

**DISABILITY RIGHTS MICHIGAN
AND SUPPORTING ORGANIZATION**

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

YEARS ENDED SEPTEMBER 30, 2021 AND 2020

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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, 2021 and 2020, 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, 2021 and 2020, 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 28, 2022, 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.

Maney Costeiran PC

January 28, 2022

**DISABILITY RIGHTS MICHIGAN
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 536,292	\$ 398,906
Investments	558,000	558,000
Grants and contracts receivable		
Federal	436,601	530,239
State and other	13,490	14,470
Prepaid expenses	<u>51,207</u>	<u>40,307</u>
Total current assets	1,595,590	1,541,922
Property and equipment, net of accumulated depreciation	<u>1,924,309</u>	<u>1,978,483</u>
TOTAL ASSETS	<u>\$ 3,519,899</u>	<u>\$ 3,520,405</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current liabilities		
Accounts payable	\$ 49,749	\$ 26,642
Refundable advances	648,757	647,087
Accrued payroll and related	179,386	288,869
Note payable, current portion	<u>53,098</u>	<u>50,606</u>
Total current liabilities	930,990	1,013,204
Note payable, less current portion	<u>1,460,165</u>	<u>1,513,263</u>
TOTAL LIABILITIES	<u>2,391,155</u>	<u>2,526,467</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Undesignated	825,418	816,743
Designated	<u>303,326</u>	<u>177,195</u>
TOTAL NET ASSETS	<u>1,128,744</u>	<u>993,938</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,519,899</u>	<u>\$ 3,520,405</u>

See notes to financial statements.

**DISABILITY RIGHTS MICHIGAN
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES		
Federal grants	\$ 4,231,885	\$ 4,199,384
State grants	194,400	194,400
Other	8,661	53,824
Net assets released from restrictions	-	47,796
	<u>4,434,946</u>	<u>4,495,404</u>
TOTAL REVENUES		
EXPENSES		
Program services		
Developmental Disabilities Basic Support and Advocacy Grants	901,878	950,018
COVID-19 Expanding P&A's Network Access to COVID-19 Vaccines	28,729	-
COVID-19 Vaccination for Underserved Populations	44,819	-
Protection and Advocacy for Individuals with Mental Illness	902,905	944,026
State Grants for Protection and Advocacy Services	93,960	54,110
Voting Access for Individuals with Disabilities - Grants for Protection and Advocacy Systems	90,927	113,687
ACL Assistive Technology State Grants for Protection and Advocacy	80,873	88,051
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	38,541	11,606
Protection and Advocacy of Individual Rights	395,482	355,276
Rehabilitation Services Client Assistance Program	229,720	271,787
Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries	138,816	131,360
Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries - Rep Payee Review Project	608,737	616,832
Advocacy for Developmental Disabilities/Mental Illness	160,964	160,830
Other	126,238	150,228
	<u>3,842,589</u>	<u>3,847,811</u>
Total program services		
Supporting services		
Management and general	453,856	473,397
Fundraising	3,695	2,481
	<u>457,551</u>	<u>475,878</u>
Total supporting services		
TOTAL EXPENSES	<u>4,300,140</u>	<u>4,323,689</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	134,806	171,715
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Net assets released from restrictions	-	(47,796)
CHANGES IN NET ASSETS	134,806	123,919
NET ASSETS, beginning of year	<u>993,938</u>	<u>870,019</u>
NET ASSETS, end of year	<u>\$ 1,128,744</u>	<u>\$ 993,938</u>

See notes to financial statements.

