

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.

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

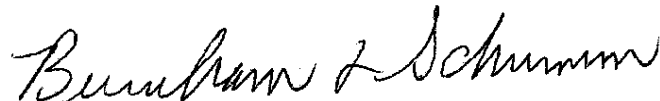
In planning and performing our audit of the financial statements of Utah Legal Services, Inc. for the year ended June 30, 2010, we considered the Organization's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not 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 7, 2010. This letter does not affect our report dated October 7, 2010, 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.

Salt Lake City, Utah
October 7, 2010



UTAH LEGAL SERVICES, INC.

MANAGEMENT COMMENTS

JUNE 30, 2010

Reportable Matters

Payroll Test

During our testing of payroll, we review a sample of personnel files to determine that the files are complete and contain all the information required by ULS. In one personnel file that was selected for testing, we noted that the Abide by Priorities statement and the resume were missing from the file.

We recommend that ULS use a checklist for new employees to help eliminate missing information from personnel files.

Management's Response

We recognize the error and will follow the recommendation to prevent its recurrence.

Annual Report of Non-Priority Cases

45 CFR 1620.7(b) requires an annual report of non-priority cases undertaken by ULS during the calendar year. The 2009 annual report was due on January 31, 2010 but was not submitted by ULS until February 19, 2010.

We recommend that ULS comply with 45 CFR 1620 by submitting its annual report by its due date.

Management's Response

We recognize the error and will submit the report by its due date.

Fee Generating Cases

Program letter 10-1 indicated that the LSC board of directors repealed the LSC regulation prohibiting LSC grantees from claiming, collecting and retaining attorneys' fees. Effective March 15, 2010, ULS is permitted to make claims for attorneys' fees in any case in which they are otherwise legally permitted to make such a claim.

We recommend that ULS update its policies and procedures to reflect the change in the regulation at LSC regarding collection of attorneys' fees.

Reportable Matters - Continued

Management's Response

ULS will review its policy and procedures regarding attorneys' fees.

In-Kind Expenses

The new DHHS Administration on Aging Senior Hotline grant requires \$31,100 of in-kind contributions to comply with the grant requirements. The grant period is September 1, 2009 through August 31, 2010. As of June 30, 2010, ULS has not recorded any in-kind contributions expenses for this grant. This grant was awarded to ULS for a three-year period. It is important that ULS to obtain the necessary supporting documentation so they can record the in-kind contributions to document compliance with this grant agreement.

We recommend that ULS obtain the volunteer hours that will be used to support the in-kind revenue expense for the current grant period and subsequent two grant periods.

Management's Response

We are currently in the process of obtaining the supporting documentation for this grant requirement. We expect no problems obtaining the necessary information to show compliance.

UTAH LEGAL SERVICES, INC.

(A NONPROFIT ORGANIZATION)

FINANCIAL STATEMENTS

WITH

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

YEARS ENDED JUNE 30, 2010 AND 2009

ACRONYMS

ABA	American Bar Association
AG	Attorney General
ALG	Association of Local Governments
AOG	Association of Governments
BJA	Bureau of Justice Affairs
CFDA	Catalog of Federal Domestic Assistance
DOA	Utah Division on Aging
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
SLVP	Senior Lawyer Volunteer Project
TCAP	Tribal Court Assistance Program
ULS	Utah Legal Services
VAWA	Violence Against Women Act
VOCA	Victims of Crime Act

UTAH LEGAL SERVICES, INC.

