

Burnham & Schumm, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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A Professional Corporation
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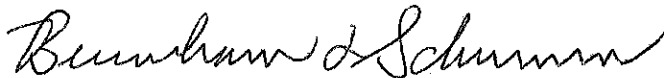
To the Board of Trustees
of Utah Legal Services, Inc.
Salt Lake City, Utah

In planning and performing our audit of the financial statements of Utah Legal Services, Inc. for the year ended June 30, 2016, we considered the Organization's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. We previously reported on the Organization's internal control in our report dated October 21, 2016. This letter does not affect our report dated October 21, 2016, on the financial statements of Utah Legal Services, Inc.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Organization personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized on the following pages.

This report is intended solely for the information and use of the Board of Trustees of Utah Legal Services, Inc., management, and Legal Services Corporation and is not intended to be and should not be used by anyone other than these specified parties.



Burnham & Schumm, P.C.
Salt Lake City, Utah
October 21, 2016

UTAH LEGAL SERVICES, INC.

MANAGEMENT COMMENTS

JUNE 30, 2015

Reportable Matters

Sales Tax Receivable

ULS has not requested reimbursement for sales tax paid from the State of Utah since January 2016. Therefore, the sales tax receivable at June 30, 2016 is \$6,146. Good cash management procedures require a more timely request for reimbursement. We recommend that ULS request reimbursement from the State of Utah for sale taxes on a monthly basis no matter the amount due.

Management's Response

ULS management agrees with the recommendation and will seek reimbursement for sales tax at least quarterly.

Cash Disbursements

During our audit, we performed a 23 item cash disbursement test. The only error noted was that one cash disbursement was not recorded in the proper general ledger account. A parking reimbursement was recorded in account 6510, program mileage instead of the proper account 6540, parking. It is important that expenses are recorded in the proper general ledger account. We recommend that ULS accounting staff review cash disbursement account codes so general ledger coding errors are minimized.

Management's Response

Management agrees with the recommendation.

Payroll

During our audit, we performed a 23 item payroll test. One of the attributes tested was a properly approved time report. We noted one instance in which a time report approved by a supervisor could not be located. A properly approved time report is an important internal control to support the payment of the salary and the proper charging of salary to the funding sources. We recommend that the ULS payroll department review the time reports before each pay period to ensure all employers have a properly approved time report.

Management's Response

Management agrees with the recommendation and with the July 1, 2016, transition to LegalServer supervisors must verify each time report before the controller or management can post and distribute the payroll charges.

Case Sample

During our audit, we reviewed 60 ULS cases for compliance with LSC rules and regulations. In two instances, cases 15E-2235096 and 16E-2243506, there was no signed citizen attestation or representation agreement in the electronic case file sub directory. In both cases enough time was recorded to warrant these signed documents. This finding was also included in last year's management letter.

In addition, we noted two open cases that should have been closed based on our review of the case file and case file notes. It is important to close cases in a timely manner for accurate ULS statistics.

We recommend that ULS inform its attorneys and paralegals of the importance to close cases in a timely manner. In addition, all staff need to be properly trained when a citizen attestation and representation agreement are required.

Management's Response

Management agrees and has conducted two trainings of all staff on these issues and developed new standards and reports to track these issues.

UTAH LEGAL SERVICES, INC.

(A NONPROFIT ORGANIZATION)

FINANCIAL STATEMENTS

WITH

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

YEARS ENDED JUNE 30, 2016 AND 2015

ACRONYMS

BJA	Bureau of Justice Assistance
CDBG	Community Development Block Grant
CFDA	Catalog of Federal Domestic Assistance
DOJ	Department of Justice
FEP	Federal Employment Program
GAD	General Assistance/Disability
HHS	United States Department of Health and Human Services
IOLTA	Interest on Lawyers Trust Accounts
LSC	Legal Services Corporation
OMB	Office of Management and Budget
PAI	Private Attorney Involvement
SSBG	Social Services Block Grant
TANF	Temporary Assistance for Needy Families
TIG	Technology Initiative Grant
TLC	Timpanogas Legal Center
ULS	Utah Legal Services
VAWA	Violence Against Women Act
VOCA	Victims of Crime Act

UTAH LEGAL SERVICES, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Utah Legal Services, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Utah Legal Services, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Utah Legal Services, Inc. as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

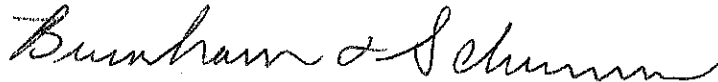
Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of functional expenses and schedules of support and expenses are presented for additional analysis and is not a required part of the financial statements. 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, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 21, 2016, on our consideration of Utah Legal Services, Inc.'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 Utah Legal Services, Inc.'s internal control over financial reporting and compliance.



Burnham & Schumm, P.C.
Salt Lake City, Utah
October 21, 2016

UTAH LEGAL SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
Current Assets:		
Cash and cash equivalents	\$ 656,987	\$ 985,085
Client escrow funds	1,154	1,154
Grants receivable, net of allowance of \$-0-	136,620	130,333
Sales tax receivable	6,146	832
Unconditional promises to give	50,000	50,000
Prepaid expenses	<u>40,075</u>	<u>33,925</u>
Total current assets	890,982	1,201,329
Property and equipment, at cost, net	291,705	160,161
Other assets, deposits	<u>13,262</u>	<u>13,262</u>
Total Assets	<u>\$1,195,949</u>	<u>\$1,374,752</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 104,882	\$ 50,678
Accrued payroll and related liabilities	136,833	146,812
Accrued vacation	80,640	128,477
Client trust deposits	<u>1,154</u>	<u>1,154</u>
Total current liabilities	<u>323,509</u>	<u>327,121</u>
Net assets:		
Unrestricted:		
Operations	416,754	790,166
Fixed assets	<u>291,705</u>	<u>160,161</u>
	<u>708,459</u>	<u>950,327</u>
Temporarily Restricted:		
Legal Services Corporation	38,981	27,304
Non - LSC	<u>125,000</u>	<u>70,000</u>
	<u>163,981</u>	<u>97,304</u>
Permanently Restricted	<u>--</u>	<u>--</u>
Total net assets	<u>872,440</u>	<u>1,047,631</u>
Total Liabilities and Net Assets	<u>\$1,195,949</u>	<u>\$1,374,752</u>