DISABILITY RIGHTS MICHIGAN
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021					2020				
	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	\$ 2,263,801	\$ 264,932	\$ 1,759	\$ 266,691	\$ 2,530,492	\$ 2,304,546	\$ 267,109	\$ 1,016	\$ 268,125	\$ 2,572,671
Fringe benefits	670,653	48,498	616	49,114	719,767	661,540	49,576	356	49,932	711,472
Payroll taxes	159,037	18,534	134	18,668	177,705	133,912	19,603	77	19,680	153,592
Contracted services	133,914	89,700	-	89,700	223,614	126,847	84,688	-	84,688	211,535
Conferences, meetings and travel	44,179	2,961	-	2,961	47,140	71,268	8,233	51	8,284	79,552
Occupancy/utilities	92,628	417	-	417	93,045	74,930	386	-	386	75,316
Repairs and maintenance	35,638	1,809	-	1,809	37,447	48,964	3,101	-	3,101	52,065
Supplies and miscellaneous	91,051	1,451	12	1,463	92,514	86,467	4,715	41	4,756	91,223
Printing	15,121	301	392	693	15,814	18,533	547	171	718	19,251
Telephone	57,413	-	-	-	57,413	48,485	367	-	367	48,852
Postage	14,736	859	155	1,014	15,750	14,383	588	158	746	15,129
Publications	30,698	402	-	402	31,100	28,574	299	-	299	28,873
Insurance and organizational expenses	87,919	1,192	627	1,819	89,738	61,041	2,874	611	3,485	64,526
Computer services	36,688	3,538	-	3,538	40,226	84,846	4,134	-	4,134	88,980
Interest	66,781	7,420	-	7,420	74,201	51,726	5,747	-	5,747	57,473
Depreciation	42,332	11,842	-	11,842	54,174	31,749	21,430	-	21,430	53,179
TOTAL DIRECT EXPENSES	\$ 3,842,589	\$ 453,856	\$ 3,695	\$ 457,551	\$ 4,300,140	\$ 3,847,811	\$ 473,397	\$ 2,481	\$ 475,878	\$ 4,323,689
Total direct expenses	\$ 3,842,589	\$ 453,856	\$ 3,695	\$ 457,551	\$ 4,300,140	\$ 3,847,811	\$ 473,397	\$ 2,481	\$ 475,878	\$ 4,323,689
Indirect costs charged	448,591	(449,008)	417	(448,591)	-	451,620	(451,901)	281	(451,620)	-
TOTAL EXPENSES	\$ 4,291,180	\$ 4,848	\$ 4,112	\$ 8,960	\$ 4,300,140	\$ 4,299,431	\$ 21,496	\$ 2,762	\$ 24,258	\$ 4,323,689

See notes to financial statements.

**DISABILITY RIGHTS MICHIGAN
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2021**

Department of Health and Human Services

	Developmental Disabilities Basic Support and Advocacy Grants CFDA # 93.630	COVID-19 Expanding P&A's Network Access to COVID-19 Vaccines CFDA # 93.630	COVID-19 Vaccination for Underserved Populations CFDA # 93.268	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
Salaries	\$ 542,928	\$ 17,018	\$ 15,011	\$ 556,313	\$ 36,835	\$ 53,151	\$ 51,520
Fringe benefits	168,744	5,956	3,888	174,202	11,903	17,027	16,405
Payroll taxes	37,765	1,293	1,153	38,602	2,562	3,812	3,589
Contracted services	29,295	575	3,518	14,544	34,350	1,129	324
Conferences, meetings and travel	7,326	211	412	7,632	438	681	566
Occupancy/utilities	23,436	94	2,808	24,290	1,868	3,321	1,959
Repairs and maintenance	5,229	851	1,825	4,700	379	910	375
Supplies and miscellaneous	18,809	1,308	12,360	19,536	1,352	1,796	1,695
Printing	3,906	232	2,477	2,407	165	337	214
Telephone	14,770	340	272	13,600	1,029	1,860	972
Postage	2,654	170	-	2,602	212	277	194
Publications	14,988	170	-	7,332	172	710	123
Insurance and organizational expenses	21,094	511	1,095	25,586	1,794	4,133	2,048
Computer services	10,934	-	-	11,559	901	1,783	889
Interest	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
TOTAL DIRECT EXPENSES	\$ 901,878	\$ 28,729	\$ 44,819	\$ 902,905	\$ 93,960	\$ 90,927	\$ 80,873
Total direct expenses	\$ 901,878	\$ 28,729	\$ 44,819	\$ 902,905	\$ 93,960	\$ 90,927	\$ 80,873
Indirect costs charged	108,912	3,545	5,418	109,242	11,114	10,908	9,834
TOTAL EXPENSES	1,010,790	32,274	50,237	1,012,147	105,074	101,835	90,707
Expenses eliminated in consolidation	61,951	2,645	3,130	63,844	4,294	5,594	6,158
Total expenditures before eliminations	\$ 1,072,741	\$ 34,919	\$ 53,367	\$ 1,075,991	\$ 109,368	\$ 107,429	\$ 96,865