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REPORT OF INDEPENDENT AUDITORS'

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

We have audited the accompanying statements of financial position of Utah Legal Services, Inc. (a nonprofit organization) as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

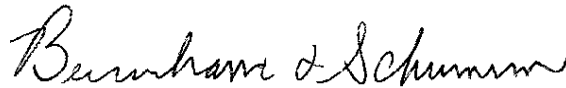
In accordance with Government Auditing Standards, we have also issued our report dated October 7, 2010, on our consideration of Utah Legal Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain

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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Utah Legal Services, Inc. taken as a whole. The accompanying schedule of functional expenses and schedules of support and expenses are presented for the purposes of additional analysis and is not a required part of the financial statements of the Organization. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Burnham & Schumm, P.C.
Salt Lake City, Utah
October 7, 2010



UTAH LEGAL SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2010 AND 2009

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Current Assets:		
Cash	\$ 518,426	\$ 322,378
Certificates of deposit	371,534	290,278
Client escrow funds	--	1,772
Grants receivable, net of allowance of \$-0-	119,172	93,426
Other receivables	1,252	3,675
Unconditional promises to give	92,250	129,750
Prepaid expenses	<u>15,559</u>	<u>15,381</u>
Total current assets	1,118,193	856,660
Property and equipment, at cost, net	70,712	86,975
Other assets, deposits	<u>13,762</u>	<u>12,055</u>
Total Assets	<u>\$1,202,667</u>	<u>\$ 955,690</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 32,427	\$ 37,114
Accrued payroll and related liabilities	108,233	114,053
Accrued vacation	95,444	103,470
Client trust deposits	<u>--</u>	<u>1,772</u>
Total current liabilities	<u>236,104</u>	<u>256,409</u>
Net assets:		
Unrestricted:		
Operations	537,454	425,573
Fixed assets	<u>70,712</u>	<u>86,975</u>
	<u>608,166</u>	<u>512,548</u>
Temporarily Restricted:		
Legal Services Corporation	225,729	12,815
Non - LSC	<u>132,668</u>	<u>173,918</u>
	<u>358,397</u>	<u>186,733</u>
Permanently Restricted	<u>--</u>	<u>--</u>
Total net assets	<u>966,563</u>	<u>699,281</u>
Total Liabilities and Net Assets	<u>\$1,202,667</u>	<u>\$ 955,690</u>

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

UTAH LEGAL SERVICES

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Unrestricted Net Assets:		
Support:		
Federal and state financial assistance	\$3,070,324	\$2,868,485
Other grants and contract revenue	246,620	366,396
In-kind contributions	16,395	75,467
Interest income	4,082	9,311
Other	<u>2,291</u>	<u>5,055</u>
	3,339,712	3,324,714
Net assets released from restrictions:		
Restrictions satisfied by payments	56,983	27,799
United Way, IOLTA, SLVP and other funding for the year	<u>129,750</u>	<u>135,750</u>
	<u>3,526,445</u>	<u>3,488,263</u>
Expenses:		
Program services	3,111,893	3,205,793
Support services:		
Administrative, management and general	208,168	244,689
Fund raising	<u>110,766</u>	<u>127,871</u>
	<u>3,430,827</u>	<u>3,578,353</u>
Increase(decrease) in unrestricted net assets	<u>95,618</u>	<u>(90,090)</u>
Temporarily Restricted Net Assets:		
United Way, IOLTA, SLVP and other funding for next year	132,668	173,918
Federal Support:		
Legal Services Corporation	225,729	12,815
Net assets released from restrictions:		
Restrictions satisfied by payments and expiration of time	<u>(186,733)</u>	<u>(163,549)</u>
Increase in temporarily restricted net assets	<u>171,664</u>	<u>23,184</u>
Permanently restricted net assets	<u>--</u>	<u>--</u>
Increase(decrease) in net assets	267,282	(66,906)
Net Assets at beginning of year	<u>699,281</u>	<u>766,187</u>
Net Assets at end of year	<u>\$ 966,563</u>	<u>\$ 699,281</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, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Increase(decrease) in net assets	\$ 267,282	\$ (66,906)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Gain on disposal of fixed assets	--	(1,450)
Depreciation	39,851	27,688
(Increase) decrease in grants receivable	(25,746)	61,177
(Increase) decrease in unconditional promises to give	37,500	(2,000)
Decrease in other receivables and deposits	716	1,176
(Increase) decrease in prepaid expenses	(178)	51,460
Increase (decrease) in accounts payable	(4,687)	8,804
Decrease in accrued payroll	(5,820)	(1,657)
Increase (decrease) in accrued vacation	<u>(8,026)</u>	<u>6,527</u>
Net increase in cash from operating activities	<u>300,892</u>	<u>84,819</u>
Cash flows from investing activities:		
Acquisition of property and equipment	(23,588)	(62,988)
(Purchase) maturity of certificates of deposit, net	(81,256)	91,627
Proceeds from disposal of fixed assets	<u>--</u>	<u>1,450</u>
Net increase (decrease) in cash from investing activities	<u>(104,844)</u>	<u>30,089</u>
Cash flows from financing activities:	<u>--</u>	<u>--</u>
Net increase in cash	196,048	114,908
Cash balance at beginning of year	<u>322,378</u>	<u>207,470</u>
Cash balance at end of year	<u>\$ 518,426</u>	<u>\$ 322,378</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, 2010 AND 2009

