

UTAH LEGAL SERVICES, INC.

(A NONPROFIT ORGANIZATION)

FINANCIAL STATEMENTS

WITH

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

YEARS ENDED JUNE 30, 2017 AND 2016

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, 2017 and 2016, 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, 2017 and 2016, 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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 23, 2017, 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 23, 2017

UTAH LEGAL SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

| <u>ASSETS</u> | <u>2017</u> | <u>2016</u> |
|----------------------------------------------|--------------------|--------------------|
| Current Assets: | | |
| Cash and cash equivalents | \$ 522,363 | \$ 656,987 |
| Client escrow funds | 1,050 | 1,154 |
| Grants receivable, net of allowance of \$-0- | 224,979 | 136,620 |
| Sales tax receivable | 539 | 6,146 |
| Unconditional promises to give | 54,166 | 50,000 |
| Prepaid expenses | <u>24,090</u> | <u>40,075</u> |
| Total current assets | 827,187 | 890,982 |
| Property and equipment, at cost, net | 282,577 | 291,705 |
| Other assets, deposits | <u>13,262</u> | <u>13,262</u> |
| Total Assets | <u>\$1,123,026</u> | <u>\$1,195,949</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Current liabilities: | | |
| Accounts payable | \$ 71,838 | \$ 104,882 |
| Accrued payroll and related liabilities | 133,065 | 136,833 |
| Accrued vacation | 80,885 | 80,640 |
| Client trust deposits | <u>1,050</u> | <u>1,154</u> |
| Total current liabilities | <u>286,838</u> | <u>323,509</u> |
| Net assets: | | |
| Unrestricted: | | |
| Operations | 409,317 | 416,754 |
| Fixed assets | <u>282,577</u> | <u>291,705</u> |
| | <u>691,894</u> | <u>708,459</u> |
| Temporarily Restricted: | | |
| Legal Services Corporation | 38,284 | 38,981 |
| Non - LSC | <u>106,010</u> | <u>125,000</u> |
| | <u>144,294</u> | <u>163,981</u> |
| Permanently Restricted | <u>--</u> | <u>--</u> |
| Total net assets | <u>836,188</u> | <u>872,440</u> |
| Total Liabilities and Net Assets | <u>\$1,123,026</u> | <u>\$1,195,949</u> |

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

UTAH LEGAL SERVICES, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

| | 2017 | 2016 |
|-------------------------------------------------------------------------------------------|-------------|-------------|
| Unrestricted Net Assets: | | |
| Support: | | |
| Federal and state financial assistance | \$3,636,631 | \$3,577,561 |
| Other grants and contract revenue | 400,072 | 436,725 |
| In-kind contributions | 4,200 | 11,659 |
| Interest income | 1,114 | 2,981 |
| Other | 15,023 | 6,039 |
| | 4,057,040 | 4,034,965 |
| Net assets released from restrictions: | | |
| Restrictions satisfied by payments United Way, Foundations and other funding for the year | 38,981 | 27,304 |
| | 125,000 | 70,000 |
| | 4,221,021 | 4,132,269 |
| Expenses: | | |
| Program services | 3,872,956 | 4,041,840 |
| Support services: | | |
| Administrative, management and general | 235,390 | 221,095 |
| Fund raising | 129,240 | 111,202 |
| | 4,237,586 | 4,374,137 |
| (Decrease) in unrestricted net assets | (16,565) | (241,868) |
| Temporarily Restricted Net Assets: | | |
| United Way, Foundations and other funding for next year | 106,010 | 125,000 |
| Federal Support: | | |
| Legal Services Corporation | 38,284 | 38,981 |
| Net assets released from restrictions: | | |
| Restrictions satisfied by payments and expiration of time | (163,981) | (97,304) |
| Increase (decrease) in temporarily restricted net assets | (19,687) | 66,677 |
| Permanently restricted net assets | -- | -- |
| (Decrease) in net assets | (36,252) | (175,191) |
| Net Assets at beginning of year | 872,440 | 1,047,631 |
| Net Assets at end of year | \$ 836,188 | \$ 872,440 |

