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2020 AND 2019**

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 398,906	\$ 354,679
Investments	558,000	908,000
Grants and contracts receivable		
Federal	530,239	506,616
State and other	14,470	11,363
Prepaid expenses	40,307	55,624
TOTAL CURRENT ASSETS	1,541,922	1,836,282
PROPERTY AND EQUIPMENT, net of accumulated depreciation	1,978,483	31,662
TOTAL ASSETS	\$ 3,520,405	\$ 1,867,944
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 26,642	\$ 29,327
Refundable advances	647,087	658,702
Accrued payroll and related	288,869	221,248
Accrued lease payable	-	88,648
Note payable, current portion	50,606	-
TOTAL CURRENT LIABILITIES	1,013,204	997,925
NOTE PAYABLE, less current portion	1,513,263	-
TOTAL LIABILITIES	2,526,467	997,925
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Undesignated	962,593	766,419
Designated	31,345	55,804
NET ASSETS WITH DONOR RESTRICTIONS	-	47,796
TOTAL NET ASSETS	993,938	870,019
TOTAL LIABILITIES AND NET ASSETS	\$ 3,520,405	\$ 1,867,944

See notes to financial statements.

**DISABILITY RIGHTS MICHIGAN
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

	2020	2019
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES		
Federal grants	\$ 4,199,384	\$ 4,065,621
State grants	194,400	194,400
Other	53,824	48,985
Net assets released from restrictions	47,796	-
TOTAL REVENUES	4,495,404	4,309,006
EXPENSES		
Program services		
Developmental Disabilities Basic Support and Advocacy Grants	950,018	1,217,891
Protection and Advocacy for Individuals with Mental Illness	944,026	896,091
State Grants for Protection and Advocacy Services	54,110	43,575
Voting Access for Individuals with Disabilities -		
Grants for Protection and Advocacy Systems	113,687	113,879
ACL Assistive Technology State Grants for Protection and Advocacy	88,051	92,170
ACL National Institute on Disability, Independent Living,		
and Rehabilitation Research	11,606	18,075
Protection and Advocacy of Individual Rights	355,276	269,120
Rehabilitation Services Client Assistance Program	271,787	318,622
Social Security State Grants for Work Incentives Assistance		
to Disabled Beneficiaries	131,360	138,362
Social Security State Grants for Work Incentives Assistance		
to Disabled Beneficiaries - Rep Payee Review Project	616,832	538,805
Advocacy for Developmental Disabilities/Mental Illness	160,830	175,543
Other	150,228	-
Total program services	3,847,811	3,822,133
Supporting services		
Management and general	473,397	473,883
Fundraising	2,481	4,145
Total supporting services	475,878	478,028
TOTAL EXPENSES	4,323,689	4,300,161
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	171,715	8,845
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	-	47,796
Net assets released from restrictions	(47,796)	-
CHANGES IN NET ASSETS	123,919	56,641
NET ASSETS, beginning of year	870,019	813,378
NET ASSETS, end of year	\$ 993,938	\$ 870,019

See notes to financial statements.

**DISABILITY RIGHTS MICHIGAN
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

	2020					2019				
	Total Program Services	Supporting Services			Total	Total Program Services	Supporting Services			Total
		Management and General	Fundraising	Total Supporting Services			Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 2,304,546	\$ 267,109	\$ 1,016	\$ 268,125	\$ 2,572,671	\$ 2,063,975	\$ 264,267	\$ 2,046	\$ 266,313	\$ 2,330,288
Fringe benefits	661,540	49,576	356	49,932	711,472	637,285	53,031	676	53,707	690,992
Payroll taxes	133,912	19,603	77	19,680	153,592	150,668	19,293	154	19,447	170,115
Contracted services	126,847	84,688	-	84,688	211,535	96,835	59,841	377	60,218	157,053
Conferences, meetings and travel	71,268	8,233	51	8,284	79,552	178,961	20,441	94	20,535	199,496
Occupancy/utilities	74,930	386	-	386	75,316	327,533	20,463	-	20,463	347,996
Repairs and maintenance	48,964	3,101	-	3,101	52,065	33,936	572	-	572	34,508
Supplies and miscellaneous	86,467	4,715	41	4,756	91,223	78,635	2,389	50	2,439	81,074
Printing	18,533	547	171	718	19,251	21,169	79	71	150	21,319
Telephone	48,485	367	-	367	48,852	40,961	253	-	253	41,214
Postage	14,383	588	158	746	15,129	16,212	370	57	427	16,639
Publications	28,574	299	-	299	28,873	28,358	704	-	704	29,062
Insurance and organizational expenses	61,041	2,874	611	3,485	64,526	72,449	2,866	620	3,486	75,935
Computer services	84,846	4,134	-	4,134	88,980	75,156	3,841	-	3,841	78,997
Interest	51,726	5,747	-	5,747	57,473	-	-	-	-	-
Depreciation	31,749	21,430	-	21,430	53,179	-	25,473	-	25,473	25,473
TOTAL DIRECT EXPENSES	\$ 3,847,811	\$ 473,397	\$ 2,481	\$ 475,878	\$ 4,323,689	\$ 3,822,133	\$ 473,883	\$ 4,145	\$ 478,028	\$ 4,300,161
Total direct expenses	\$ 3,847,811	\$ 473,397	\$ 2,481	\$ 475,878	\$ 4,323,689	\$ 3,822,133	\$ 473,883	\$ 4,145	\$ 478,028	\$ 4,300,161
Indirect costs charged	451,620	(451,901)	281	(451,620)	-	424,211	(424,780)	569	(424,211)	-
TOTAL EXPENSES	\$ 4,299,431	\$ 21,496	\$ 2,762	\$ 24,258	\$ 4,323,689	\$ 4,246,344	\$ 49,103	\$ 4,714	\$ 53,817	\$ 4,300,161

See notes to financial statements.