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

UTAH LEGAL SERVICES

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Unrestricted Net Assets:		
Support:		
Federal and state financial assistance	\$3,577,561	\$3,494,189
Other grants and contract revenue	436,725	431,192
In-kind contributions	11,659	2,670
Interest income	2,981	1,928
Other	<u>6,039</u>	<u>12,695</u>
	4,034,965	3,942,674
Net assets released from restrictions:		
Restrictions satisfied by payments	27,304	92,724
United Way, Foundations and other funding for the year	<u>70,000</u>	<u>72,977</u>
	<u>4,132,269</u>	<u>4,108,375</u>
Expenses:		
Program services	4,041,840	3,733,845
Support services:		
Administrative, management and general	221,095	225,858
Fund raising	<u>111,202</u>	<u>111,340</u>
	<u>4,374,137</u>	<u>4,071,043</u>
Increase (decrease) in unrestricted net assets	<u>(241,868)</u>	<u>37,332</u>
Temporarily Restricted Net Assets:		
United Way, Foundations and other funding for next year	125,000	70,000
Federal Support:		
Legal Services Corporation	38,981	5,366
Net assets released from restrictions:		
Restrictions satisfied by payments and expiration of time	<u>(97,304)</u>	<u>(165,701)</u>
Increase (decrease) in temporarily restricted net assets	<u>66,677</u>	<u>(90,335)</u>
Permanently restricted net assets	<u>--</u>	<u>--</u>
(Decrease) in net assets	(175,191)	(53,003)
Net Assets at beginning of year	<u>1,047,631</u>	<u>1,100,634</u>
Net Assets at end of year	<u>\$ 872,440</u>	<u>\$1,047,631</u>

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

UTAH LEGAL SERVICES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
(Decrease) in net assets	\$(175,191)	\$ (53,003)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	68,563	57,976
(Increase) in grants receivable	(6,287)	(7,585)
Decrease in unconditional promises to give	--	2,977
(Increase)decrease in other receivables and deposits	(5,314)	7,645
(Increase) in prepaid expenses	(6,150)	(6,198)
Increase in accounts payable	54,204	11,313
Increase (decrease) in accrued payroll	(9,979)	18,551
Increase in accrued vacation	<u>(47,837)</u>	<u>19,821</u>
Net cash provided (used) by operating activities	<u>(127,991)</u>	<u>51,497</u>
Cash flows from investing activities:		
Acquisition of property and equipment	(200,107)	(36,261)
(Purchase) maturity of certificates of deposit, net	<u>--</u>	<u>200,000</u>
Net cash provided (used) by investing activities	<u>(200,107)</u>	<u>163,739</u>
Cash flows from financing activities:	<u>--</u>	<u>--</u>
Net increase (decrease) in cash	(328,098)	215,236
Cash balance at beginning of year	<u>985,085</u>	<u>769,849</u>
Cash balance at end of year	<u>\$ 656,987</u>	<u>\$ 985,085</u>
Supplemental disclosure of cash flow information:		
Interest paid during the year	<u>\$ --</u>	<u>\$ --</u>
Income taxes paid during the year	<u>\$ --</u>	<u>\$ --</u>

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

UTAH LEGAL SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

1. Nature of Organization and Significant Accounting Policies

Organization

Utah Legal Services, Inc., a nonprofit corporation, was established under the laws of the State of Utah on June 7, 1976. The Organization is dedicated to providing legal services of a civil nature to persons unable to pay for such services in all counties within the State of Utah.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Notes to Financial Statements - Continued

Grants Receivable

Grants and contracts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from grants and contracts. 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 the applicable receivable. Changes in the valuation allowance have not been material to the financial statements.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Property and equipment are being depreciated over estimated useful lives of three to ten years using a straight-line method. The Organization capitalizes expenditures for property and equipment in excess of \$5,000.

Property and equipment acquired with funds from the various sources is considered to be owned by ULS while used in the program or in future authorized programs. However, the funding sources have a reversionary interest in the assets purchased with their respective funds.

Revenue Recognition

The Organization recognizes grant funds from LSC as support on a straight-line basis over the grant period. Funds remaining unused at the end of an accounting period are carried forward in the applicable net assets. The LSC net assets are subject to the provisions of LSC's Fund Balance Regulation. LSC may, at its discretion, request reimbursement for expenses, the return of funds or both as a result of noncompliance by the Organization with the terms of the grant. In addition, if the Organization terminates its legal assistance activities, all unused funds are to be returned to LSC.

Revenues are recognized as funds are received on the LSC and other non cost reimbursement contracts and as costs are incurred, or units of service are provided on the cost reimbursement contracts.

Notes to Financial Statements - Continued

The methods used to recognize revenues do not necessarily coincide with the flow of cash. Consequently, receivables have been recorded for amounts earned on the contracts for which cash has not been received. Conversely, temporarily restricted net assets have been recorded where grant/contract funds received in cash exceed the earned amounts.