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, 2017 AND 2016

| | 2017 | 2016 |
|-----------------------------------------------------------------------------------------------|-------------|--------------|
| Cash flows from operating activities: | | |
| (Decrease) in net assets | \$ (36,252) | \$ (175,191) |
| Adjustments to reconcile change in net assets to net cash used by operating activities: | | |
| Depreciation | 104,391 | 68,563 |
| (Increase) in grants receivable | (88,359) | (6,287) |
| (Increase) in unconditional promises to give | (4,166) | -- |
| (Increase) decrease in other receivables and deposits | 5,607 | (5,314) |
| (Increase) decrease in prepaid expenses | 15,985 | (6,150) |
| Increase (decrease) in accounts payable | (33,044) | 54,204 |
| (Decrease) in accrued payroll | (3,768) | (9,979) |
| Increase (decrease) in accrued vacation | 245 | (47,837) |
| Net cash (used) by operating activities | (39,361) | (127,991) |
| Cash flows from investing activities: | | |
| Acquisition of property and equipment | (95,263) | (200,107) |
| Cash flows from financing activities: | -- | -- |
| Net (decrease) in cash | (134,624) | (328,098) |
| Cash balance at beginning of year | 656,987 | 985,085 |
| Cash balance at end of year | \$ 522,363 | \$ 656,987 |
| Supplemental disclosure of cash flow information: | | |
| Interest paid during the year | \$ -- | \$ -- |
| Income taxes paid during the year | \$ -- | \$ -- |

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

UTAH LEGAL SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

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, 2016, 2015 and 2014 are subject to examination by the IRS, generally for three years after they were filed.

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 \$525,493 and \$657,530 at various banks at June 30, 2017 and 2016 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, 2017 and 2016 are as follows:

| | <u>2017</u> | <u>2016</u> |
|----------------------------------|------------------|------------------|
| Department of Justice - LAVA | \$ 49,177 | \$ 33,713 |
| Title XX | 20,260 | 6,000 |
| Title III | 34,403 | 17,865 |
| Department of Justice - BJA | 6,458 | -- |
| State of Utah - VOCA | 46,579 | 71 |
| State of Utah - GAD and FEP | 12,463 | 24,986 |
| State of Utah - TANF | 13,986 | 12,635 |
| Legal Services Corporation - TIG | 32,200 | 41,350 |
| LSC - Pro Bono Innovation Grant | 9,453 | -- |
| Total Grants Receivable | <u>\$224,979</u> | <u>\$136,620</u> |

5. Unconditional Promises to Give

The amount due for unconditional promises to give consists of the following at June 30, 2017 and 2016:

| | <u>2017</u> | <u>2016</u> |
|-------------------------------|------------------|------------------|
| Allocation for the next year: | | |
| United Way | <u>\$ 54,166</u> | <u>\$ 50,000</u> |

The amounts from unconditional promises to give at June 30, 2017 and 2016 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, 2017 and 2016:

| | <u>2017</u> | <u>2016</u> |
|-------------------------------|------------------|------------------|
| For subsequent periods: | | |
| United Way | \$ 50,000 | \$ 50,000 |
| Foundations | 40,000 | 30,000 |
| IOLTA | 16,010 | 45,000 |
| Federal support not expended: | | |
| LSC-Pro Bono Innovation | -- | 34,656 |
| LSC-Basic | 4,973 | 4,325 |
| LSC-TIG | 33,311 | -- |
| | <u>\$144,294</u> | <u>\$163,981</u> |

Notes to Financial Statements - Continued

There are no permanently restricted net assets at June 30, 2017 and 2016.

7. Property and Equipment

The following is a summary of property and equipment as of June 30, 2017 and 2016:

| | | |
|-------------------------------|------------------|------------------|
| | <u>2017</u> | <u>2016</u> |
| Property and equipment | \$649,234 | \$553,971 |
| Less accumulated depreciation | <u>366,657</u> | <u>262,266</u> |
| Property and equipment, net | <u>\$282,577</u> | <u>\$291,705</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, 2017 and 2016 was \$104,391 and \$68,563, 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, 2017 and 2016 amounted to \$179,680 and \$177,655, respectively. The lease payments are classified as space costs in the accompanying financial statements.