**DISABILITY RIGHTS MICHIGAN
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2020**

	Program services					
	Department of Health and Human Services					
	Developmental Disabilities Basic Support and Advocacy Grants CFDA # 93.630	Protection and Advocacy for Individuals with Mental Illness CFDA # 93.138	State Grants for Protection and Advocacy Services CFDA # 93.873	Voting Access for Individuals with Disabilities - Grants for Protection and Advocacy Systems CFDA # 93.618	ACL Assistive Technology State Grants for Protection and Advocacy CFDA # 93.843	ACL National Institute on Disability, Independent Living, and Rehabilitation Research CFDA # 93.433
Salaries	\$ 554,763	\$ 594,670	\$ 34,562	\$ 68,133	\$ 56,412	\$ 4,005
Fringe benefits	167,886	179,841	10,350	20,597	17,198	1,402
Payroll taxes	32,811	34,699	2,041	3,601	3,407	302
Contracted services	55,378	12,310	574	5,020	351	3,306
Conferences, meetings and travel	17,997	15,462	593	1,271	1,075	2,090
Occupancy/utilities	20,719	20,863	1,374	2,448	1,844	-
Repairs and maintenance	8,190	6,081	374	755	591	-
Supplies and miscellaneous	22,252	22,081	920	1,818	2,052	289
Printing	4,695	4,385	213	549	423	171
Telephone	13,657	11,198	615	1,360	1,008	-
Postage	2,873	2,602	124	173	226	41
Publications	13,341	6,730	133	3,991	186	-
Insurance and organizational expenses	18,351	16,938	1,259	2,007	1,665	-
Computer services	17,105	16,166	978	1,964	1,613	-
Interest	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
TOTAL DIRECT EXPENSES	\$ 950,018	\$ 944,026	\$ 54,110	\$ 113,687	\$ 88,051	\$ 11,606
Total direct expenses	\$ 950,018	\$ 944,026	\$ 54,110	\$ 113,687	\$ 88,051	\$ 11,606
Indirect costs charged	113,887	112,981	6,543	13,480	10,388	1,313
TOTAL EXPENSES	1,063,905	1,057,007	60,653	127,167	98,439	12,919
Expenses eliminated in consolidation	56,067	54,049	3,688	5,386	3,707	-
Total expenditures before eliminations	\$ 1,119,972	\$ 1,111,056	\$ 64,341	\$ 132,553	\$ 102,146	\$ 12,919

See notes to financial statements.

Department of Education		Social Security Administration		State of Michigan		
Protection and Advocacy of Individual Rights CFDA # 84.240A	Rehabilitation Services Client Assistance Program CFDA # 84.161A	Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries CFDA # 96.009	Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries - Rep Payee Review Project CFDA # 96.009	Advocacy for Developmental Disabilities/ Mental Illness	Other	Total Program Services
\$ 227,216	\$ 173,453	\$ 82,611	\$ 398,710	\$ 110,011	\$ -	\$ 2,304,546
68,584	52,402	24,900	80,267	38,113	-	661,540
12,808	10,070	4,815	23,800	5,558	-	133,912
3,384	1,021	4,850	31,863	-	8,790	126,847
4,457	3,819	1,319	23,185	-	-	71,268
7,867	6,140	2,896	10,437	342	-	74,930
2,204	2,166	784	3,524	477	23,818	48,964
6,850	5,881	2,487	19,738	2,099	-	86,467
1,578	2,286	701	3,532	-	-	18,533
3,913	3,088	1,377	10,901	1,368	-	48,485
902	853	224	3,503	2,862	-	14,383
3,350	660	124	59	-	-	28,574
6,224	5,116	2,168	7,313	-	-	61,041
5,939	4,832	2,104	-	-	34,145	84,846
-	-	-	-	-	51,726	51,726
-	-	-	-	-	31,749	31,749
<u>\$ 355,276</u>	<u>\$ 271,787</u>	<u>\$ 131,360</u>	<u>\$ 616,832</u>	<u>\$ 160,830</u>	<u>\$ 150,228</u>	<u>\$ 3,847,811</u>
\$ 355,276	\$ 271,787	\$ 131,360	\$ 616,832	\$ 160,830	\$ 150,228	\$ 3,847,811
42,523	32,472	15,818	77,617	19,737	4,861	451,620
397,799	304,259	147,178	694,449	180,567	155,089	4,299,431
20,359	15,095	8,402	68,856	13,832	-	249,441
<u>\$ 418,158</u>	<u>\$ 319,354</u>	<u>\$ 155,580</u>	<u>\$ 763,305</u>	<u>\$ 194,399</u>	<u>\$ 155,089</u>	<u>\$ 4,548,872</u>

See notes to financial statements.