See notes to financial statements.

	Department of Education		Social Security Administration		State of Michigan		
ACL National Institute on Disability, Independent Living, and Rehabilitation Research CFDA # 93.433	Protection and Advocacy of Individual Rights CFDA # 84.240A	Rehabilitation Services Client Assistance Program CFDA # 84.161A	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
\$ 7,810	\$ 246,518	\$ 142,963	\$ 84,740	\$ 398,109	\$ 110,885	\$ -	\$ 2,263,801
2,787	76,830	44,574	26,604	87,714	34,019	-	670,653
593	17,098	9,976	5,886	28,368	8,340	-	159,037
13,790	4,414	1,422	4,844	25,397	312	-	133,914
11,221	2,795	2,514	2,435	7,948	-	-	44,179
-	11,180	7,265	3,818	12,183	406	-	92,628
-	2,069	1,400	746	4,287	667	12,200	35,638
114	7,929	4,358	2,190	16,564	3,040	-	91,051
-	1,220	1,163	354	2,646	-	-	15,121
-	6,095	3,864	1,994	11,403	1,214	-	57,413
20	1,218	887	345	4,076	2,081	-	14,736
2,050	4,572	430	151	-	-	-	30,698
-	8,451	5,360	2,880	10,042	-	4,925	87,919
156	5,093	3,544	1,829	-	-	-	36,688
-	-	-	-	-	-	66,781	66,781
-	-	-	-	-	-	42,332	42,332
<u>\$ 38,541</u>	<u>\$ 395,482</u>	<u>\$ 229,720</u>	<u>\$ 138,816</u>	<u>\$ 608,737</u>	<u>\$ 160,964</u>	<u>\$ 126,238</u>	<u>\$ 3,842,589</u>
\$ 38,541	\$ 395,482	\$ 229,720	\$ 138,816	\$ 608,737	\$ 160,964	\$ 126,238	\$ 3,842,589
3,540	47,899	27,754	16,779	73,978	19,668	-	448,591
42,081	443,381	257,474	155,595	682,715	180,632	126,238	4,291,180
-	28,421	15,908	9,678	45,952	13,768	-	261,343
<u>\$ 42,081</u>	<u>\$ 471,802</u>	<u>\$ 273,382</u>	<u>\$ 165,273</u>	<u>\$ 728,667</u>	<u>\$ 194,400</u>	<u>\$ 126,238</u>	<u>\$ 4,552,523</u>

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 elimination	\$ 1,119,972	\$ 1,111,056	\$ 64,341	\$ 132,553	\$ 102,146	\$ 12,919

See notes to financial statements.

Program Services						
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 STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	Without Donor Restrictions			With Donor Restrictions	Total
	Undesignated	Designated	Total		
BALANCE, October 1, 2019	\$ 766,419	\$ 55,804	\$ 822,223	\$ 47,796	\$ 870,019
Change in net assets	50,324	121,391	171,715	(47,796)	123,919
BALANCE, September 30, 2020	816,743	177,195	993,938	-	993,938
Change in net assets	8,675	126,131	134,806	-	134,806
BALANCE, September 30, 2021	\$ 825,418	\$ 303,326	\$ 1,128,744	\$ -	\$ 1,128,744

See notes to financial statements.