Notes to Financial Statements - Continued

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> |
|-----------------|------------------|
| 2018 | \$136,336 |
| 2019 | 45,612 |
| 2020 | 30,780 |
| | <u>\$212,728</u> |

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 \$280,592 on PAI during the year ended June 30, 2017. As noted in the following summary, ULS exceeded the requirement by \$95,821.

| | <u>PAI</u> |
|-------------------------------------------|------------------|
| LSC annualized basic field award at 12.5% | <u>\$280,592</u> |
| Expenses: | |
| Salaries | \$220,697 |
| Employee benefits | 59,580 |
| Contract services | 49,230 |
| Space costs | 13,021 |
| Travel | 6,905 |
| Consumable supplies | 2,401 |
| Telephone | 3,306 |
| Equipment expense | 2,455 |
| Litigation | 4,711 |
| Library expense | 1,920 |
| Licenses and fees | 815 |
| Insurance | 1,748 |
| Miscellaneous | 1,966 |
| Training | 977 |
| Equipment purchases | <u>6,681</u> |
| | <u>376,413</u> |
| Expenses in excess of requirement | <u>\$ 95,821</u> |

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, 2017 and 2016, Utah Legal Services matching contributions amounted to \$54,639 and \$58,132, respectively.

11. Subgrant - Timpanogas Legal Center

Utah Legal Services entered into subgrant agreements 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 agreements were modified to extend the

Notes to Financial Statements - Continued

term through April 30, 2017. TLC received \$16,240 and \$15,580 during the years ended June 30, 2017 and 2016 for services rendered under these agreements.

12. Major Grantor

During the year ended June 30, 2017 and 2016, Utah Legal Services received \$2,557,602 and \$2,607,918, respectively, from Legal Services Corporation. This represents 60.88% and 62.11% of total revenues for the years ended June 30, 2017 and 2016, 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, 2017 and 2016, the Organization recorded in-kind contributions of \$4,200 and \$11,659 respectively. During the year ended June 30, 2017 and 2016, the Organization received approximately 293 and 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 during the year ended June 30, 2016.

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, 2017, 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, 2017

| Federal Grantor/Pass Through Grantor/Program Title | Federal CFDA Number | Contract Number | Federal Expenditures |
|------------------------------------------------------------------------------|---------------------------|--------------------|-------------------------|
| <u>Legal Services Corporation</u> | | | |
| Legal Services Corporation | N/L | 745000 | <u>\$2,573,175</u> |
| <u>US Department of Housing and Urban Development</u> | | | |
| Community Development Block Grant | 14.218 | BV042103 | <u>39,150</u> |
| <u>US Department of Health and Human Services (HHS)</u> | | | |
| Passed Through State of Utah: | | | |
| Department of Workforce | | | |
| Services - TANF | 93.558 | 15DWS0071 | 66,059 |
| Department of Workforce | | | |
| Services | 93.558 | 136106 | 16,478 |
| Davis County | 93.044 | N/A | 4,530 |
| Mountainlands Assoc of Govts | 93.044 | N/A | 13,000 |
| Southeastern UT AOG | 93.044 | N/A | 2,696 |
| San Juan County | 93.044 | N/A | 2,000 |
| Six County Aging Program | 93.044 | N/A | 6,714 |
| Five County Aging Program | 93.044 | N/A | 10,000 |
| Bear River Assoc of Govt-Title III | 93.044 | N/A | 6,500 |
| Uintah County Aging Program | 93.044 | N/A | 1,610 |
| Uintah Basin Aging Program | 93.044 | N/A | 1,310 |
| Weber County Title III | 93.044 | N/A | 6,241 |
| Tooele County Title XX | 93.667 | N/A | 6,000 |
| Tooele County Aging Program Title III | 93.044 | N/A | 2,093 |
| Passed Through State of Utah Through Salt Lake County: | | | |
| Dept of Aging Services | 93.044 | 0000000995 | <u>54,557</u> |
| Total US Dept of HHS | | | <u>199,788</u> |
| <u>US Department of Justice</u> | | | |
| Department of Justice - Legal Assistance for Survivors of Sexual Abuse | | | |
| | 16.556 | 2014-WL-AX-0026 | 154,233 |