**DISABILITY RIGHTS MICHIGAN
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2019**

	Program services					
	Department of Health and Human Services					
	Developmental Disabilities Basic Support and Advocacy Grants CFDA # 93.630	Protection and Advocacy for Individuals with Mental Illness CFDA # 93.138	State Grants for Protection and Advocacy Services CFDA # 93.873	Voting Access for Individuals with Disabilities - Grants for Protection and Advocacy Systems CFDA # 93.618	ACL Assistive Technology State Grants for Protection and Advocacy CFDA # 93.843	ACL National Institute on Disability, Independent Living, and Rehabilitation Research CFDA # 93.433
Salaries	\$ 633,065	\$ 490,747	\$ 24,267	\$ 63,148	\$ 50,800	\$ 5,428
Fringe benefits	206,181	158,660	7,606	20,255	16,508	1,561
Payroll taxes	45,981	35,685	1,744	4,730	3,647	529
Contracted services	55,133	6,092	155	322	1,293	3,150
Conferences, meetings and travel	49,605	40,538	1,055	3,550	2,971	7,279
Occupancy/utilities	102,811	80,051	4,027	10,321	8,277	-
Repairs and maintenance	8,224	5,371	322	586	564	-
Supplies and miscellaneous	23,250	14,080	815	1,276	1,615	117
Printing	7,219	4,677	216	612	417	-
Telephone	13,850	9,859	438	1,405	857	-
Postage	4,589	3,234	110	448	378	11
Publications	14,715	7,607	99	2,646	653	-
Insurance and organizational expenses	24,305	17,698	1,574	1,785	2,142	-
Computer services	28,963	21,792	1,147	2,795	2,048	-
TOTAL DIRECT EXPENSES	\$ 1,217,891	\$ 896,091	\$ 43,575	\$ 113,879	\$ 92,170	\$ 18,075
Total direct expenses	\$ 1,217,891	\$ 896,091	\$ 43,575	\$ 113,879	\$ 92,170	\$ 18,075
Indirect costs charged	135,670	99,825	4,853	12,687	10,268	1,925
TOTAL EXPENSES	1,353,561	995,916	48,428	126,566	102,438	20,000
Capitalized expenditure and capital lease payments	898	837	41	121	72	-
Total federal award expenditures	\$ 1,354,459	\$ 996,753	\$ 48,469	\$ 126,687	\$ 102,510	\$ 20,000

See notes to financial statements.

Department of Education		Social Security Administration		State of Michigan	
Protection and Advocacy of Individual Rights CFDA # 84.240A	Rehabilitation Services Client Assistance Program CFDA # 84.161A	Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries CFDA # 96.009	Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries - Rep Payee Review Project CFDA # 96.009	Advocacy for Developmental Disabilities/ Mental Illness	Total Program Services
\$ 146,192	\$ 174,454	\$ 76,281	\$ 289,534	\$ 110,059	\$ 2,063,975
46,319	56,541	24,896	63,550	35,208	637,285
10,397	12,669	5,527	21,505	8,254	150,668
1,823	893	2,515	25,459	-	96,835
8,580	18,699	4,798	40,360	1,526	178,961
24,124	28,375	12,361	48,342	8,844	327,533
1,975	2,315	1,115	9,646	3,818	33,936
5,156	2,775	1,442	26,232	1,877	78,635
1,642	3,886	818	1,682	-	21,169
3,348	3,129	1,362	5,211	1,502	40,961
1,134	1,227	352	686	4,043	16,212
1,858	633	147	-	-	28,358
8,265	6,215	3,475	6,598	392	72,449
8,307	6,811	3,273	-	20	75,156
<u>\$ 269,120</u>	<u>\$ 318,622</u>	<u>\$ 138,362</u>	<u>\$ 538,805</u>	<u>\$ 175,543</u>	<u>\$ 3,822,133</u>
\$ 269,120	\$ 318,622	\$ 138,362	\$ 538,805	\$ 175,543	\$ 3,822,133
<u>29,981</u>	<u>35,495</u>	<u>15,413</u>	<u>59,237</u>	<u>18,857</u>	<u>424,211</u>
299,101	354,117	153,775	598,042	<u>\$ 194,400</u>	<u>\$ 4,246,344</u>
290	272	109	11,037		
<u>\$ 299,391</u>	<u>\$ 354,389</u>	<u>\$ 153,884</u>	<u>\$ 609,079</u>		

See notes to financial statements.

DISABILITY RIGHTS MICHIGAN
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	Without donor restrictions			With Donor restrictions	Total
	Undesignated	Designated	Total		
BALANCE, October 1, 2018	\$ 307,280	\$ 506,098	\$ 813,378	\$ -	\$ 813,378
Change in net assets	459,139	(450,294)	8,845	47,796	56,641
BALANCE, September 30, 2019	766,419	55,804	822,223	47,796	870,019
Change in net assets	196,174	(24,459)	171,715	(47,796)	123,919
BALANCE, September 30, 2020	<u>\$ 962,593</u>	<u>\$ 31,345</u>	<u>\$ 993,938</u>	<u>\$ -</u>	<u>\$ 993,938</u>

See notes to financial statements.