DISABILITY RIGHTS MICHIGAN
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash flows from operating activities		
Change in net assets	\$ 134,806	\$ 123,919
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities		
Depreciation	54,174	53,179
Grants and contracts receivable	94,618	(26,730)
Prepaid expenses	(10,900)	15,317
Accounts payable	23,107	(2,685)
Refundable advances	1,670	(11,615)
Accrued payroll and related	(109,483)	67,621
Accrued lease payable	-	(88,648)
Total adjustments	53,186	6,439
Net cash provided by operating activities	187,992	130,358
Cash flows from investing activities		
Purchase of property and equipment	-	(2,000,000)
Proceeds from sales of investments	-	350,000
Net cash used by investing activities	-	(1,650,000)
Cash flows from financing activities		
Proceeds from note payable	-	1,600,000
Repayments on note payable	(50,606)	(36,131)
Net cash provided (used) by financing activities	(50,606)	1,563,869
NET INCREASE IN CASH AND CASH EQUIVALENTS	137,386	44,227
CASH AND CASH EQUIVALENTS		
Beginning of year	398,906	354,679
End of year	\$ 536,292	\$ 398,906
SUPPLEMENTAL DISCLOSURE		
Interest paid	\$ 74,201	\$ 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 both years ended September 30, 2021 and 2020, the net value of the property and equipment acquired with federal funds was \$0.

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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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:

	2021	2020
Undesignated	\$ 825,418	\$ 816,743
Designated		
Disability Rights of Michigan Support Corp.	281,050	145,850
Equipment fund	6,622	13,760
Educating policymakers	15,654	17,585
	303,326	177,195
	\$ 1,128,744	\$ 993,938

DISABILITY RIGHTS MICHIGAN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Assets (continued)

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.

Reclassifications - Certain prior year numbers have been reclassified to be in conformity with the current year presentation.

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.

COVID-19 Expanding P&A's Network Access to COVID-19 Vaccines works to disseminate credible information about COVID-19 vaccines and help direct those with questions to additional sources of information. Funding is used to identify people who may need help getting a COVID-19 vaccination, help with scheduling the vaccination, providing transportation to COVID-19 vaccination sites, and providing technical assistance to local health departments on vaccine accessibility.

COVID-19 Vaccination for Underserved Populations is aimed to improve understanding of populations disproportionately affected by COVID-19 and barriers to vaccination access and uptake.

DISABILITY RIGHTS MICHIGAN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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.

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.

DISABILITY RIGHTS MICHIGAN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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, 2021 and 2020, the Organization received approximately 58% and 52% of its revenues from the U.S. Department of Health and Human Services, approximately 17% and 19% of its revenues from the U.S. Department of Education, and approximately 20% and 20% of its revenues from the U.S. Social Security Administration, respectively. The U.S. Department of Health and Human Services also constitutes approximately 64% and 46% of the Organization's receivable balance as of September 30, 2021 and 2020, respectively.

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 28, 2022, 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.

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

NOTE 3 - LIQUIDITY AND AVAILABILITY (continued)

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, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 536,292	\$ 398,906
Investments	558,000	558,000
Grants and contracts receivable	<u>450,091</u>	<u>544,709</u>
 Total financial assets	 1,544,383	 1,501,615
 Less contractual or donor- imposed restrictions		
Refundable advances	(648,757)	(647,087)
Less reserves and board designations	<u>(303,326)</u>	<u>(177,195)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 592,300</u>	 <u>\$ 677,333</u>

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.