UTAH LEGAL SERVICES, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2017

Passed Through State of Utah:

| | | | |
|------------------------------------------------|--------|-----------|---------|
| Commission on Criminal and Juvenile Justice | 16.575 | 16VOCA-75 | 279,618 |
|------------------------------------------------|--------|-----------|---------|

| | | | |
|------------------------------|--------|-------------------------------------------------------|---------------|
| Bureau of Justice Assistance | 16.815 | 2015-AL-BX-0002 2013-AL-BX-0002 2013-AL-BX-0005 | <u>14,550</u> |
|------------------------------|--------|-------------------------------------------------------|---------------|

| | |
|--------------------------------|----------------|
| Total US Department of Justice | <u>448,401</u> |
|--------------------------------|----------------|

| | |
|------------------------------------|--------------------|
| Total Federal Financial Assistance | <u>\$3,260,514</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, 2017. 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, 2017

| | <u>Supportive Services</u> | | | | |
|-------------------------|----------------------------|--------------------------------------------|-----------------------|------------------------|------------------------|
| | | Administrative, Management & General | Total | Program Services | Total |
| | <u>Fund Raising</u> | <u>& General</u> | <u>Total</u> | <u>Services</u> | <u>Total</u> |
| Salary - attorney | \$ 75,283 | \$ 87,210 | \$ 162,493 | \$1,445,180 | \$1,607,673 |
| Salary - other | 13,406 | 67,726 | 81,132 | 996,239 | 1,077,371 |
| Employee benefits | 28,061 | 49,021 | 77,082 | 772,448 | 849,530 |
| Contract services | -- | -- | -- | 99,283 | 99,283 |
| Contract services - TLC | -- | -- | -- | 16,240 | 16,240 |
| Space costs | 2,133 | 10,713 | 12,846 | 172,817 | 185,663 |
| Travel | 2,048 | 3,578 | 5,626 | 56,382 | 62,008 |
| Consumable supplies | 504 | 1,761 | 2,265 | 28,254 | 30,519 |
| Telephone | 542 | 2,693 | 3,235 | 43,439 | 46,674 |
| Equipment expenses | 1,126 | 1,967 | 3,093 | 30,998 | 34,091 |
| Litigation | -- | -- | -- | 38,531 | 38,531 |
| Library expenses | 904 | 1,580 | 2,484 | 24,897 | 27,381 |
| Licenses and fees | 414 | 723 | 1,137 | 11,398 | 12,535 |
| Insurance | 823 | 1,438 | 2,261 | 22,662 | 24,923 |
| Training expenses | 141 | 246 | 387 | 3,874 | 4,261 |
| In-kind expense | -- | -- | -- | 4,200 | 4,200 |
| Miscellaneous | 407 | 710 | 1,117 | 11,195 | 12,312 |
| Depreciation | 3,448 | 6,024 | 9,472 | 94,919 | 104,391 |
| Total Expenses | <u>\$ 129,240</u> | <u>\$ 235,390</u> | <u>\$ 364,630</u> | <u>\$3,872,956</u> | <u>\$4,237,586</u> |

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

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

| | Supportive Services | | | | |
|-------------------------|-----------------------|-------------------------|-----------------------|------------------------|------------------------|
| | Administrative, | | | Program | Total |
| | Fund Raising | Management & General | Total | Services | Total |
| 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 | <u>\$ 111,202</u> | <u>\$ 221,095</u> | <u>\$ 332,297</u> | <u>\$4,041,840</u> | <u>\$4,374,137</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, 2017