Contributions and support, including unconditional promises to give, are recorded as made. All contributions and support are available for unrestricted use unless specifically restricted by the grantor/donor. Contributions that are restricted by the grantor/donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which contributions are recognized. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years, if any, are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

Noncash Contributions

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code and did not conduct unrelated business activities. Therefore, the Organization has made no provision for federal or state income taxes in the accompanying financial statements.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years ending June 30, 2015, 2014 and 2013 are subject to examination by the IRS, generally for three years after they were filed.

Notes to Financial Statements - Continued

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Allocation of Expenses

In some cases, common expenses are incurred which support the work performed under more than one grant or contract. Such expenses are allocated between the grants and contracts based on the percentage of time spent by ULS staff on the grant or contract. All grants and contracts, including the components of LSC funding (except PAI) are charged to the extent of the grant or contract budget. Excess expenses over revenue on programs with LSC eligibility screening are charged to LSC Basic, those with differing eligibility guidelines are charged to other unrestricted sources.

2. Cash - Credit Risk

The Organization has cash deposits totaling \$657,530 and \$992,366 at various banks at June 30, 2016 and 2015 respectively. This exceeds the \$250,000 covered by federal depository insurance by \$-0- and \$-0- respectively.

3. Client Trust Accounts

The Organization holds funds in trust for its clients relating to settlements awarded by the courts and deposits held for filing and other fees. The balance of such accounts is included as both an asset and liability of the Organization.

Notes to Financial Statements - Continued

4. Grants Receivable

Grants and contracts receivable at June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Department of Justice - LAVA	\$ 33,713	\$ 19,176
Title XX	6,000	1,000
Title III	17,865	15,213
Department of Justice - BJA	--	20,673
State of Utah - VOCA/VAWA	71	37,543
State of Utah - GAD, FEP	24,986	20,206
State of Utah - Special Projects	--	1,071
State of Utah - TANF	12,635	12,279
Legal Services Corporation - TIG	41,350	--
Others	<u>---</u>	<u>3,172</u>
Total Grants Receivable	<u>\$136,620</u>	<u>\$130,333</u>

5. Unconditional Promises to Give

The amount due for unconditional promises to give consists of the following at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Allocation for the next year:		
United Way	<u>\$ 50,000</u>	<u>\$ 50,000</u>

The amounts from unconditional promises to give at June 30, 2016 and 2015 are due within one year. Although actual grant payments may vary, differences between the amount recorded and collected have historically been insignificant. Accordingly, no provision is made for uncollectible amounts.

6. Restrictions on Assets

Temporarily restricted net assets are available for the following purposes or periods at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
For subsequent periods:		
United Way	\$ 50,000	\$ 50,000
Foundations	30,000	20,000
IOLTA	45,000	
Federal support not expended:		
LSC-Pro Bono and TIG	34,656	5,366
LSC-Basic	4,325	--
LSC-Native American Program	<u>---</u>	<u>21,938</u>
	<u>\$163,981</u>	<u>\$ 97,304</u>

There are no permanently restricted net assets at June 30, 2016 and 2015.

Notes to Financial Statements - Continued

7. Property and Equipment

The following is a summary of property and equipment as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Property and equipment	\$553,971	\$353,864
Less accumulated depreciation	<u>262,266</u>	<u>193,703</u>
Property and equipment, net	<u>\$291,705</u>	<u>\$160,161</u>

Property and equipment acquired with grant funds are subject to certain restrictions on the sale or other disposition of the property as specified by the grantor agency. Also, if the grantor discontinues funding, all property and equipment acquired with grant funds may be recovered by the grantor.

Depreciation expense for the years ended June 30, 2016 and 2015 was \$68,563 and \$57,976, respectively.

8. Lease Commitments

Utah Legal Services, Inc. leases office space for their Salt Lake, Ogden and Provo offices. Each Office is leased under a separate lease agreement. Each lease contains a defunding clause making the lease generally cancelable upon 60-90 days notice if ULS loses its funding from Legal Services Corporation. Lease payments for the years ended June 30, 2016 and 2015 amounted to \$177,655 and \$177,676, respectively. The lease payments are classified as space costs in the accompanying financial statements.

For all offices maintained by ULS, the related future minimum lease payments (based on leases with terms of one year or more) are as follows:

<u>June 30,</u>	<u>Amount</u>
2017	\$179,575
2018	136,336
2019	45,612
2020	<u>30,780</u>
	<u>\$392,303</u>

Notes to Financial Statements - Continued

9. Private Attorney Involvement (PAI) Expenditures

The assurances given by ULS as a condition for approval of the LSC Basic Field grant include an assurance and certification that at least the minimum amount of LSC funds prescribed by LSC rules, regulations, guidelines, and instructions will be provided for the involvement of private attorneys in the delivery of legal assistance to the eligible clients.

45 CFR 1614.1 defines the minimum amount of "funds to be devoted to involvement of private attorneys as an amount equal to at least twelve and one-half percent (12.5%) of the recipient's LSC annualized basic field award."

Based on these assurances, ULS is required to expend \$286,187 on PAI during the year ended June 30, 2016. As noted in the following summary, ULS exceeded the requirement by \$76,501.