NOTE 4 - GRANTS AND CONTRACTS RECEIVABLE

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

	<u>2021</u>	<u>2020</u>
U.S. Department of Human Services	\$ 289,398	\$ 263,852
U.S. Department of Education	60,080	85,895
Social Security Administration	<u>87,123</u>	<u>180,492</u>
 Total federal	 <u>436,601</u>	 <u>530,239</u>
 Michigan Department of Community Health	 13,479	 12,684
Other	<u>11</u>	<u>1,786</u>
 Total state and other	 <u>13,490</u>	 <u>14,470</u>
 Total receivables	 <u>\$ 450,091</u>	 <u>\$ 544,709</u>

DISABILITY RIGHTS MICHIGAN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 - PROPERTY AND EQUIPMENT

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

	Years of Useful Life	<u>2021</u>	<u>2020</u>
Land		\$ 165,600	\$ 165,600
Buildings and improvements	40	1,834,400	1,834,400
Equipment	3 - 7	<u>169,826</u>	<u>198,817</u>
		2,169,826	2,198,817
Less accumulated depreciation		<u>(245,517)</u>	<u>(220,334)</u>
		<u>\$ 1,924,309</u>	<u>\$ 1,978,483</u>
Depreciation expense		<u>\$ 54,174</u>	<u>\$ 53,179</u>

NOTE 6 - REFUNDABLE ADVANCES

Refundable advances at September 30 consisted of the following:

	<u>2021</u>	<u>2020</u>
Developmental Disabilities Basic Support and Advocacy Grants	\$ 309,170	\$ 307,656
Protection and Advocacy for Individuals with Mental Illness	154,373	154,217
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>1,708</u>
Total	<u>\$ 648,757</u>	<u>\$ 647,087</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>	
2022	\$ 53,098
2023	55,712
2024	58,268
2025	61,324
2026	64,343
Thereafter	<u>1,220,518</u>
	<u><u>\$ 1,513,263</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 2023. The Occupancy expense, including utilities, for the years ended September 30, 2021 and 2020 were \$8,118 and \$112,696, respectively. Remaining operating lease commitment is as follows:

<u>Year Ending September 30,</u>	
2022	\$ 8,118
2023	<u>5,412</u>
Total	<u><u>\$ 13,530</u></u>

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 for individuals with up to 20 years of service and 7% for individuals with more than 21 years of service.

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

NOTE 9 - RETIREMENT PLAN (continued)

Employer contributions to the 403(b) plan were approximately \$101,000 and \$113,000 for the years ended September 30, 2021 and 2020, respectively.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

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>2021</u>	<u>2020</u>
Satisfaction of purpose restrictions		
Special education and website redesign	<u>\$ -</u>	<u>\$ 47,796</u>

SUPPLEMENTARY INFORMATION

DISABILITY RIGHTS MICHIGAN
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2021

	Disability Rights Michigan	DRM Supporting Corporation	Eliminations	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 385,634	\$ 150,658	\$ -	\$ 536,292
Investments	558,000	-	-	558,000
Grants and contracts receivable				
Federal	436,601	-	-	436,601
State and other	13,490	-	-	13,490
Due from affiliate	274,032	-	(274,032)	-
Prepaid expenses	51,207	-	-	51,207
Total current assets	1,718,964	150,658	(274,032)	1,595,590
Property and equipment, net of accumulated depreciation	6,622	1,917,687	-	1,924,309
TOTAL ASSETS	<u>\$ 1,725,586</u>	<u>\$ 2,068,345</u>	<u>\$ (274,032)</u>	<u>\$ 3,519,899</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Current liabilities				
Accounts payable	\$ 49,749	\$ -	\$ -	\$ 49,749
Refundable advances	648,757	-	-	648,757
Due to affiliate	-	274,032	(274,032)	-
Accrued payroll and related	179,386	-	-	179,386
Note payable, current portion	-	53,098	-	53,098
Total current liabilities	877,892	327,130	(274,032)	930,990
Note payable, less current portion	-	1,460,165	-	1,460,165
TOTAL LIABILITIES	877,892	1,787,295	(274,032)	2,391,155
NET ASSETS WITHOUT DONOR RESTRICTIONS				
Undesignated	825,418	-	-	825,418
Designated	22,276	281,050	-	303,326
TOTAL NET ASSETS	847,694	281,050	-	1,128,744
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,725,586</u>	<u>\$ 2,068,345</u>	<u>\$ (274,032)</u>	<u>\$ 3,519,899</u>