SUMMARY

| | <u>LSC</u> | <u>Department of Justice</u> | <u>Other</u> | <u>Property</u> | <u>Total</u> |
|-------------------------------------------------|------------------|----------------------------------|-------------------|-------------------|-------------------|
| Support | | | | | |
| Grants and contracts | \$2,557,602 | \$ 448,401 | \$ 668,913 | \$ -- | \$3,674,916 |
| Other | 14,876 | 4,419 | 507,123 | -- | 526,418 |
| | <u>2,572,478</u> | <u>452,820</u> | <u>1,176,036</u> | <u>--</u> | <u>4,201,334</u> |
| Expenses | | | | | |
| Salary - attorney | 985,656 | 262,173 | 359,844 | -- | 1,607,673 |
| Salary - other | 727,501 | 122,443 | 227,427 | -- | 1,077,371 |
| Employee benefits | 542,035 | 104,171 | 203,324 | -- | 849,530 |
| Contract services | 28,486 | 20,622 | 50,175 | -- | 99,283 |
| Contract services - TLC | 16,240 | -- | -- | -- | 16,240 |
| Space costs | 127,193 | -- | 58,470 | -- | 185,663 |
| Travel | 27,155 | 7,981 | 26,872 | -- | 62,008 |
| Consumable supplies | 14,069 | -- | 16,450 | -- | 30,519 |
| Telephone | 26,679 | -- | 19,995 | -- | 46,674 |
| Equipment expense | 17,821 | -- | 16,270 | -- | 34,091 |
| Litigation | 22,683 | 219 | 15,629 | -- | 38,531 |
| Library expense | 13,325 | -- | 14,056 | -- | 27,381 |
| Licenses and fees | 4,417 | -- | 8,118 | -- | 12,535 |
| Insurance | 7,543 | -- | 17,380 | -- | 24,923 |
| Training expense | 1,729 | -- | 2,532 | -- | 4,261 |
| In-kind expense | -- | 4,200 | -- | -- | 4,200 |
| Miscellaneous | 3,145 | -- | 9,167 | -- | 12,312 |
| Depreciation | -- | -- | -- | 104,391 | 104,391 |
| | <u>2,565,677</u> | <u>521,809</u> | <u>1,045,709</u> | <u>104,391</u> | <u>4,237,586</u> |
| Excess (deficiency) of support over expenses | 6,801 | (68,989) | 130,327 | (104,391) | (36,252) |
| Property acquisition | (92,861) | -- | (2,402) | 95,263 | -- |
| Property disposition | -- | -- | -- | -- | -- |
| Fund Transfers | 85,363 | 68,989 | (154,352) | -- | -- |
| Increase (decrease) in net assets | (697) | -- | (26,427) | (9,128) | (36,252) |
| Beginning net assets | 38,981 | -- | 541,754 | 291,705 | 872,440 |
| Ending net assets | <u>\$ 38,284</u> | <u>\$ --</u> | <u>\$ 515,327</u> | <u>\$ 282,577</u> | <u>\$ 836,188</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

| | <u>LSC</u> | <u>Department of Justice</u> | <u>Other</u> | <u>Property</u> | <u>Total</u> |
|-------------------------------------------------|------------------|----------------------------------|-------------------|-------------------|-------------------|
| 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>575,540</u> |
| | <u>2,624,269</u> | <u>335,303</u> | <u>1,239,374</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 | -- | -- | -- | 68,563 | 68,563 |
| | <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 | -- | -- | -- | -- | -- |
| Fund Transfers | <u>(108,768)</u> | <u>200,673</u> | <u>(91,905)</u> | -- | -- |
| Increase (decrease) in net assets | 11,677 | -- | (318,412) | 131,544 | (175,191) |
| Beginning net assets | <u>27,304</u> | -- | <u>860,166</u> | <u>160,161</u> | <u>1,047,631</u> |
| 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
JUNE 30, 2017