DISABILITY RIGHTS MICHIGAN
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020	2019
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash flows from operating activities		
Change in net assets	\$ 123,919	\$ 56,641
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities		
Depreciation	53,179	25,473
Grants and contracts receivable	(26,730)	(188,327)
Prepaid expenses	15,317	4,483
Accounts payable	(2,685)	(9,462)
Refundable advances	(11,615)	92,397
Accrued payroll and related	67,621	19,781
Accrued lease payable	(88,648)	16,923
Total adjustments	6,439	(38,732)
Net cash provided by operating activities	130,358	17,909
Cash flows from investing activities		
Purchase of property and equipment	(2,000,000)	(11,037)
Proceeds from sales of investments	350,000	-
Net cash used by investing activities	(1,650,000)	(11,037)
Cash flows from financing activities		
Proceeds from note payable	1,600,000	-
Repayments on note payable	(36,131)	-
Principal payments on capital lease obligation	-	(3,394)
Net cash provided (used) by financing activities	1,563,869	(3,394)
NET INCREASE IN CASH AND CASH EQUIVALENTS	44,227	3,478
CASH AND CASH EQUIVALENTS		
Beginning of year	354,679	351,201
End of year	\$ 398,906	\$ 354,679
SUPPLEMENTAL DISCLOSURE		
Interest paid	\$ 57,473	\$ -

See notes to financial statements.

**DISABILITY RIGHTS MICHIGAN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Disability Rights Michigan and Supporting Organization's (hereinafter referred to as "Organization") financial statements have been prepared on the accrual basis of accounting, which recognizes income when earned and expenses when incurred.

Principles of consolidation - The consolidated financial statements include the accounts of Disability Rights Michigan and DRM Supporting Corporation. Disability Rights Michigan is the sole member of the DRM Supporting Corporation. All material intercompany transactions have been eliminated in consolidation.

Cash equivalents - Cash and cash equivalents consist of cash accounts and money market funds. Cash held by investment managers are considered investment rather than cash equivalent.

Investments - The only investments held by the Organization are certificates of deposit, which are recorded at cost.

Grants and contracts receivable - The Organization's grants and contracts are comprised primarily of receivables from federal and nonfederal granting agencies. Management feels no allowance for doubtful accounts is considered necessary based on historical trends. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Equipment - Assets are recorded at cost and are depreciated over their estimated useful lives using the straight-line method. Costs of maintenance and repairs are charged to expense when incurred. Equipment with a cost of \$5,000 or more and a useful life of more than one year are capitalized.

Equipment acquired with federal funds and recorded in the consolidated financial statements remain vested in the federal government. The Organization must maintain an inventory listing of its federally owned property. When the property is no longer needed, the Organization shall report the property to the federal sponsoring agency for further utilization. For the years ended September 30, 2020 and 2019, the net value of the property and equipment acquired with federal funds was \$0 and \$13,677, respectively.

Refundable advances - The Organization records grant receipts as unearned revenue until they are expended for the purpose of the grant, at which time they are recognized as revenue.

Revenue Recognition

Grants and contracts revenue result from agreements, typically with government agencies, corporations, or individuals that fund specific activities for the Organization. The grants and contracts are of two primary types: conditional contributions and contracts with customers. An agreement is a conditional contribution if its primary purpose is to enable the Organization to provide a service to, or maintain a facility for, the direct benefit of the people served or the general public rather than to serve the direct needs of the granting or contracting party. In other words, the agreement is a conditional contribution if any benefit to the granting or contracting party is indirect and insubstantial as compared to the public benefit. In contrast, if the grant or contract provides a benefit directly to the granting or contracting party, the agreement is a contract with a customer.

**DISABILITY RIGHTS MICHIGAN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Contributions of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Unconditional contributions expected to be collected within one year are reported at their net realizable value. Unconditional contributions expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Conditional contributions depend on the occurrence of a specified future and uncertain event to bind the donor and are recognized as assets and revenue when the conditions are substantially met, and the gift becomes unconditional.

Net assets - Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor or grantor restrictions. Net assets without donor restriction as of September 30 consist of the following:

	2020	2019
Undesignated	\$ 962,593	\$ 766,419
Designated		
Equipment fund	13,760	31,662
Educating policymakers	17,585	24,142
	31,345	55,804
	\$ 993,938	\$ 822,223

Net assets with donor restrictions - Net assets subject to donor (or grantor) imposed restrictions. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources are maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, or when the stipulated purpose has been accomplished (See Note 10).

Functional allocation of expenses - The costs of providing program and other activities have been reported in the consolidated statement of activities. The consolidated statements of functional expenses present the natural classification of expenses that are allocated to program or supporting functions of the Organization. Allocated expenses primarily consist of payroll and related, professional fees, and general expenses based on salary and wage analysis and management's estimated use of resources.

**DISABILITY RIGHTS MICHIGAN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 2 - ORGANIZATION STRUCTURE, RISKS AND UNCERTAINTIES

Disability Rights Michigan is organized as a nonprofit corporation under provisions of Section 501(c)(3) of the Internal Revenue Code, and as such is not subject to income taxes. The Organization's primary purpose is to provide services for the protection and advocacy of the rights of persons with disabilities in the state of Michigan in the form of legal services, systemic advocacy, technical assistance, information and referral.

DRM Supporting Corporation is organized as a nonprofit corporation under provisions of Section 501(c)(3) of the Internal Revenue Code, and as such is not subject to income taxes. The purpose of this entity was to take title of the property that houses the Organization's advocacy programs and administrative offices. Disability Rights Michigan is the sole member.

Program expenses relate to the aforementioned mission and are described as follows:

Developmental Disabilities Basic Support and Advocacy Grants Program focuses on advocacy to promote individuals with developmental disabilities to become independent, productive, integrated and included in their communities. Funding is used in the development of a plan for a comprehensive and coordinated system of services and other activities to enhance the lives of individuals with developmental disabilities and their families to achieve their maximum potential, and to support a system which protects the legal and human rights of individuals with developmental disabilities.