	<u>PAI</u>
LSC annualized basic field award at 12.5%	<u>\$286,187</u>
Expenses:	
Salaries	\$222,922
Employee benefits	50,753
Contract services	52,048
Space costs	10,856
Travel	7,351
Consumable supplies	2,459
Telephone	3,151
Equipment expense	1,535
Litigation	5,805
Library expense	1,712
Licenses and fees	1,232
Insurance	1,419
Miscellaneous	823
Training	<u>622</u>
	<u>362,710</u>
Expenses in excess of requirement	<u>\$ 76,501</u>

Notes to Financial Statements - Continued

10. Tax Sheltered Annuity Plan

Utah Legal Services sponsors a 403 (b) salary reduction plan that covers employees. Employees are eligible to participate in salary reduction contributions on their hire date. With respect to non-salary reduction contributions, employees are eligible to participate if they have completed six months of service and have attained age 21. Salary reduction contributions are limited in any year to a certain dollar amount set by law. For the years ended June 30, 2016 and 2015, Utah Legal Services matching contributions amounted to \$58,132 and \$54,124, respectively.

11. Subgrant - Timpanogas Legal Center

On October 15, 2014 and July 6, 2015, Utah Legal Services entered into a subgrant agreement with Timpanogas Legal Center (TLC). TLC will develop and run a virtual document clinic for low income persons needing family law services, primarily in divorce and custody cases. The subgrant is for \$37,500 per year and the term of the agreements is December 5, 2014 through December 4, 2016. TLC received \$15,580 and \$-0- during the years ended June 30, 2016 and 2015 for services rendered under these agreements.

12. Major Grantor

During the year ended June 30, 2016 and 2015, Utah Legal Services received \$2,566,568 and \$2,550,190, respectively, from Legal Services Corporation. This represents 61.89% and 63.59% of total revenues for the years ended June 30, 2016 and 2015, respectively. A loss of funding from this grantor would have a materially adverse effect on the financial condition of ULS.

13. In-kind Contributions

During the years ended June 30, 2016 and 2015, the Organization recorded in-kind contributions of \$11,659 and \$2,670 respectively. During the year ended June 30, 2016, the Organization received approximately 116 hours of service from volunteers valued at an average of \$14.35 per hour. The Utah Bar contributed \$10,000 of computer programming for the Pro Bono Innovation project.

Notes to Financial Statements - Continued

14. LSC Audit

In March 2016, Legal Services Corporation (LSC) performed an onsite compliance review. LSC discovered that certain membership fees and voluntary dues were incorrectly charged to LSC per 45CFR Part 1627. The ineligible membership fees and voluntary dues totaled \$4,325 for the five-year period July 1, 2010 through June 30, 2015. ULS transferred \$4,325 of Dues and Fees Expense from LSC to Non-LSC funding sources in the June 30, 2016 Schedule of Support and Expenses. ULS has sufficient unrestricted Non-LSC funds to cover these costs, so there was no material impact on previous years' audits.

15. Evaluation of Subsequent Events

The Organization has evaluated subsequent events through October 24, 2016, the date which the financial statements were available to be issued.

GOVERNMENTAL AUDITING STANDARDS REPORTS
AND SINGLE AUDIT INFORMATION

UTAH LEGAL SERVICES, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass Through Grantor/Program Title	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Federal Expenditures</u>
<u>Legal Services Corporation</u>			
Legal Services Corporation	N/L	745000	<u>\$2,612,592</u>
 <u>US Department of Health and Human Serv. (HHS)</u>			
Passed Through State of Utah:			
Department of Workforce Services - TANF	93.558	15DWS0071	60,993
Department of Workforce Services	93.558	136106	27,343
Davis County	93.044	N/A	4,957
Mountainlands Assoc of Govts	93.044	N/A	13,000
Southeastern UT AOG	93.044	N/A	3,000
San Juan County	93.044	N/A	2,000
Six County Aging Program	93.044	N/A	5,026
Five County Aging Program	93.044	N/A	10,000
Bear River Assoc of Govt-Title III	93.044	N/A	4,500
Uintah County Aging Program	93.044	N/A	1,330
Uintah Basin Aging Program	93.044	N/A	1,036
Weber County Title III	93.044	N/A	4,957
Tooele County Title XX	93.667	N/A	6,000
Tooele County Aging Program Title III	93.044	N/A	1,748
Passed Through State of Utah Through Salt Lake County:			
Dept of Aging Services	93.044	0000000995	<u>62,005</u>
Total US Dept of HHS			<u>207,895</u>
 <u>US Department of Justice</u>			
Department of Justice - Legal Assistance for Survivors of Sexual Abuse	16.556	2014-WL-AX-0026	131,861
 Passed Through State of Utah:			
Commission on Criminal and Juvenile Justice	16.575	15VOCA-81 15VOCA-78	143,243

UTAH LEGAL SERVICES, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2016

Commission on Criminal and Juvenile Justice	16.588	14-VAWA-38	6,551
Bureau of Justice Assistance	16.815	2015-AL-BX-0001	<u>51,141</u>
		2015-AL-BX-0002	
		2013-AL-BX-0002	
 Total US Department of Justice			 <u>332,796</u>
 Total Federal Financial Assistance			 <u>\$3,153,283</u>

N/A = No contract number provided in the agreement.
 N/L = No Federal CFDA number is available.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Utah Legal Services, Inc. under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Utah Legal Services, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Utah Legal Services, Inc.

B. 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 principles contained in the Uniform Guidance and/or OMB Circular A-122, Cost Principles for Non-profit Organizations wherein certain types of expenditures are not allowable or are limited as to reimbursement.