| | <u>LSC FUNDS</u> | | | | | <u>Total</u> |
|----------------------------------------------|--------------------|----------------|------------------------|------------------|----------------------------|------------------|
| | <u>Basic Field</u> | <u>Migrant</u> | <u>Native American</u> | <u>TIG</u> | <u>Pro Bono Innovation</u> | |
| Support | | | | | | |
| Grants and contracts | \$2,244,739 | \$ 71,694 | \$ 84,533 | \$109,182 | \$ 47,454 | \$ 2,557,602 |
| Other | 14,876 | -- | -- | -- | -- | 14,876 |
| | <u>2,259,615</u> | <u>71,694</u> | <u>84,533</u> | <u>109,182</u> | <u>47,454</u> | <u>2,572,478</u> |
| Expenses | | | | | | |
| Salary - attorney | 858,520 | 42,990 | 38,397 | 28,001 | 17,748 | 985,656 |
| Salary - other | 633,424 | 58,303 | 21,668 | -- | 14,106 | 727,501 |
| Employee benefits | 473,379 | 34,050 | 17,527 | 8,359 | 8,720 | 542,035 |
| Contract services | 26,608 | 933 | 945 | -- | -- | 28,486 |
| Contract services - TLC | -- | -- | -- | -- | 16,240 | 16,240 |
| Space costs | 115,489 | 7,336 | 4,368 | -- | -- | 127,193 |
| Travel | 15,308 | 9,850 | 1,997 | -- | -- | 27,155 |
| Consumable supplies | 12,335 | 1,039 | 695 | -- | -- | 14,069 |
| Telephone | 24,303 | 1,514 | 862 | -- | -- | 26,679 |
| Equipment expense | 16,220 | 1,002 | 599 | -- | -- | 17,821 |
| Litigation | 18,124 | 3,737 | 822 | -- | -- | 22,683 |
| Library expense | 12,110 | 757 | 458 | -- | -- | 13,325 |
| Dues and fees | 4,236 | 181 | -- | -- | -- | 4,417 |
| Insurance | 6,794 | 459 | 290 | -- | -- | 7,543 |
| Training expense | 924 | 727 | 78 | -- | -- | 1,729 |
| In-kind expense | -- | -- | -- | -- | -- | -- |
| Miscellaneous | 2,872 | 172 | 101 | -- | -- | 3,145 |
| Depreciation | -- | -- | -- | -- | -- | -- |
| | <u>2,220,646</u> | <u>163,050</u> | <u>88,807</u> | <u>36,360</u> | <u>56,814</u> | <u>2,565,677</u> |
| Excess (deficiency) of support over expenses | 38,969 | (91,356) | (4,274) | 72,822 | (9,360) | 6,801 |
| Property acquisition | (27,565) | -- | -- | (40,000) | (25,296) | (92,861) |
| Property disposition | -- | -- | -- | -- | -- | -- |
| Fund transfers | (10,756) | 91,356 | 4,274 | 489 | -- | 85,363 |
| Increase (decrease) in net assets | 648 | -- | -- | 33,311 | (34,656) | (697) |
| Beginning net assets | 4,325 | -- | -- | -- | 34,656 | 38,981 |
| Ending net assets | <u>\$ 4,973</u> | <u>\$ --</u> | <u>\$ --</u> | <u>\$ 33,311</u> | <u>\$ --</u> | <u>\$ 38,284</u> |