**DISABILITY RIGHTS MICHIGAN
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2021**

	Disability Rights Michigan	DRM Supporting Corporation	Eliminations	Total
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
REVENUES				
Federal grants	\$ 4,231,885	\$ -	\$ -	\$ 4,231,885
State grants	194,400	-	-	194,400
Other	8,661	275,465	(275,465)	8,661
TOTAL REVENUES	4,434,946	275,465	(275,465)	4,434,946
EXPENSES				
Program services				
Developmental Disabilities Basic Support and Advocacy Grants	963,829	-	(61,951)	901,878
Protection and Advocacy for Individuals with Mental Illness	966,749	-	(63,844)	902,905
State Grants for Protection and Advocacy Services	98,254	-	(4,294)	93,960
Voting Access for Individuals with Disabilities - Grants for Protection and Advocacy Systems	96,521	-	(5,594)	90,927
ACL Assistive Technology State Grants for Protection and Advocacy	87,031	-	(6,158)	80,873
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	38,541	-	-	38,541
Protection and Advocacy of Individual Rights	423,903	-	(28,421)	395,482
Rehabilitation Services Client Assistance Program	245,628	-	(15,908)	229,720
Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries	148,494	-	(9,678)	138,816
Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries - Rep Payee Review Project	654,689	-	(45,952)	608,737
Advocacy for Developmental Disabilities/Mental Illness	174,732	-	(13,768)	160,964
Expanding P&A's Network Access to COVID-19 Vaccines	31,374	-	(2,645)	28,729
COVID-19 Vaccination for Underserved Populations	47,949	-	(3,130)	44,819
Other	-	126,238	-	126,238
Total program services	3,977,694	126,238	(261,343)	3,842,589
Supporting services				
Management and general	453,951	14,027	(14,122)	453,856
Fundraising	3,695	-	-	3,695
Total supporting services	457,646	14,027	(14,122)	457,551
TOTAL EXPENSES	4,435,340	140,265	(275,465)	4,300,140
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(394)	135,200	-	134,806
NET ASSETS, beginning of year	848,088	145,850	-	993,938
NET ASSETS, end of year	\$ 847,694	\$ 281,050	\$ -	\$ 1,128,744

**DISABILITY RIGHTS MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2021**

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 10/1/2020	Prior Cumulative Expenditures (Memo Only)	Current Year Cash Receipts	Current Year Expenditures	Accrued (Deferred) Revenue at 9/30/2021
U.S. Department of Health and Human Services								
Direct program								
Basic Support and Advocacy Grants								
Developmental Disabilities Basic Support and Advocacy Grants	93.630	2001MIPADD 2101MIPADD Program Income	\$ 1,000,882 973,592	\$ 108,961 - (307,656)	\$ 778,237 - -	\$ 331,606 748,393 1,514	\$ 222,645 850,096 -	\$ - 101,703 (309,170)
Total Basic Support and Advocacy Grants				(198,695)	778,237	1,081,513	1,072,741	(207,467)
COVID-19 Expanding P&A's Network Access to COVID-19 Vaccines	93.630	2101MIPAC5-00	107,135	-	-	31,000	34,919	3,919
Total CFDA #93.630				(198,695)	778,237	1,112,513	1,107,660	(203,548)
COVID-19 Vaccination for Underserved Populations	93.268	NH23IP922635	505,177	-	-	-	53,367	53,367
Protection and Advocacy for Individuals with Mental Illness	93.138	6X98SM082534-01M001 6X98SM083848-01M001 Program Income	869,127 870,556	116,782 -	390,345 -	595,564 442,436 62,156	478,782 535,209 62,000	- 92,773 (154,373)
				(37,435)	390,345	1,100,156	1,075,991	(61,600)
State Grants for Protection and Advocacy Services	93.873	1901MIPATB 2001MIPATB	94,202 94,608	8,399 -	75,310 -	27,291 94,608	18,892 90,476	- (4,132)
				8,399	75,310	121,899	109,368	(4,132)
Voting Access for Individuals with Disabilities - Grants for Protection and Advocacy Systems	93.618	1903MIPAVA 2001MIPAVA	121,383 130,108	15,085 -	67,541 -	68,927 46,073	53,842 53,587	- 7,514
				15,085	67,541	115,000	107,429	7,514
ACL Assistive Technology State Grants for Protection and Advocacy	93.843	2001MIPAAT 2101MIPAAT Program Income	119,360 118,846	7,789 -	25,617 -	101,532 - -	93,743 3,122 -	- 3,122 (81,105)
				(73,316)	25,617	101,532	96,865	(77,983)
				(285,962)	1,337,050	2,551,100	2,550,680	(286,382)
Passed through University of Illinois - Chicago								
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433	90DP0091-04-00 90DP0091-05-00	25,000 30,000	6,836 -	12,919 -	17,785 -	12,081 30,000	1,132 30,000
				6,836	12,919	17,785	42,081	31,132
Total U.S. Department of Health and Human Services				(279,126)	1,349,969	2,568,885	2,592,761	(255,250)