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.

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.

Notes to Financial Statements - Continued

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 \$426,954 and \$339,275 at a bank at June 30, 2010 and 2009, respectively. This exceeds the \$250,000 covered by federal depository insurance by \$176,954 and \$89,275, respectively.

3. Certificates of Deposit

At June 30, 2010 and 2009, the Organization has certificates of deposit at various banks totaling \$371,534 and \$290,278, respectively. The first has a balance of \$164,567. The twelve month certificate earns interest at 0.50% and matures on April 23, 2011. The second has a balance of \$117,188. The twelve month certificate earns interest at 1.0% and matures on May 17, 2011. The third has a balance of \$89,779. The eleven month certificate earns interest at 0.50% and matures on July 22, 2010.

4. 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

5. Grants Receivable

Grants and contracts receivable at June 30, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Health and Human Services	\$ 8,458	\$ 21,047
Title XX	1,922	--
Title III	13,879	16,976
United Way	--	1,600
State of Utah - Criminal Justice	60,955	26,733
Department of Justice - LAVA	16,483	10,995
State of Utah - GAD, FEP	<u>17,475</u>	<u>16,075</u>
Total Grants Receivable	<u>\$119,172</u>	<u>\$ 93,426</u>

6. Unconditional Promises to Give

The amount due for unconditional promises to give consists of the following at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Allocation for the next year:		
United Way	\$ 69,750	\$ 69,750
IOLTA	<u>22,500</u>	<u>60,000</u>
	<u>\$ 92,250</u>	<u>\$129,750</u>

The amounts from unconditional promises to give at June 30, 2010 and 2009 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.

7. Restrictions on Assets

Temporarily restricted net assets are available for the following purposes or periods at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
For subsequent periods:		
United Way	\$ 69,750	\$ 69,750
IOLTA	22,500	60,000
Foundations	40,418	44,168
Federal support not expended:		
Legal Services Corporation	<u>225,729</u>	<u>12,815</u>
	<u>\$358,397</u>	<u>\$186,733</u>

There are no permanently restricted net assets at June 30, 2010 and 2009.

Notes to Financial Statements - Continued

8. Property and Equipment

The following is a summary of property and equipment as of June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Property and equipment	\$223,433	\$211,913
Less accumulated depreciation	<u>152,721</u>	<u>124,938</u>
Property and equipment, net	<u>\$ 70,712</u>	<u>\$ 86,975</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, 2010 and 2009 was \$39,851 and \$27,688, respectively.

9. Lease Commitments

Utah Legal Services, Inc. leases office space for their Salt Lake, Ogden, Provo, and Cedar City 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, 2010 and 2009 amounted to \$169,149 and \$194,781, 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>
2011	\$195,090
2012	177,612
2013	111,511
2014	39,840
2015	41,040
Thereafter	<u>119,151</u>
	<u>\$684,244</u>

Notes to Financial Statements - Continued

10. 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 \$256,752 on PAI during the year ended June 30, 2010. As noted in the following summary, ULS exceeded the requirement by \$9,955.