Protection and Advocacy for Individuals with Mental Illness Program is dedicated to protecting and advocating for the rights of individuals with mental illness, investigating incidents of abuse and neglect of individuals with mental illness, and investigating incidents of serious injury and deaths in public and private care and treatment facilities and non-medical community-based facilities for children and youth.

State Grants for Protection and Advocacy Services Program works to establish systems to provide services to individuals with traumatic brain injury which may include the provision of information, referrals, and advocacy of individuals or families, legal representation, and specific assistance in self-advocacy.

Voting Access for Individuals with Disabilities - Grants for Protection and Advocacy Systems Program focuses on ensuring full participation in the electoral process for individuals with disabilities by providing education, training and assistance to individuals with disabilities that will promote their participation in the electoral process. The program also participates in advocacy and education efforts related to program implementation efforts in their state, as well as the training and education of election officials, poll workers, and election volunteers regarding the rights of the voters with disabilities and best practices in working with individuals with disabilities.

ACL Assistive Technology State Grants for Protection and Advocacy Program provides protection and advocacy services for the purpose of assisting in the acquisition, utilization, or maintenance of assistive technology or assistive technology services for individuals with disabilities.

ACL National Institute on Disability, Independent Living, and Rehabilitation Research Program works to support and coordinate research and its utilization in order to improve the lives of people of all ages with physical and mental disabilities.

**DISABILITY RIGHTS MICHIGAN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 2 - ORGANIZATION STRUCTURE, RISKS AND UNCERTAINTIES (continued)

Protection and Advocacy of Individual Rights Program works to provide support systems for protection and advocacy for the rights of individuals with disabilities who are ineligible for advocacy services from the other protection and advocacy programs or whose problems fall outside the scope of services available from the Client Assistance Program.

Rehabilitation Services Client Assistance Program provides assistance in informing and advising clients and client applicants of available benefits under the Rehabilitation Act, to assist and advocate for clients and client applicants in their relationships with projects, programs and services provided under this Act, including assistance and advocacy in pursuing legal, administrative and other appropriate remedies, and to provide information on available services under the Act and Title I of the Americans with Disabilities Act to any individual with disabilities in the state.

Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries Program works to comply with the Ticket-to-Work and Work Incentives Improvement Act legislation passed in December 1999, permitting the SSA to make payments to each state to the protection and advocacy system established for the purpose of providing services to beneficiaries with disabilities who want to work.

Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries - Rep Payee Review Project Program performs site reviews for individuals receiving Social Security benefits in order to mitigate the risk of fraud, financial misuse, neglect or abuse to the intended beneficiaries by the representative payees.

Advocacy for Developmental Disabilities/Mental Illness Program supplements protection and advocacy services for persons with developmental disabilities and persons labeled as mentally ill.

The Organization is required to disclose concentrations of credit risk regardless of the degree of such risk. Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist primarily of cash and cash equivalents and receivables. The Organization's cash and cash equivalents is deposited with FDIC insured financial institutions. Although such cash balances may exceed federally insured limits at certain times during the year, and at year-end, they are, in the opinion of management, subject to minimal risk. Credit risk with respect to receivables is limited because the majority of the accounts are due from governmental units.

The process of preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the consolidated financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

As of September 30, 2020 and 2019, the Organization received approximately 52% and 54% of its revenues from the U.S. Department of Health and Human Services, approximately 19% and 17% of its revenues from the U.S. Department of Education, and approximately 20% and 18% of its revenues from the U.S. Social Security Administration, respectively. The U.S. Department of Health and Human Services also constitutes approximately 46% and 44% of the Organization's receivable balance as of September 30, 2020 and 2019, respectively.

**DISABILITY RIGHTS MICHIGAN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 2 - ORGANIZATION STRUCTURE, RISKS AND UNCERTAINTIES (continued)

In the preparation of tax returns, tax positions are taken based on interpretation of federal, state and local income tax laws. Management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been identified, or recorded, as uncertain tax positions. Federal, state and local tax returns generally remain open for examination by the various taxing authorities for a period of three to four years.

The extent of the impact of COVID-19 on operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on customers, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition and results of operations is uncertain.

The Organization evaluates events and transactions that occur after year end for potential recognition or disclosure in the consolidated financial statements. As of January 5, 2021, which is the date the consolidated financial statements were available to be issued, there were no subsequent events which required recognition or disclosure.

NOTE 3 - LIQUIDITY AND AVAILABILITY

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program service activities as well as the conduct of services undertaken to support those activities to be general expenditures.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the consolidated statement of financial position, comprise the following at September 30, 2020 and 2019.