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

UTAH LEGAL SERVICES, INC.
SCHEDULE OF SUPPORT AND EXPENSES
JUNE 30, 2017

| | <u>LSC FUNDS - Technology Initiative Grants</u> | | | | | <u>Total</u> |
|----------------------------------------------|-------------------------------------------------|--------------------|--------------------|--------------------|--------------------|------------------|
| | <u>TIG</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>Grant 16020</u> | |
| Support | | | | | | |
| Grants and contracts | \$ 10,401 | \$ 9,449 | \$ 4,359 | \$ 4,973 | \$ 80,000 | \$109,182 |
| Other | -- | -- | -- | -- | -- | -- |
| | <u>10,401</u> | <u>--</u> | <u>4,359</u> | <u>4,973</u> | <u>80,000</u> | <u>109,182</u> |
| Expenses | | | | | | |
| Salary - attorney | 8,204 | 7,382 | 3,405 | 3,885 | 5,125 | 28,001 |
| Salary - other | -- | -- | -- | -- | -- | -- |
| Employee benefits | 2,686 | 2,067 | 954 | 1,088 | 1,564 | 8,359 |
| Contract services | -- | -- | -- | -- | -- | -- |
| Contract services - TLC | -- | -- | -- | -- | -- | -- |
| Space costs | -- | -- | -- | -- | -- | -- |
| Travel | -- | -- | -- | -- | -- | -- |
| Consumable supplies | -- | -- | -- | -- | -- | -- |
| Telephone | -- | -- | -- | -- | -- | -- |
| Equipment expense | -- | -- | -- | -- | -- | -- |
| Litigation | -- | -- | -- | -- | -- | -- |
| Library expense | -- | -- | -- | -- | -- | -- |
| Dues and fees | -- | -- | -- | -- | -- | -- |
| Insurance | -- | -- | -- | -- | -- | -- |
| Training expense | -- | -- | -- | -- | -- | -- |
| Miscellaneous | -- | -- | -- | -- | -- | -- |
| Depreciation | -- | -- | -- | -- | -- | -- |
| | <u>10,890</u> | <u>9,449</u> | <u>4,359</u> | <u>4,973</u> | <u>6,689</u> | <u>36,360</u> |
| Excess (deficiency) of support over expenses | (489) | -- | -- | -- | 73,311 | 72,822 |
| Property acquisition | -- | -- | -- | -- | (40,000) | (40,000) |
| Property disposition | -- | -- | -- | -- | -- | -- |
| Fund transfers | 489 | -- | -- | -- | -- | 489 |
| Increase (decrease) in net assets | -- | -- | -- | -- | 33,311 | 33,311 |
| Beginning net assets | -- | -- | -- | -- | -- | -- |
| Ending net assets | <u>\$ --</u> | <u>\$ --</u> | <u>\$ --</u> | <u>\$ --</u> | <u>\$ 33,311</u> | <u>\$ 33,311</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 | 6,351 | -- | -- | 10,000 | -- | 16,351 |
| | <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>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 | (235,674) | 56,937 | -- | 34,877 | 35,092 | (108,768) |
| Increase (decrease) in net assets | 4,325 | -- | (21,938) | (12,000) | 41,290 | 11,677 |
| Beginning net assets | -- | -- | 21,938 | 12,000 | (6,634) | 27,304 |
| 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> | | | | |
|----------------------------------------------|-------------------------------------------------|--------------------|--------------------|--------------------|---------------|
| | TIG | TIG | TIG | TIG | |
| | <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 | \$ 89,837 |
| Other | -- | -- | 10,000 | -- | 10,000 |
| | <u>66,799</u> | <u>8,551</u> | <u>16,200</u> | <u>8,287</u> | <u>99,837</u> |
| Expenses | | | | | |
| Salary - attorney | 21,645 | 25,658 | 7,345 | 7,219 | 61,867 |
| Salary - other | 75 | 551 | 32 | 24 | 682 |
| Employee benefits | 6,079 | 6,275 | 2,066 | 1,585 | 16,005 |
| Contract services | -- | -- | -- | -- | -- |
| Contract services - TLC | -- | -- | -- | -- | -- |
| Space costs | -- | -- | -- | -- | -- |
| Travel | -- | -- | -- | -- | -- |
| Consumable supplies | -- | -- | -- | -- | -- |
| Telephone | -- | -- | -- | -- | -- |
| Equipment expense | -- | -- | -- | -- | -- |
| Litigation | -- | -- | -- | -- | -- |
| Library expense | -- | -- | -- | -- | -- |
| Dues and fees | -- | -- | -- | -- | -- |
| Insurance | -- | -- | -- | -- | -- |
| Training expense | -- | -- | -- | -- | -- |
| In-Kind expense | -- | -- | 10,000 | -- | 10,000 |
| Miscellaneous | -- | -- | -- | -- | -- |
| Depreciation | -- | -- | -- | -- | -- |
| | <u>27,799</u> | <u>32,484</u> | <u>19,443</u> | <u>8,828</u> | <u>88,554</u> |
| Excess (deficiency) of support over expenses | 39,000 | (23,933) | (3,243) | (541) | 11,283 |
| Property acquisition | (45,000) | -- | (13,160) | -- | (58,160) |
| Property disposition | -- | -- | -- | -- | -- |
| Fund transfers | <u>6,000</u> | <u>11,933</u> | <u>16,403</u> | <u>541</u> | <u>34,877</u> |
| Increase (decrease) in net assets | -- | (12,000) | -- | -- | (12,000) |
| Beginning net assets | -- | 12,000 | -- | -- | 12,000 |
| Ending net assets | <u>\$ --</u> | <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, 2017

| | DOJ FUNDS | | | |
|-------------------------------------------------|------------------------------------|-------------------|-------------------------------|----------------|
| | Bureau of Justice Assistance | Sexual Assault | Thru State of Utah VOCA | Total |
| Support | | | | |
| Grants and contracts | \$ 14,550 | \$ 154,233 | \$ 279,618 | \$ 448,401 |
| Other | -- | -- | 4,419 | 4,419 |
| | <u>14,550</u> | <u>154,233</u> | <u>284,037</u> | <u>452,820</u> |
| Expenses | | | | |
| Salary - attorney | 6,680 | 66,692 | 188,801 | 262,173 |
| Salary - other | 4,687 | 41,554 | 76,202 | 122,443 |
| Employee benefits | 3,183 | 33,334 | 67,654 | 104,171 |
| Contract services | -- | 9,642 | 10,980 | 20,622 |
| Space costs | -- | -- | -- | -- |
| Travel | -- | 3,011 | 4,970 | 7,981 |
| Consumable supplies | -- | -- | -- | -- |
| Telephone | -- | -- | -- | -- |
| Equipment expense | -- | -- | -- | -- |
| Litigation | -- | -- | 219 | 219 |
| Library expense | -- | -- | -- | -- |
| Dues and fees | -- | -- | -- | -- |
| Insurance | -- | -- | -- | -- |
| Training expense | -- | -- | -- | -- |
| In-Kind expense | -- | -- | 4,200 | 4,200 |
| Miscellaneous | -- | -- | -- | -- |
| Depreciation | -- | -- | -- | -- |
| | <u>14,550</u> | <u>154,233</u> | <u>353,026</u> | <u>521,809</u> |
| Excess (deficiency) of support over expenses | -- | -- | (68,989) | (68,989) |
| Property acquisition | -- | -- | -- | -- |
| Property disposition | -- | -- | -- | -- |
| Fund transfers | -- | -- | 68,989 | 68,989 |
| 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.