	<u>PAI</u>
LSC annualized basic field award at 12.5%	<u>\$256,752</u>
Expenses:	
Salaries	\$162,180
Employee benefits	36,215
Contract services	26,705
Space costs	10,098
Travel	12,549
Consumable supplies	2,989
Telephone	3,155
Equipment expense	1,108
Litigation	3,359
Library expense	2,632
Licenses and fees	630
Insurance	960
Miscellaneous	2,852
Fixed asset acquisitions	<u>1,275</u>
	<u>266,707</u>
Expenses in excess of requirement	<u>\$ 9,955</u>

Notes to Financial Statements - Continued

11. 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, 2010 and 2009, Utah Legal Services matching contributions amounted to \$43,232 and \$46,680, respectively.

12. Major Grantor

During the year ended June 30, 2010 and 2009, Utah Legal Services received \$2,283,462 and \$2,055,907, respectively, from Legal Services Corporation. This represents 61.7% and 58.5% of total revenues for the years ended June 30, 2010 and 2009, 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, 2010 and 2009, the Organization recorded in-kind contributions of \$16,395 and \$75,467, respectively. During the years ended June 30, 2010 and 2009, the Organization received approximately 295 and 3,300 hours of service from volunteers valued at an average of \$14 and \$18 per hour, respectively. In the years ending June 30, 2010 and 2009, ULS recorded \$12,260 and \$11,410, respectively of donated facilities and office equipment from the Second and Fourth District Courts related to its VAWA/VOCA contracts.

14. Evaluation of Subsequent Events

The Organization has evaluated subsequent events through October 15, 2010, 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, 2010

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>\$2,072,548</u>
<u>US Department of Health and Human Serv. (HHS)</u>			
Dept. of Health & Human Services	93.048	90SL0010/01	54,611
Passed Through State of Utah:			
Department of Workforce Services	93.558	086167	51,521
Davis County	93.044	N/A	5,434
Davis County SSBG	93.667	2009-324	10,500
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	1,550
Six County Aging Program	93.044	N/A	5,275
Five County Aging Program	93.044	N/A	10,700
Bear River Assoc of Govt-Title III	93.044	N/A	5,000
Uintah County Aging Program	93.044	N/A	1,400
Uintah Basin Aging Program	93.044	N/A	1,015
Weber County Title III	93.044	N/A	5,327
Tooele County Title XX	93.667	N/A	14,500
Tooele County Aging Program Title III	93.044	N/A	4,289
Passed Through State of Utah Through Salt Lake County:			
Dept of Aging Services	93.044	AE-09334-C	<u>61,368</u>
Total US Dept of HHS			<u>248,490</u>
<u>US Department of Justice</u>			
Department of Justice	16.524	2005-WL-AX-0052	261,056
Passed Through State of Utah:			
Commission on Criminal and Juvenile Justice	16.575	09-VREC-10	52,639
		09-VREC-09	
		09-VOCA-70	108,653
		09-VOCA-71	
Commission on Criminal and Juvenile Justice	16.588	09-WREC-23	44,900
		09-WREC-11	
		09-VAWA-36	<u>53,958</u>
Total US Department of Justice			<u>521,206</u>
Total Federal Financial Assistance			<u>\$2,842,244</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 includes the federal grant activity of Utah Legal Services, Inc. and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

UTAH LEGAL SERVICES, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2010

	<u>Supportive Services</u>		
	<u>Fund Raising</u>	<u>Management & General</u>	<u>Program Services</u>
	<u>Total</u>	<u>Total</u>	<u>Total</u>
Salary - attorney	\$ 79,738	\$ 63,133	\$ 956,700
Salary - other	6,041	61,115	876,062
Employee benefits	16,577	39,546	590,242
Contract services	1,216	10,707	163,069
Space costs	2,891	10,823	163,171
Travel	824	5,850	88,933
Consumable supplies	779	2,632	39,604
Telephone	748	3,347	50,606
Equipment expenses	289	1,109	16,736
Litigation	118	1,472	22,475
Library expenses	719	2,847	42,964
Licenses and fees	117	584	8,854
Insurance	263	1,038	15,664
Training expenses	55	563	8,587
In-kind expense	--	--	16,395
Miscellaneous	151	964	14,658
Depreciation	240	2,438	37,173
	<u>\$ 110,766</u>	<u>\$ 208,168</u>	<u>\$ 3,111,893</u>
Total Expenses		<u>\$ 318,934</u>	<u>\$ 3,430,827</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, 2010