UTAH LEGAL SERVICES, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2016

	<u>Supportive Services</u>			<u>Total</u>	<u>Program Services</u>	<u>Total</u>
	<u>Fund Raising</u>	<u>Administrative, Management & General</u>				
Salary - attorney	\$ 73,681	\$ 73,939	\$ 147,620	\$1,571,158	\$1,718,778	
Salary - other	8,366	67,907	76,273	1,003,755	1,080,028	
Employee benefits	19,839	43,068	62,907	786,881	849,788	
Contract services	1,294	7,300	8,594	119,871	128,465	
Contract services - TLC	--	--	--	15,580	15,580	
Space costs	1,681	9,213	10,894	170,882	181,776	
Travel	1,212	3,730	4,942	68,657	73,599	
Consumable supplies	362	1,604	1,966	29,688	31,654	
Telephone	533	2,590	3,123	47,979	51,102	
Equipment expenses	420	1,303	1,723	23,979	25,702	
Litigation	809	2,340	3,149	43,014	46,163	
Library expenses	324	1,453	1,777	26,885	28,662	
Licenses and fees	1,473	806	2,279	13,624	15,903	
Insurance	292	1,205	1,497	22,275	23,772	
Training expenses	154	512	666	9,442	10,108	
In-kind expense	--	--	--	11,659	11,659	
Miscellaneous	146	650	796	12,039	12,835	
Depreciation	616	3,475	4,091	64,472	68,563	
Total Expenses	\$ 111,202	\$ 221,095	\$ 332,297	\$4,041,840	\$4,374,137	

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

UTAH LEGAL SERVICES, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2015

	Supportive Services			Program Services	Total
	Fund Raising	Administrative, Management & General	Total		
Salary - attorney	\$ 79,118	\$ 86,007	\$ 165,125	\$1,464,873	\$1,629,998
Salary - other	7,660	60,928	68,588	948,152	1,016,740
Employee benefits	15,736	40,472	56,208	672,813	729,021
Contract services	1,463	6,140	7,603	102,998	110,601
Contract services - TLC	--	--	--	--	--
Space costs	923	10,047	10,970	170,016	180,986
Travel	1,712	4,702	6,414	78,281	84,695
Consumable supplies	355	2,104	2,459	35,433	37,892
Telephone	321	2,767	3,088	46,749	49,837
Equipment expenses	2,540	1,966	4,506	30,912	35,418
Litigation	226	2,348	2,574	39,717	42,291
Library expenses	265	1,432	1,697	24,097	25,794
Licenses and fees	174	872	1,046	14,661	15,707
Insurance	249	1,141	1,390	19,171	20,561
Training expenses	186	1,010	1,196	17,005	18,201
In-kind expense	--	--	--	2,670	2,670
Miscellaneous	129	703	832	11,823	12,655
Depreciation	283	3,219	3,502	54,474	57,976
Total Expenses	<u>\$ 111,340</u>	<u>\$ 225,858</u>	<u>\$ 337,198</u>	<u>\$3,733,845</u>	<u>\$4,071,043</u>

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

UTAH LEGAL SERVICES, INC.
 SCHEDULE OF SUPPORT AND EXPENSES
 YEAR ENDED JUNE 30, 2016

SUMMARY

	LSC	Department of Justice	Other	Property	Total
Support					
Grants and contracts	\$2,607,918	\$ 332,796	\$ 682,692	\$ --	\$3,623,406
Other	<u>16,351</u>	<u>2,507</u>	<u>556,682</u>	<u>--</u>	<u>575,540</u>
	<u>2,624,269</u>	<u>335,303</u>	<u>1,239,374</u>	<u>--</u>	<u>4,198,946</u>
Expenses					
Salary - attorney	988,113	246,532	484,133	--	1,718,778
Salary - other	594,290	99,996	385,742	--	1,080,028
Employee benefits	468,029	99,952	281,807	--	849,788
Contract services	27,687	48,953	51,825	--	128,465
Contract services - TLC	15,580	--	--	--	15,580
Space costs	84,686	12,910	84,180	--	181,776
Travel	30,482	12,877	30,240	--	73,599
Consumable supplies	11,536	1,809	18,309	--	31,654
Telephone	17,135	3,693	30,274	--	51,102
Equipment expense	9,498	1,544	14,660	--	25,702
Litigation	25,132	962	20,069	--	46,163
Library expense	8,935	1,701	18,026	--	28,662
Licenses and fees	424	888	14,591	--	15,903
Insurance	7,114	1,349	15,309	--	23,772
Training expense	3,402	597	6,109	--	10,108
In-kind expense	10,000	1,659	--	--	11,659
Miscellaneous	3,946	554	8,335	--	12,835
Depreciation	<u>--</u>	<u>--</u>	<u>--</u>	<u>68,563</u>	<u>68,563</u>
	<u>2,305,989</u>	<u>535,976</u>	<u>1,463,609</u>	<u>68,563</u>	<u>4,374,137</u>
Excess (deficiency) of support over expenses	318,280	(200,673)	(224,235)	(68,563)	(175,191)
Property acquisition	(197,835)	--	(2,272)	200,107	--
Property disposition	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund Transfers	<u>(108,768)</u>	<u>200,673</u>	<u>(91,905)</u>	<u>--</u>	<u>--</u>
Increase (decrease) in net assets	11,677	--	(318,412)	131,544	(175,191)
Beginning net assets	27,304	--	860,166	160,161	1,047,631
Ending net assets	<u>\$ 38,981</u>	<u>\$ --</u>	<u>\$ 541,754</u>	<u>\$ 291,705</u>	<u>\$ 872,440</u>