SCHEDULE OF SUPPORT AND EXPENSES
JUNE 30, 2016
DOJ FUNDS

| | Bureau of Justice Assistance | Sexual Assault | Thru State of Utah | | Total |
|-------------------------------------------------|---------------------------------|-------------------|--------------------|----------------|----------------|
| | | | 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 | <u>90,815</u> | -- | -- | <u>109,858</u> | <u>200,673</u> |
| 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> |

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

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, 2017, 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 23, 2017.

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 Utah Legal Services, Inc.'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 23, 2017

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, 2017. 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, 2017.

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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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.

Burnham & Schumm, P.C.
Salt Lake City, Utah
October 23, 2017

UTAH LEGAL SERVICES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2017

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, 2017. 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.

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, 2017, we considered the Organization's internal control in order to determine our auditing procedures for the purpose of expressing an opinion of 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 Organizations internal control in our report dated October 23, 2017. This letter does not affect our report dated October 23, 2017, 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 ne and should not be used by anyone other than these specified parties.



Burnham & Schumm, P.C.
Salt Lake City, Utah
October 23, 2017

UTAH LEGAL SERVICES, INC.

MANAGEMENT COMMENTS

JUNE 30, 2017

Reportable Matters

Sales Tax Receivable

Utah Legal Services, Inc. has not requested reimbursement for sales tax paid from the State of Utah since December 2016. Last year Utah Legal Services, Inc. had a similar management comment related to requesting reimbursement for sales tax paid. Good cash management procedures require a timely request for reimbursement. We recommend that Utah Legal Services, Inc. request reimbursement from the State of Utah for sales tax at least quarterly.

Management's Response

ULS management will seek reimbursement of sales tax whenever more than \$250 is receivable.

Payroll

During our audit we performed a 23 item payroll test. We noted that three paralegals had their salaries classified to support staff salaries. Proper classification of expenses to the general ledger is an important internal control so financial reports used by management provide accurate financial information.

We also noted two instances of personnel action forms for salary increases were not scanned in the Utah Legal Services, Inc.'s electronic personnel file. Properly documented authorized payroll is an important internal control.

We recommend that Utah Legal Services, Inc. review the classification of payroll throughout the year so miscalculations are discovered and fixed in a timely manner. Also,

personnel actions forms should be scanned and entered into the electronic personnel files each pay period that changes occur.

Management's Response

ULS agrees and will review the classification of all employees immediately and will scan personnel action forms for individual payroll changes into their files each pay period.

Case Sample

During our audit we reviewed 60 Utah Legal Services, Inc. cases for compliance with Legal Services Corporation rules and regulations. In two instances, cases 17-0069484 and 17-0064789, the citizen attestation and representation agreement were not scanned into the legal server document directory until notified by the auditors that they were missing.

In addition we noted two cases, 15 E-2228103 and 16-0059109, were not closed in a timely manner. Both cases were open for a year or more but should have been closed within two or three months. It is important to close cases in a timely manner for accurate Utah Legal Services, Inc. statistics.

We recommend that Utah Legal Services, Inc. inform and train its attorneys and paralegals of the importance to scan all required documents into the legal server document directory and to close cases in a timely manner. Supervisors should review open case files frequently to determine if they should be closed.

Management's Response

ULS agrees and in addition to the yearly training of all case handlers will track and notify individual staff in writing of any failures to add proper documentation to case files or close cases on a timely basis.