SUMMARY

	Department of				Total
	LSC	Justice	Other	Property	
Support					
Grants and contracts	\$2,283,462	\$ 521,206	\$ 450,134	\$ --	\$3,254,802
Other	<u>2,000</u>	<u>69,295</u>	<u>372,012</u>	<u>--</u>	<u>443,307</u>
	<u>2,285,462</u>	<u>590,501</u>	<u>822,146</u>	<u>--</u>	<u>3,698,109</u>
Expenses					
Salary - attorney	605,138	157,703	336,730	--	1,099,571
Salary - other	579,396	171,771	192,051	--	943,218
Employee benefits	392,746	122,064	131,555	--	646,365
Contract services	64,540	103,996	6,456	--	174,992
Space costs	154,710	--	22,175	--	176,885
Travel	75,799	16,241	3,567	--	95,607
Consumable supplies	33,565	1,955	7,495	--	43,015
Telephone	45,984	201	8,516	--	54,701
Equipment expense	15,274	--	2,860	--	18,134
Litigation	21,092	--	2,973	--	24,065
Library expense	41,185	--	5,345	--	46,530
Licenses and fees	8,894	--	661	--	9,555
Insurance	15,105	--	1,860	--	16,965
Training expense	9,015	175	15	--	9,205
In-kind expense	--	16,395	--	--	16,395
Miscellaneous	10,105	--	5,668	--	15,773
Depreciation	--	--	--	39,851	39,851
	<u>2,072,548</u>	<u>590,501</u>	<u>727,927</u>	<u>39,851</u>	<u>3,430,827</u>
Excess (deficiency) of support over expenses	212,914	--	94,219	(39,851)	267,282
Property acquisition	--	--	(23,588)	23,588	--
Property disposition	--	--	--	--	--
Fund Transfers	--	--	--	--	--
Increase (decrease) in net assets	212,914	--	70,631	(16,263)	267,282
Beginning net assets	12,815	--	599,491	86,975	699,281
Ending net assets	<u>\$ 225,729</u>	<u>--</u>	<u>\$ 670,122</u>	<u>\$ 70,712</u>	<u>\$ 966,563</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, 2009

SUMMARY

	<u>LSC</u>	<u>Department of Justice</u>	<u>Other</u>	<u>Property</u>	<u>Total</u>
Support					
Grants and contracts	\$2,055,907	\$ 288,023	\$ 539,539	\$ --	\$2,883,469
Other	<u>2,319</u>	<u>66,456</u>	<u>559,203</u>	--	<u>627,978</u>
	<u>2,058,226</u>	<u>354,479</u>	<u>1,098,742</u>	--	<u>3,511,447</u>
Expenses					
Salary - attorney	735,122	120,122	257,679	--	1,112,923
Salary - other	596,921	102,439	244,978	--	944,338
Employee benefits	420,148	72,240	154,485	--	646,873
Contract services	124,528	13,610	94,489	--	232,627
Space costs	124,171	4,474	73,706	--	202,351
Travel	60,109	14,797	19,802	--	94,708
Consumable supplies	24,276	2,747	17,444	--	44,467
Telephone	33,717	2,988	19,708	--	56,413
Equipment expense	16,856	888	6,238	--	23,982
Litigation	19,863	1,051	4,978	--	25,892
Library expense	30,168	2,493	15,146	--	47,807
Licenses and fees	5,483	198	2,511	--	8,192
Insurance	11,052	389	6,214	--	17,655
Training expense	7,907	428	192	--	8,527
In-kind expense	--	15,467	60,000	--	75,467
Miscellaneous	4,282	148	4,013	--	8,443
Depreciation	--	--	--	27,688	27,688
	<u>2,214,603</u>	<u>354,479</u>	<u>981,583</u>	<u>27,688</u>	<u>3,578,353</u>
Excess (deficiency) of support over expenses	(156,377)	--	117,159	(27,688)	(66,906)
Property acquisition	(5,000)	--	(57,988)	62,988	--
Property disposition	--	--	--	--	--
Fund transfers	<u>146,393</u>	--	<u>(146,393)</u>	--	--
Increase (decrease) in net assets	(14,984)	--	(87,222)	35,300	(66,906)
Beginning net assets	<u>27,799</u>	--	<u>686,713</u>	<u>51,675</u>	<u>766,187</u>
Ending net assets	<u>\$ 12,815</u>	<u>\$ --</u>	<u>\$ 599,491</u>	<u>\$ 86,975</u>	<u>\$ 699,281</u>