	2020	2019
Cash and cash equivalents	\$ 398,906	\$ 354,679
Investments	558,000	908,000
Grants and contracts receivable	544,709	517,979
Total financial assets	1,501,615	1,780,658
Less contractual or donor- imposed restrictions		
Refundable advances	(647,087)	(658,702)
Purpose restricted funds	-	(47,796)
Less reserves and board designations	(31,345)	(55,804)
Financial assets available to meet cash needs for general expenditures within one year	\$ 823,183	\$ 1,018,356

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

DISABILITY RIGHTS MICHIGAN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable at September 30 consisted of the following:

	<u>2020</u>	<u>2019</u>
U.S. Department of Human Services	\$ 263,852	\$ 246,338
U.S. Department of Education	85,895	87,716
Social Security Administration	<u>180,492</u>	<u>172,562</u>
Total federal	<u>530,239</u>	<u>506,616</u>
Michigan Department of Community Health	12,684	11,363
Other	<u>1,786</u>	<u>-</u>
Total state and other	<u>14,470</u>	<u>11,363</u>
Total receivables	<u><u>\$ 544,709</u></u>	<u><u>\$ 517,979</u></u>

NOTE 5 - PROPERTY AND EQUIPMENT

The cost of property and equipment at September 30 consists of the following:

	Years of Useful Life	<u>2020</u>	<u>2019</u>
Land		\$ 165,600	\$ -
Buildings and improvements	40	1,834,400	-
Equipment	3 - 7	<u>198,817</u>	<u>198,817</u>
		2,198,817	198,817
Less accumulated depreciation		<u>(220,334)</u>	<u>(167,155)</u>
		<u><u>\$ 1,978,483</u></u>	<u><u>\$ 31,662</u></u>
Depreciation expense		<u><u>\$ 53,179</u></u>	<u><u>\$ 25,473</u></u>

NOTE 6 - REFUNDABLE ADVANCES

Refundable advances at September 30 consisted of the following:

	<u>2020</u>	<u>2019</u>
Developmental Disabilities Basic Support and Advocacy Grants	\$ 307,656	\$ 303,784
Protection and Advocacy for Individuals with Mental Illness	154,217	150,854
Client Assistance Program	34,178	34,178
Assistive Technology	68,223	68,223
ACL Assistive Technology	81,105	81,105
Skadden Fellowship Foundation	<u>1,708</u>	<u>20,558</u>
Total	<u><u>\$ 647,087</u></u>	<u><u>\$ 658,702</u></u>

**DISABILITY RIGHTS MICHIGAN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 7 - NOTE PAYABLE

On December 18, 2019 the Organization acquired the leased property in Lansing with a note payable to a bank in the amount of \$1,600,000 with an interest rate of 4.75%. Principal and interest payments of \$10,400 are due monthly through November 2029 with the remaining unpaid principal due in December 2029.

Future maturities of the note payable are as follows:

<u>Year ending September 30</u>	
2021	\$ 50,606
2022	53,098
2023	55,712
2024	58,268
2025	61,324
Thereafter	<u>1,284,861</u>
	<u><u>\$ 1,563,869</u></u>

NOTE 8 - LEASES

Operating Leases

The Organization rents office space in Lansing and Marquette, Michigan. During 2020 the Lansing office space was purchased by DRM Supporting Corporation. See Note 7. The Marquette office is an operating lease agreement that expires in May 2021. The Occupancy expense, including utilities, for the years ended September 30, 2020 and 2019 were \$112,696 and \$347,996, respectively. Remaining operating lease commitment for 2021 is \$5,304.

NOTE 9 - RETIREMENT PLAN

The Organization has adopted a defined contribution retirement plan for its employees. It is authorized under Internal Revenue Code Section 403(b). Contributions are applied to individual annuity contracts.

All employees meeting certain age and length of service requirements are eligible to participate in the plan. The employees enter into salary reduction agreements, which determine the amount of their contribution to the plan. The Organization also contributes to the plan an amount equal to 5% of the gross wages of the participants.

Employer contributions to the 403(b) plan were approximately \$113,000 and \$94,000 for the years ended September 30, 2020 and 2019, respectively.

**DISABILITY RIGHTS MICHIGAN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at September 30:

	<u>2020</u>	<u>2019</u>
Subject to the expenditure for specified purpose		
Special education and website redesign	\$ -	\$ 47,796

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended September 30:

	<u>2020</u>	<u>2019</u>
Satisfaction of purpose restrictions		
Special education and website redesign	\$ 47,796	\$ -

NOTE 11 - NEW ACCOUNTING STANDARD

In June 2018, the FASB issued ASU No. 2018-08, *“Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.”* The ASU provides guidance to distinguish recognition practices of contribution activity. There was no impact to revenue recognized for the years ended September 30, 2020 and 2019 as a result of implementing ASU 2018-08.

SUPPLEMENTARY INFORMATION

**DISABILITY RIGHTS MICHIGAN
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2020**

ASSETS	<u>Disability Rights Michigan</u>	<u>DRM Supporting Corporation</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT ASSETS				
Cash and cash equivalents	\$ 398,906	\$ -	\$ -	\$ 398,906
Investments	558,000	-	-	558,000
Grants and contracts receivable				
Federal	530,239	-	-	530,239
State and other	14,470	-	-	14,470
Due from affiliate	520,068	265,064	(785,132)	-
Prepaid expenses	40,307	-	-	40,307
TOTAL CURRENT ASSETS	<u>2,061,990</u>	<u>265,064</u>	<u>(785,132)</u>	<u>1,541,922</u>
PROPERTY AND EQUIPMENT, net of accumulated depreciation	13,760	1,964,723	-	1,978,483
TOTAL ASSETS	<u>\$ 2,075,750</u>	<u>\$ 2,229,787</u>	<u>\$ (785,132)</u>	<u>\$ 3,520,405</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	26,642	\$ -	\$ -	\$ 26,642
Refundable advances	647,087	-	-	647,087
Due to affiliate	265,064	520,068	(785,132)	-
Accrued payroll and related	288,869	-	-	288,869
Note payable, current portion	-	50,606	-	50,606
TOTAL CURRENT LIABILITIES	<u>1,227,662</u>	<u>570,674</u>	<u>(785,132)</u>	<u>1,013,204</u>
NOTE PAYABLE, less current portion	-	1,513,263	-	1,513,263
TOTAL LIABILITIES	<u>1,227,662</u>	<u>2,083,937</u>	<u>(785,132)</u>	<u>2,526,467</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS				
Undesignated	816,743	145,850	-	962,593
Designated	31,345	-	-	31,345
TOTAL NET ASSETS	<u>848,088</u>	<u>145,850</u>	<u>-</u>	<u>993,938</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,075,750</u>	<u>\$ 2,229,787</u>	<u>\$ (785,132)</u>	<u>\$ 3,520,405</u>