The accompanying notes are an integral part of this schedule.

**DISABILITY RIGHTS MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2021**

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 10/1/2020	Prior Cumulative Expenditures (Memo Only)	Current Year Cash Receipts	Current Year Expenditures	Accrued (Deferred) Revenue at 9/30/2021
U.S. Department of Education								
Direct program								
Program of Protection and Advocacy of Individual Rights	84.240A	H240A200023 H240A210023	\$ 446,867 457,598	\$ 51,144 -	\$ 86,146 -	\$ 411,865 72,134	\$ 360,721 111,081	\$ - 38,947
				<u>51,144</u>	<u>86,146</u>	<u>483,999</u>	<u>471,802</u>	<u>38,947</u>
Rehabilitation Services Client Assistance Program	84.161A	H161A200010 H161A210010	332,991 331,592	34,751 -	168,427 -	199,315 87,685	164,564 108,818	- 21,133
				<u>34,751</u>	<u>168,427</u>	<u>287,000</u>	<u>273,382</u>	<u>21,133</u>
Passed through the State of Michigan Client Assistance Program	84.161A			(34,178)	-	-	-	(34,178)
Total CFDA #84.161A				<u>573</u>	<u>168,427</u>	<u>287,000</u>	<u>273,382</u>	<u>(13,045)</u>
Assistive Technology	84.224A			(68,223)	-	-	-	(68,223)
Total U.S. Department of Education				<u>(16,506)</u>	<u>254,573</u>	<u>770,999</u>	<u>745,184</u>	<u>(42,321)</u>
Social Security Administration								
Direct program								
Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries	96.009	PAB19020358-01-01 PAB19020358-01-02 SPS18000027-02-00 SPS18000027-03-00	163,605 163,605 903,496 899,506	23,255 - 157,237 -	90,620 - 558,960 -	96,240 79,524 501,773 309,772	72,985 92,288 344,536 384,131	- 12,764 - 74,359
Total Social Security Administration				<u>180,492</u>	<u>649,580</u>	<u>987,309</u>	<u>893,940</u>	<u>87,123</u>
Total Federal Expenditures				<u>\$ (115,140)</u>	<u>\$ 2,254,122</u>	<u>\$ 4,327,193</u>	<u>\$ 4,231,885</u>	<u>\$ (210,448)</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, 2021**

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, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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.



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

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, 2021, 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 28, 2022.

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.

Maney Costerian PC

January 28, 2022



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**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, 2021. 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, 2021.

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 Costerian PC

January 28, 2022

**DISABILITY RIGHTS MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2021**

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
93.138	Protection and Advocacy for Individuals with Mental Illness

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, 2021**

There were no audit findings in the prior year.