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

UTAH LEGAL SERVICES, INC.
SCHEDULE OF SUPPORT AND EXPENSES
JUNE 30, 2010
LSC FUNDS

	Basic Field	Migrant	Native American	TIG	Total
Support					
Grants and contracts	\$2,054,014	\$ 75,688	\$ 91,930	\$ 61,830	\$2,283,462
Other	<u>2,000</u>	--	--	--	<u>2,000</u>
	<u>2,056,014</u>	<u>75,688</u>	<u>91,930</u>	<u>61,830</u>	<u>2,285,462</u>
Expenses					
Salary - attorney	548,124	32,566	6,743	17,705	605,138
Salary - other	493,289	56,091	29,459	557	579,396
Employee benefits	343,922	32,058	11,968	4,798	392,746
Contract services	42,240	1,220	9,769	11,311	64,540
Space costs	130,886	13,413	9,789	622	154,710
Travel	48,846	16,431	9,768	754	75,799
Consumable supplies	28,803	2,333	2,327	102	33,565
Telephone	39,838	3,325	2,700	121	45,984
Equipment expense	13,070	1,266	871	67	15,274
Litigation	15,643	5,085	376	(12)	21,092
Library expense	34,420	4,024	2,612	129	41,185
Dues and fees	7,727	780	365	22	8,894
Insurance	12,836	1,296	913	60	15,105
Training expense	8,315	490	--	210	9,015
In-kind expense	--	--	--	--	--
Miscellaneous	9,251	412	371	71	10,105
Depreciation	--	--	--	--	--
	<u>1,777,210</u>	<u>170,790</u>	<u>88,031</u>	<u>36,517</u>	<u>2,072,548</u>
Excess (deficiency) of support over expenses	278,804	(95,102)	3,899	25,313	212,914
Property acquisition	--	--	--	--	--
Property disposition	--	--	--	--	--
Fund transfers	(95,102)	95,102	--	--	--
Increase (decrease) in net assets	183,702	--	3,899	25,313	212,914
Beginning net assets	--	--	12,815	--	12,815
Ending net assets	<u>\$ 183,702</u>	<u>\$ --</u>	<u>\$ 16,714</u>	<u>\$ 25,313</u>	<u>\$ 225,729</u>