**DISABILITY RIGHTS MICHIGAN
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020**

	Disability Rights Michigan	DRM Supporting Corporation	Eliminations	Total
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
REVENUES				
Federal grants	\$ 4,199,384	\$ -	\$ -	\$ 4,199,384
State grants	194,400	-	-	194,400
Other	53,824	265,064	(265,064)	53,824
Net assets released from restrictions	47,796	-	-	47,796
TOTAL REVENUES	<u>4,495,404</u>	<u>265,064</u>	<u>(265,064)</u>	<u>4,495,404</u>
EXPENSES				
Program services				
Developmental Disabilities Basic Support and Advocacy Grants	1,006,085	-	(56,067)	950,018
Protection and Advocacy for Individuals with Mental Illness	998,075	-	(54,049)	944,026
State Grants for Protection and Advocacy Services	57,798	-	(3,688)	54,110
Voting Access for Individuals with Disabilities - Grants for Protection and Advocacy Systems	119,073	-	(5,386)	113,687
ACL Assistive Technology State Grants for Protection and Advocacy	91,758	-	(3,707)	88,051
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	11,606	-	-	11,606
Protection and Advocacy of Individual Rights	375,635	-	(20,359)	355,276
Rehabilitation Services Client Assistance Program	286,882	-	(15,095)	271,787
Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries	139,762	-	(8,402)	131,360
Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries - Rep Payee Review Project	685,688	-	(68,856)	616,832
Advocacy for Developmental Disabilities/Mental Illness	174,662	-	(13,832)	160,830
Other	42,935	107,293	-	150,228
Total program services	<u>3,989,959</u>	<u>107,293</u>	<u>(249,441)</u>	<u>3,847,811</u>
Supporting services				
Management and general	477,099	11,921	(15,623)	473,397
Fundraising	2,481	-	-	2,481
Total supporting services	<u>479,580</u>	<u>11,921</u>	<u>(15,623)</u>	<u>475,878</u>
TOTAL EXPENSES	<u>4,469,539</u>	<u>119,214</u>	<u>(265,064)</u>	<u>4,323,689</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	25,865	145,850	-	171,715
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS				
Net assets released from restrictions	(47,796)	-	-	(47,796)
CHANGES IN NET ASSETS	(21,931)	145,850	-	123,919
NET ASSETS, beginning of year	870,019	-	-	870,019
NET ASSETS, end of year	<u>\$ 848,088</u>	<u>\$ 145,850</u>	<u>\$ -</u>	<u>\$ 993,938</u>

**DISABILITY RIGHTS MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2020**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Award or Pass-Through Grantor's Number	Approved Grant Award Amount	Accrued (Deferred) Revenue at 10/1/2019	Prior Cumulative Expenditures (Memo Only)	Current Year Cash Receipts	Current Year Expenditures	Accrued (Deferred) Revenue at 9/30/2020
U.S. Department of Health and Human Services								
Direct program								
Basic Support and Advocacy Grants								
Developmental Disabilities Basic Support and Advocacy Grants	93.630	1901MIPADD-02	\$ 1,021,390	\$ 52,185	\$ 770,851	\$ 302,724	\$ 250,539	\$ -
		2001MIPADD-03	1,000,882	-	-	669,276	778,237	108,961
		Program Income	-	(303,784)	-	95,068	91,196	(307,656)
Total Basic Support and Advocacy Grants				(251,599)	770,851	1,067,068	1,119,972	(198,695)
Protection and Advocacy for Individuals with Mental Illness								
	93.138	5X98SM002697-19	872,164	142,726	151,453	863,437	720,711	-
		6X98SM082534-01M001	869,127	-	-	273,563	390,345	116,782
		Program Income	-	(150,854)	-	3,363	-	(154,217)
				(8,128)	151,453	1,140,363	1,111,056	(37,435)
State Grants for Protection and Advocacy Services								
	93.873	1901MIPATB-01	94,202	6,558	10,969	62,500	64,341	8,399
Voting Access for Individuals with Disabilities - Grants for Protection and Advocacy Systems								
	93.618	1803MIVOTP	123,015	26,532	58,003	91,544	65,012	-
		1903MIPAVA-01	121,383	-	-	52,456	67,541	15,085
				26,532	58,003	144,000	132,553	15,085
ACL Assistive Technology State Grants for Protection and Advocacy								
	93.843	1901MIPAAT	118,702	9,633	42,173	86,162	76,529	-
		2001MIPAAT	119,360	-	-	17,828	25,617	7,789
		Program Income	-	(81,105)	-	-	-	(81,105)
				(71,472)	42,173	103,990	102,146	(73,316)
				(298,109)	1,033,449	2,517,921	2,530,068	(285,962)
Passed through University of Illinois - Chicago								
ACL National Institute on Disability, Independent Living, and Rehabilitation Research								
	93.433	90DP0091-03-00	20,000	8,704	20,000	8,704	-	-
		90DP0091-04-00	25,000	-	-	6,083	12,919	6,836
				8,704	20,000	14,787	12,919	6,836
Total U.S. Department of Health and Human Services								
				(289,405)	1,053,449	2,532,708	2,542,987	(279,126)

The accompanying notes are an integral part of this schedule.