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

UTAH LEGAL SERVICES, INC.
 SCHEDULE OF SUPPORT AND EXPENSES
 YEAR ENDED JUNE 30, 2015

SUMMARY

	LSC	Department of Justice	Other	Property	Total
Support					
Grants and contracts	\$2,555,190	\$ 293,842	\$ 650,523	\$ --	\$3,499,555
Other	<u>11,316</u>	<u>25,549</u>	<u>481,620</u>	<u>--</u>	<u>518,485</u>
	<u>2,566,506</u>	<u>319,391</u>	<u>1,132,143</u>	<u>--</u>	<u>4,018,040</u>
Expenses					
Salary - attorney	1,014,288	160,355	455,355	--	1,629,998
Salary - other	780,825	61,010	174,905	--	1,016,740
Employee benefits	437,195	49,003	242,823	--	729,021
Contract services	52,369	46,353	11,879	--	110,601
Contract services -TLC	--	--	--	--	--
Space costs	121,955	--	59,031	--	180,986
Travel	70,696	--	13,999	--	84,695
Consumable supplies	25,040	--	12,852	--	37,892
Telephone	32,189	--	17,648	--	49,837
Equipment expense	26,138	--	9,280	--	35,418
Litigation	21,619	--	20,672	--	42,291
Library expense	16,751	--	9,043	--	25,794
Licenses and fees	10,998	--	4,709	--	15,707
Insurance	13,547	--	7,014	--	20,561
Training expense	17,076	--	1,125	--	18,201
In-kind expense	--	2,670	--	--	2,670
Miscellaneous	6,548	--	6,107	--	12,655
Depreciation	<u>--</u>	<u>--</u>	<u>--</u>	<u>57,976</u>	<u>57,976</u>
	<u>2,647,234</u>	<u>319,391</u>	<u>1,046,442</u>	<u>57,976</u>	<u>4,071,043</u>
Excess (deficiency) of support over expenses	(80,728)	--	85,701	(57,976)	(53,003)
Property acquisition	(6,630)	--	(29,631)	36,261	--
Property disposition	--	--	--	--	--
Fund Transfers	--	--	--	--	--
Increase (decrease) in net assets	(87,358)	--	56,070	(21,715)	(53,003)
Beginning net assets	<u>114,662</u>	<u>--</u>	<u>804,096</u>	<u>181,876</u>	<u>1,100,634</u>
Ending net assets	<u>\$ 27,304</u>	<u>\$ --</u>	<u>\$ 860,166</u>	<u>\$ 160,161</u>	<u>\$1,047,631</u>

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

UTAH LEGAL SERVICES, INC.
SCHEDULE OF SUPPORT AND EXPENSES
JUNE 30, 2016

LSC FUNDS

	<u>Basic Field</u>	<u>Migrant</u>	<u>Native American</u>	<u>TIG</u>	<u>Pro Bono Innovation</u>	<u>Total</u>
Support						
Grants and contracts	\$2,289,497	\$ 68,871	\$ 83,713	\$ 89,837	\$ 76,000	\$ 2,607,918
Other	<u>6,351</u>	<u>--</u>	<u>--</u>	<u>10,000</u>	<u>--</u>	<u>16,351</u>
	<u>2,295,848</u>	<u>68,871</u>	<u>83,713</u>	<u>99,837</u>	<u>76,000</u>	<u>2,624,269</u>
Expenses						
Salary - attorney	821,343	26,048	57,135	61,867	21,720	988,113
Salary - other	509,067	57,329	17,110	682	10,102	594,290
Employee benefits	398,729	25,717	19,876	16,005	7,702	468,029
Contract services	25,856	317	1,514	--	--	27,687
Contract services - TLC	--	--	--	--	15,580	15,580
Space costs	76,190	5,054	3,442	--	--	84,686
Travel	21,158	6,350	2,974	--	--	30,482
Consumable supplies	10,119	860	557	--	--	11,536
Telephone	14,869	1,169	737	--	360	17,135
Equipment expense	7,676	594	390	--	838	9,498
Litigation	24,357	107	668	--	--	25,132
Library expense	7,943	603	389	--	--	8,935
Dues and fees	(121)	315	230	--	--	424
Insurance	6,278	504	332	--	--	7,114
Training expense	2,634	605	163	--	--	3,402
In-kind expense	--	--	--	10,000	--	10,000
Miscellaneous	3,576	236	134	--	--	3,946
Depreciation	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
	<u>1,929,674</u>	<u>125,808</u>	<u>105,651</u>	<u>88,554</u>	<u>56,302</u>	<u>2,305,989</u>
Excess (deficiency) of support over expenses	366,174	(56,937)	(21,938)	11,283	19,698	318,280
Property acquisition	(126,175)	--	--	(58,160)	(13,500)	(197,835)
Property disposition	--	--	--	--	--	--
Fund transfers	<u>(235,674)</u>	<u>56,937</u>	<u>--</u>	<u>34,877</u>	<u>35,092</u>	<u>(108,768)</u>
Increase (decrease) in net assets	4,325	--	(21,938)	(12,000)	41,290	11,677
Beginning net assets	<u>--</u>	<u>--</u>	<u>21,938</u>	<u>12,000</u>	<u>(6,634)</u>	<u>27,304</u>
Ending net assets	<u>\$ 4,325</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 34,656</u>	<u>\$ 38,981</u>