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

UTAH LEGAL SERVICES, INC.
SCHEDULE OF SUPPORT AND EXPENSES

JUNE 30, 2009

LSC FUNDS

	<u>Basic Field</u>	<u>Migrant</u>	<u>Native American</u>	<u>TIG</u>	<u>Total</u>
Support					
Grants and contracts	\$1,888,396	\$ 70,804	\$ 82,957	\$ 13,750	\$2,055,907
Other	<u>2,319</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,319</u>
	<u>1,890,715</u>	<u>70,804</u>	<u>82,957</u>	<u>13,750</u>	<u>2,058,226</u>
Expenses					
Salary - attorney	666,674	41,985	11,314	15,149	735,122
Salary - other	495,541	63,584	36,183	1,613	596,921
Employee benefits	360,158	38,489	16,048	5,453	420,148
Contract services	112,224	1,964	7,413	2,927	124,528
Space costs	103,068	14,543	5,805	755	124,171
Travel	36,581	16,004	7,089	435	60,109
Consumable supplies	19,879	2,630	1,139	628	24,276
Telephone	27,666	4,177	1,650	224	33,717
Equipment expense	9,591	1,580	569	5,116	16,856
Litigation	12,183	7,430	243	7	19,863
Library expense	23,453	4,991	1,529	195	30,168
Dues and fees	4,553	679	226	25	5,483
Insurance	8,955	1,467	571	59	11,052
Training expense	6,771	1,240	296	(400)	7,907
In-kind expense	--	--	--	--	--
Miscellaneous	3,418	510	202	152	4,282
Depreciation	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
	<u>1,890,715</u>	<u>201,273</u>	<u>90,277</u>	<u>32,338</u>	<u>2,214,603</u>
Excess (deficiency) of support over expenses	--	(130,469)	(7,320)	(18,588)	(156,377)
Property acquisition	--	--	--	(5,000)	(5,000)
Property disposition	--	--	--	--	--
Fund transfers	<u>--</u>	<u>130,469</u>	<u>--</u>	<u>15,924</u>	<u>146,393</u>
Increase (decrease) in net assets	--	--	(7,320)	(7,664)	(14,984)
Beginning net assets	<u>--</u>	<u>--</u>	<u>20,135</u>	<u>7,664</u>	<u>27,799</u>
Ending net assets	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 12,815</u>	<u>\$ --</u>	<u>\$ 12,815</u>

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

UTAH LEGAL SERVICES, INC.
SCHEDULE OF SUPPORT AND EXPENSES

JUNE 30, 2010
DOJ FUNDS

	Thru State of Utah			Total
	LAVA	VANA	VOCA	
Support				
Grants and contracts	\$ 261,056	\$ 98,858	\$ 161,292	\$ 521,206
Other	--	19,702	49,593	69,295
	<u>261,056</u>	<u>118,560</u>	<u>210,885</u>	<u>590,501</u>
Expenses				
Salary - attorney	53,365	55,174	49,164	157,703
Salary - other	42,653	37,151	91,967	171,771
Employee benefits	55,808	23,071	43,185	122,064
Contract services	99,230	--	4,766	103,996
Space costs	--	--	--	--
Travel	10,000	883	5,358	16,241
Consumable supplies	--	125	50	175
Telephone	--	1,955	--	1,955
Equipment expense	--	201	--	201
Litigation	--	--	--	--
Library expense	--	--	--	--
Dues and fees	--	--	--	--
Insurance	--	--	--	--
Training expense	--	--	--	--
In-kind expense	--	--	16,395	16,395
Miscellaneous	--	--	--	--
Depreciation	--	--	--	--
	<u>261,056</u>	<u>118,560</u>	<u>210,885</u>	<u>590,501</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>

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

UTAH LEGAL SERVICES, INC.
 SCHEDULE OF SUPPORT AND EXPENSES
 JUNE 30, 2009
 DOJ FUNDS

	Thru State of Utah			Total
	LAVA	VAVA	VOCA	
Support				
Grants and contracts	\$ 82,065	\$ 97,307	\$ 108,651	\$ 288,023
Other	--	36,875	29,581	66,456
	<u>82,065</u>	<u>134,182</u>	<u>138,232</u>	<u>354,479</u>
Expenses				
Salary - attorney	28,936	31,591	59,595	120,122
Salary - other	21,508	51,782	29,149	102,439
Employee benefits	15,632	27,800	28,808	72,240
Contract services	4,871	574	8,165	13,610
Space costs	4,474	--	--	4,474
Travel	1,588	5,158	8,051	14,797
Consumable supplies	863	1,884	--	2,747
Telephone	1,201	1,787	--	2,988
Equipment expenses	416	472	--	888
Litigation	529	237	285	1,051
Library expense	1,018	1,475	--	2,493
Licenses and fees	198	--	--	198
Insurance	389	--	--	389
Training expense	294	17	117	428
In-kind expense	--	11,405	4,062	15,467
Miscellaneous	148	--	--	148
Depreciation	--	--	--	--
	<u>82,065</u>	<u>134,182</u>	<u>138,232</u>	<u>354,479</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>

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

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.