**DISABILITY RIGHTS MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2020**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Award or Pass-Through Grantor's Number	Approved Grant Award Amount	Accrued (Deferred) Revenue at 10/1/2019	Prior Cumulative Expenditures (Memo Only)	Current Year Cash Receipts	Current Year Expenditures	Accrued (Deferred) Revenue at 9/30/2020
U.S. Department of Education								
Direct program								
Program of Protection and Advocacy of Individual Rights	84.240A	H240A190023	\$ 447,326	\$ 41,319	\$ 115,314	\$ 373,331	\$ 332,012	\$ -
		H240A200023	446,867	-	-	35,002	86,146	51,144
				<u>41,319</u>	<u>115,314</u>	<u>408,333</u>	<u>418,158</u>	<u>51,144</u>
Rehabilitation Services Client Assistance Program	84.161A	H161A190010	333,340	46,397	182,413	197,324	150,927	-
		H161A200010	332,991	-	-	133,676	168,427	34,751
				<u>46,397</u>	<u>182,413</u>	<u>331,000</u>	<u>319,354</u>	<u>34,751</u>
Passed through the State of Michigan								
Client Assistance Program	84.161A	H161A200010		(34,178)	-	-	-	(34,178)
Total CFDA #84.161A				<u>12,219</u>	<u>182,413</u>	<u>331,000</u>	<u>319,354</u>	<u>573</u>
Assistive Technology	84.224A	2001MIPAAT-03		(68,223)	-	-	-	(68,223)
Total U.S. Department of Education				<u>(14,685)</u>	<u>297,727</u>	<u>739,333</u>	<u>737,512</u>	<u>(16,506)</u>
Social Security Administration								
Direct program								
Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries	96.009	PAB19020358-01-00	163,605	12,728	98,645	77,688	64,960	-
		PAB19020358-01-01	163,605	-	-	67,365	90,620	23,255
		SPS18000027-01-00	872,427	159,834	668,082	364,179	204,345	-
		SPS18000027-02-00	903,496	-	-	401,723	558,960	157,237
Total Social Security Administration				<u>172,562</u>	<u>766,727</u>	<u>910,955</u>	<u>918,885</u>	<u>180,492</u>
Total Federal Expenditures				<u>\$ (131,528)</u>	<u>\$ 2,117,903</u>	<u>\$ 4,182,996</u>	<u>\$ 4,199,384</u>	<u>\$ (115,140)</u>

The accompanying notes are an integral part of this schedule.

**DISABILITY RIGHTS MICHIGAN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Disability Rights Michigan and Supporting Organization under programs of the federal government for the year ended September 30, 2020. 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). Because the Schedule presents only a selected portion of the operations of Disability Rights Michigan and Supporting Organization it is not intended to and does not present the financial position, changes in net assets or cash flows of Disability Rights Michigan and Supporting Organization.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principals contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass through entity identifying numbers are presented where available. Disability Rights Michigan and Supporting Organization has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. The Organization does not pass through federal funds.

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

To the Board of Directors
Disability Rights Michigan

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Disability Rights Michigan (a nonprofit corporation) and Supporting Organization, which comprise the consolidated statement of financial position as of September 30, 2020, and the related consolidated statements of activities, functional expenses, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 5, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Disability Rights Michigan and Supporting Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Disability Rights Michigan and Supporting Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Disability Rights Michigan and Supporting Organization'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 the 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 Michigan and Supporting Organization's consolidated 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 determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Manes Costeiran PC

January 5, 2021

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

To the Board of Directors
Disability Rights Michigan

Report on Compliance for Each Major Federal Program

We have audited Disability Rights Michigan and Supporting Organization's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Disability Rights Michigan and Supporting Organization's major federal programs for the year ended September 30, 2020. Disability Rights Michigan and Supporting Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Disability Rights Michigan and Supporting Organization's major federal programs 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 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 Michigan and Supporting Organization'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 Michigan and Supporting Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, Disability Rights Michigan and Supporting Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

Report on Internal Control Over Compliance

Management of Disability Rights Michigan and Supporting Organization's 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 Michigan and Supporting Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Disability Rights Michigan and Supporting Organization's internal control over compliance.

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

Maney Costeiran PC

January 5, 2021

**DISABILITY RIGHTS MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2020**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued based on financial statements prepared in accordance with generally accepted accounting principles. Unmodified

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 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 programs: Unmodified

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.630	Developmental Disabilities Basic Support and Advocacy Grants
96.009	Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries

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

Auditee qualified as low-risk auditee? X Yes No

Section II - Financial Statement Findings

None noted

Section III - Federal Award Findings and Questioned Costs

None noted

**DISABILITY RIGHTS MICHIGAN
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2020**

There were no audit findings in the prior year.