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

UTAH LEGAL SERVICES, INC.
 SCHEDULE OF SUPPORT AND EXPENSES
 JUNE 30, 2016

	<u>LSC FUNDS - Technology Initiative Grants</u>			
	<u>TIG</u>	<u>TIG</u>	<u>TIG</u>	<u>TIG</u>
	<u>Grant 15022</u>	<u>Grant 14016</u>	<u>Grant 12083</u>	<u>Grant 13036</u>
				<u>Total</u>
Support				
Grants and contracts	\$ 66,799	\$ 8,551	\$ 6,200	\$ 8,287
Other	--	--	10,000	--
	<u>66,799</u>	<u>8,551</u>	<u>16,200</u>	<u>8,287</u>
Expenses				
Salary - attorney	21,645	25,658	7,345	7,219
Salary - other	75	551	32	24
Employee benefits	6,079	6,275	2,066	1,585
Contract services	--	--	--	--
Contract services - TLC	--	--	--	--
Space costs	--	--	--	--
Travel	--	--	--	--
Consumable supplies	--	--	--	--
Telephone	--	--	--	--
Equipment expense	--	--	--	--
Litigation	--	--	--	--
Library expense	--	--	--	--
Dues and fees	--	--	--	--
Insurance	--	--	--	--
Training expense	--	--	--	--
In-kind expenses	--	--	10,000	--
Miscellaneous	--	--	--	--
Depreciation	<u>27,799</u>	<u>32,484</u>	<u>19,443</u>	<u>8,828</u>
Excess (deficiency) of support over expenses	39,000	(23,933)	(3,243)	(541)
Property acquisition	(45,000)	--	(13,160)	--
Property disposition	--	--	--	--
Fund transfers	<u>6,000</u>	<u>11,933</u>	<u>16,403</u>	<u>541</u>
Increase (decrease) in net assets	--	(12,000)	--	--
Beginning net assets	--	12,000	--	--
Ending net assets	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

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

UTAH LEGAL SERVICES, INC.
 SCHEDULE OF SUPPORT AND EXPENSES
 JUNE 30, 2015
 LSC FUNDS

	Basic Field	Migrant	Native American	TIG	Pro Bono Innovation	Total
Support						
Grants and contracts	\$2,337,464	\$ 67,578	\$ 82,118	\$ 30,030	\$ 38,000	\$ 2,555,190
Other	8,916	2,400	--	--	--	11,316
	<u>2,346,380</u>	<u>69,978</u>	<u>82,118</u>	<u>30,030</u>	<u>38,000</u>	<u>2,566,506</u>
Expenses						
Salary - attorney	920,892	20,746	46,899	11,400	14,351	1,014,288
Salary - other	711,967	12,906	43,388	--	12,564	780,825
Employee benefits	397,075	8,151	24,725	--	7,244	437,195
Contract services	42,344	916	5,044	--	4,065	52,369
Contract services - TLC	--	--	--	--	--	--
Space costs	99,627	7,604	13,528	--	1,196	121,955
Travel	43,914	11,057	12,395	--	3,330	70,696
Consumable supplies	20,787	1,444	2,552	--	257	25,040
Telephone	27,681	1,557	2,505	--	446	32,189
Equipment expense	22,136	1,368	2,406	--	228	26,138
Litigation	20,896	127	558	--	38	21,619
Library expense	13,967	940	1,651	--	193	16,751
Dues and fees	8,804	680	1,410	--	104	10,998
Insurance	11,009	851	1,533	--	154	13,547
Training expense	15,144	1,227	300	--	405	17,076
In-kind expense	--	--	--	--	--	--
Miscellaneous	5,424	404	661	--	59	6,548
Depreciation	--	--	--	--	--	--
	<u>2,361,667</u>	<u>69,978</u>	<u>159,555</u>	<u>11,400</u>	<u>44,634</u>	<u>2,647,234</u>
Excess (deficiency) of support over expenses	(15,287)	--	(77,437)	18,630	(6,634)	(80,728)
Property acquisition	--	--	--	(6,630)	--	(6,630)
Property disposition	--	--	--	--	--	--
Fund transfers	--	--	--	--	--	--
Increase (decrease) in net assets	(15,287)	--	(77,437)	12,000	(6,634)	(87,358)
Beginning net assets	15,287	--	99,375	--	--	114,662
Ending net assets	<u>--</u>	<u>--</u>	<u>\$ 21,938</u>	<u>\$ 12,000</u>	<u>\$ (6,634)</u>	<u>\$ 27,304</u>

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

UTAH LEGAL SERVICES, INC.
SCHEDULE OF SUPPORT AND EXPENSES
JUNE 30, 2015

	LSC FUNDS - Technology Initiative Grants				Total
	TIG Grant 14016	TIG Grant 11032	TIG Grant 12005	TIG Grant 12083	
Support					
Grants and contracts	\$ 12,000	\$ 3,000	\$ 5,310	\$ 3,100	\$ 23,410
Other	<u>12,000</u>	<u>3,000</u>	<u>5,310</u>	<u>3,100</u>	<u>30,030</u>
Expenses					
Salary - attorney		3,000	5,300	3,100	11,400
Salary - other					
Employee benefits					
Contract services					
Contract services - TIC					
Space costs					
Travel					
Consumable supplies					
Telephone					
Equipment expense					
Litigation					
Library expense					
Dues and fees					
Insurance					
Training expense					
Miscellaneous					
Depreciation		3,000	5,300	3,100	11,400
Excess (deficiency) of support over expenses	12,000				12,000
Property acquisition				6,630	6,630
Property disposition				(6,630)	(6,630)
Fund transfers					
Increase (decrease) in net assets	12,000				12,000
Beginning net assets					
Ending net assets	<u>\$ 12,000</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 12,000</u>