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.
Salt Lake City, Utah

We have audited the financial statements of Utah Legal Services, Inc. (a nonprofit organization) as of and for the year ended June 30, 2010, and have issued our report thereon dated October 7, 2010. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Utah Legal Services, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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.

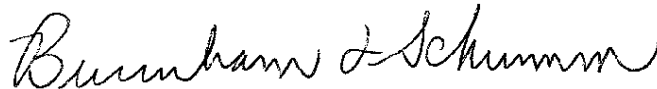
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Utah Legal Services, Inc.'s financial statements are free of 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.

We noted certain matters that we reported to management of Utah Legal Services, Inc. in a separate letter dated October 7, 2010.

This report is intended solely for the information and use of management, the audit committee, Board of Trustees, and federal awarding agencies and pass-through entities 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 7, 2010

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND
MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited Utah Legal Services, Inc.'s compliance with the types of compliance requirements described in the OMB Circular A-133 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, 2010. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Utah Legal Services, Inc.'s management. Our responsibility is to express an opinion on Utah Legal Services, Inc.'s compliance based on our audit.

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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination of Utah Legal Services, Inc.'s compliance with those requirements.

In our opinion, Utah Legal Services, Inc. complied, in all material respects, with the 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, 2010.

Internal Control Over Compliance

Management of Utah Legal Services, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Utah Legal Services, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Trustees, others within the entity, federal awarding agencies, and pass-through entities 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 7, 2010



UTAH LEGAL SERVICES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2010

A. Summary of Auditor's Results

1. The Independent Auditors' Report contained on page 1 of this report, issues an unqualified opinion on the financial statements of Utah Legal Services, Inc.
2. No significant deficiencies in internal control were disclosed by the audit of the financial statements and reported in the 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.
3. No instances of noncompliance material to the financial statements of Utah Legal Services, Inc. were disclosed during the audit.
4. The audit report on Utah Legal Services, Inc., for the year ended June 30, 2010 contains no significant deficiencies in internal control over major programs.
5. The auditor's report on compliance for the major federal awards program for Utah Legal Services, Inc. expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award program for Utah Legal Services, Inc.
7. Utah Legal Services, Inc. maintained one major program for the year ended June 30, 2010. The major program was funded by Legal Services Corporation, CFDA #09.745000.
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Utah Legal Services, Inc. does not qualify as a low risk auditee.

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Ted Schumm, C.P.A.

INDEPENDENT AUDITORS' REPORT ON STATE LEGAL COMPLIANCE

We have audited the financial statements of Utah Legal Services, Inc. (a nonprofit organization) for the year ended June 30, 2010, and have issued our report thereon dated October 7, 2010. As part of our audit, we have audited Utah Legal Services, Inc.'s compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to its major State assistance program as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2010. Utah Legal Services, Inc. received the following non-major grants which are not required to be audited for specific compliance requirements: (However, these programs were subject to testwork as part of the audit of Utah Legal Services, Inc.'s financial statements.)

Utah State Legislature, H.B. 1 (Administrative Office of the Courts)
General Assistance (Department of Workforce Services)

The Organization did not receive any major state grants during the year ended June 30, 2010. The management of Utah Legal Services, Inc. is responsible for its compliance with the compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about Utah Legal Services, Inc.'s compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

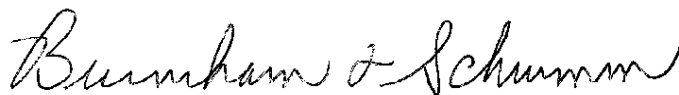
Our audit does not provide a legal determination on the Organization's compliance with these requirements.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above which are described in the accompanying management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Utah Legal Services, Inc. complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to its non-major grants for the year ended June 30, 2010.

The Organization's written response to the findings identified in our audit is described in the accompanying management letter. We did not audit the Organization's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management of the Organization and is not intended to be and should not be used by anyone other than the specified party. However, the report is a matter of public record and its distribution is not limited.



Burnham & Schumm, P.C.
Salt Lake City, Utah
October 7, 2010