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

UTAH LEGAL SERVICES, INC.
 SCHEDULE OF SUPPORT AND EXPENSES
 JUNE 30, 2016

DOJ FUNDS

	Bureau of Justice Assistance		Thru State of Utah		Total
		Sexual Assault	VAWA	VOCA	
Support					
Grants and contracts	\$ 51,141	\$ 131,861	\$ 6,551	\$ 143,243	\$ 332,796
Other	848	--	834	825	2,507
	<u>51,989</u>	<u>131,861</u>	<u>7,385</u>	<u>144,068</u>	<u>335,303</u>
Expenses					
Salary - attorney	56,677	61,698	6,551	121,606	246,532
Salary - other	35,293	15,361	--	49,342	99,996
Employee benefits	29,811	18,908	--	51,233	99,952
Contract services	4,798	35,894	--	8,261	48,953
Space costs	5,798	--	--	7,112	12,910
Travel	5,329	--	--	7,548	12,877
Consumable supplies	988	--	--	821	1,809
Telephone	1,212	--	--	2,481	3,693
Equipment expense	669	--	--	875	1,544
Litigation	155	--	--	807	962
Library expense	697	--	--	1,004	1,701
Dues and fees	362	--	--	526	888
Insurance	572	--	--	777	1,349
Training expense	178	--	--	419	597
In-Kind expense	--	--	834	825	1,659
Miscellaneous	265	--	--	289	554
Depreciation	--	--	--	--	--
	<u>142,804</u>	<u>131,861</u>	<u>7,385</u>	<u>253,926</u>	<u>535,976</u>
Excess (deficiency) of support over expenses	(90,815)	--	--	(109,858)	(200,673)
Property acquisition	--	--	--	--	--
Property disposition	--	--	--	--	--
Fund transfers	90,815	--	--	109,858	200,673
Increase (decrease) in net assets	--	--	--	--	--
Net assets beginning of year	\$ --	\$ --	\$ --	\$ --	\$ --
Net assets end of year	\$ --	\$ --	\$ --	\$ --	\$ --

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

SCHEDULE OF SUPPORT AND EXPENSES
 JUNE 30, 2015
 DOJ FUNDS

	Bureau of Justice Assistance					Thru State of Utah		Total
	Provo City P.O.	Assistance	Sexual Assault	VAMA	VOCA	VAMA	VOCA	
Support								
Grants and contracts	\$ 21,808	\$ 72,730	\$ 57,557	\$ 54,961	\$ 86,786	\$ 293,842		
Other	---	---	---	3,796	21,753	25,549		
	<u>21,808</u>	<u>72,730</u>	<u>57,557</u>	<u>58,757</u>	<u>108,539</u>	<u>319,391</u>		
Expenses								
Salary - attorney	21,808	42,455	21,260	11,867	62,965	160,355		
Salary - other	---	14,424	1,870	28,470	16,246	61,010		
Employee benefits	---	10,737	3,186	13,339	21,741	49,003		
Contract services	---	5,114	31,241	5,081	4,917	46,353		
Space costs	---	---	---	---	---	---		
Travel	---	---	---	---	---	---		
Consumable supplies	---	---	---	---	---	---		
Telephone	---	---	---	---	---	---		
Equipment expense	---	---	---	---	---	---		
Litigation	---	---	---	---	---	---		
Library expense	---	---	---	---	---	---		
Licenses and fees	---	---	---	---	---	---		
Insurance	---	---	---	---	---	---		
Training expense	---	---	---	---	---	---		
In-kind expense	---	---	---	---	2,670	2,670		
Miscellaneous	---	---	---	---	---	---		
Depreciation	---	---	---	---	---	---		
	<u>21,808</u>	<u>72,730</u>	<u>57,557</u>	<u>58,757</u>	<u>108,539</u>	<u>319,391</u>		
Excess (deficiency) of support over expenses	---	---	---	---	---	---		
Property acquisition	---	---	---	---	---	---		
Property disposition	---	---	---	---	---	---		
Increase (decrease) in net assets	---	---	---	---	---	---		
Net assets beginning of year	---	---	---	---	---	---		
Net assets end of year	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>		<u>\$</u>

Burnham & Schumm, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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A Professional Corporation
Officers:
Lonnie K. Burnham, C.P.A.
Ted Schumm, C.P.A.

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 Trustees of
Utah Legal Services, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Utah Legal Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 21, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Utah Legal Services, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Utah Legal Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 Utah Legal Services, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Burnham & Schumm, P.C.
Salt Lake City, Utah
October 21, 2016

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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 Trustees of
Utah Legal Services, Inc.

Report on Compliance for Each Major Federal Program

We have audited Utah Legal Services, Inc.'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 Utah Legal Services, Inc.'s major federal programs for the year ended June 30, 2016. Utah Legal Services, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of finding and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Utah Legal Services, Inc.'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 the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Utah Legal Services, Inc.'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 Utah Legal Services, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Utah Legal Services, Inc. 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 year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of Utah Legal Services, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Utah Legal Services, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on a 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 Utah Legal Services, Inc.'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.

A handwritten signature in cursive script that reads "Burnham & Schumm".

Burnham & Schumm, P.C.
Salt Lake City, Utah
October 21, 2016

UTAH LEGAL SERVICES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2016

Summary of Auditor's Results

1. The Auditor's report expresses an unmodified opinion on whether the financial statements of Utah Legal Services, Inc. were prepared in accordance with GAAP.
2. No significant deficiencies were disclosed during the audit of the financial statements which are reported in the 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. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Utah Legal Services, Inc. were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were disclosed in the audit report of Utah Legal Services, Inc. for the year ended June 30, 2016. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal awards program for Utah Legal Services, Inc. expresses an unmodified opinion on the major federal program.
6. There were no audit findings to be reported in accordance with 2CFR section 200.516(a).
7. The program tested as a major program was: Legal Services Corporation, CFDA#09.745000.
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Utah Legal Services, Inc. does not qualify as a low risk auditee.