

UTAH LEGAL SERVICES, INC.

(A NONPROFIT ORGANIZATION)

FINANCIAL STATEMENTS

WITH

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

YEARS ENDED JUNE 30, 2022 AND 2021

ACRONYMS

AOG	Association of Governments
BJA	Bureau of Justice Assistance
CDBG	Community Development Block Grant
DOJ	Department of Justice
FAL	Federal Assistance Listing
FEP	Federal Employment Program
GAD	General Assistance/Disability
HHS	United States Department of Health and Human Services
HUD	U.S. Department of Housing and Urban Development
IOLTA	Interest on Lawyers Trust Accounts
LSC	Legal Services Corporation
OMB	Office of Management and Budget
PAI	Private Attorney Involvement
SA	Sexual Assault
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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Burnham & Schumm, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Utah Legal Services, Inc. as of June 30, 2022 and 2021, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Utah Legal Services, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Utah Legal Services, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if the substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of Utah Legal Services, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Utah Legal Services, Inc.'s ability to continue as a going concern for a reasonable period of time.

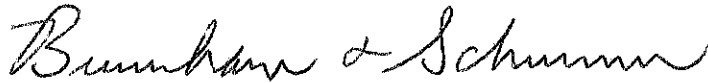
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of support and expenses are presented for additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards 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 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of support and expenses and schedule of expenditures of federal awards are 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 25, 2022, 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 effectiveness of Utah Legal Services, Inc.'s 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 25, 2022

UTAH LEGAL SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

ASSETS	<u>2022</u>	<u>2021</u>
Current Assets:		
Cash and cash equivalents	\$ 716,753	\$2,471,801
Client escrow funds	70	89,164
Grants receivable, net of allowance of \$-0-	319,848	339,991
Sales tax receivable	3,962	2,262
Unconditional promises to give	--	7,500
Prepaid expenses	<u>31,381</u>	<u>48,200</u>
Total current assets	1,072,014	2,958,918
Property and equipment, at cost, net	205,694	164,801
Other assets	<u>1,542,029</u>	<u>13,262</u>
Total Assets	<u>\$2,819,737</u>	<u>\$3,136,981</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 81,938	\$ 28,853
Accrued payroll and related liabilities	194,970	200,992
Accrued vacation	112,364	122,669
Client trust deposits	70	89,164
Deferred revenue - LSC	<u>81,965</u>	<u>340,116</u>
Total current liabilities	<u>471,307</u>	<u>781,794</u>
Net assets:		
Without donor restrictions:		
Operations	2,090,736	2,030,166
Fixed assets	<u>205,694</u>	<u>164,801</u>
	<u>2,296,430</u>	<u>2,194,967</u>
With donor restrictions:		
Non - LSC	<u>52,000</u>	<u>160,220</u>
	<u>52,000</u>	<u>160,220</u>
Total net assets	<u>2,348,430</u>	<u>2,355,187</u>
Total Liabilities and Net Assets	<u>\$2,819,737</u>	<u>\$3,136,981</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, 2022 AND 2021

	2022	2021
Change in Net Assets Without Donor Restrictions:		
Revenues and gains:		
Federal and state financial assistance	\$5,187,434	\$5,210,064
Other grants and contract revenue	533,026	478,429
In-kind contributions	23,500	46,550
Interest income	28,842	1,321
Other	9,203	27,444
Forgiveness of debt income - PPP SBA Loan	--	611,962
Total revenues and gains without donor restrictions	5,782,005	6,375,770
Net assets released from restrictions:		
Restrictions satisfied by payments	160,220	--
Total revenue, gains and other support without donor restrictions	5,942,225	6,375,770
Expenses:		
Program services	5,199,923	5,239,077
Support services:		
Administrative, management and general	453,052	345,352
Fund raising	187,787	173,387
	5,840,762	5,757,816
Increase in net assets without donor restrictions	101,463	617,954
Changes in net assets with donor restrictions:		
Contributions, United Way, Foundations and other funding for next year	52,000	55,220
Net assets released from restrictions:		
Restrictions satisfied by payments and expiration of time	(160,220)	--
Increase (decrease) in net assets with donor restrictions	(108,220)	55,220
Increase (decrease) in net assets	(6,757)	673,174
Net Assets at beginning of year	2,355,187	1,682,013
Net Assets at end of year	\$2,348,430	\$2,355,187

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

UTAH LEGAL SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

	Supportive Services		Program Services	Total
	Fund Raising & General	Administrative, Management		
Salary - attorney	\$ 106,478	\$ 141,831	\$1,931,821	\$2,180,130
Salary - Other	23,006	165,388	1,533,702	1,722,096
Employee benefits	42,490	100,814	1,137,215	1,280,519
Contract services	--	7,500	150,461	157,961
Space costs	3,792	8,997	101,485	114,274
Travel	752	1,785	20,132	22,669
Consumable supplies	547	1,299	14,651	16,497
Telephone	1,451	3,444	38,845	43,740
Equipment expenses	2,284	5,419	61,134	68,837
Litigation	830	1,970	22,222	25,022
Library expenses	728	1,726	19,470	21,924
Licenses and fees	524	1,244	14,030	15,798
Insurance	922	2,187	24,666	27,775
Training Expenses	670	1,589	17,925	20,184
In-kind expenses	--	--	23,500	23,500
Miscellaneous	497	1,178	13,291	14,966
Depreciation	2,816	6,681	75,373	84,870
Total Expenses	\$ 187,787	\$ 453,052	\$5,199,923	\$5,840,762

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

UTAH LEGAL SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	Supportive Services		Total	Program Services	Total
	Fund Raising & General	Administrative, Management			
Salary - attorney	\$ 95,070	\$ 122,268	\$ 217,338	\$1,952,962	\$2,170,300
Salary - Other	20,541	104,276	124,817	1,509,297	1,634,114
Employee benefits	38,100	74,659	112,759	1,141,006	1,253,765
Contract services	3,920	7,680	11,600	117,380	128,980
Space costs	4,848	9,501	14,349	145,202	159,551
Travel	197	386	583	5,897	6,480
Consumable supplies	448	879	1,327	13,431	14,758
Telephone	1,963	3,845	5,808	58,776	64,584
Equipment expenses	1,856	3,637	5,493	55,582	61,075
Litigation	641	1,257	1,898	19,209	21,107
Library expenses	532	1,043	1,575	15,938	17,513
Licenses and fees	486	953	1,439	14,557	15,996
Insurance	797	1,561	2,358	23,853	26,211
Training Expenses	353	692	1,045	10,576	11,621
In-kind expenses	--	--	--	46,550	46,550
Miscellaneous	215	6,013	6,228	6,433	12,661
Depreciation	3,420	6,702	10,122	102,428	112,550
Total Expenses	\$ 173,387	\$ 345,352	\$ 518,739	\$5,239,077	\$5,757,816

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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (6,757)	\$ 673,174
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Forgiveness of debt income - PPP SBA Loan	--	(606,370)
Depreciation	84,870	112,550
Decrease in grants receivable	20,143	219,237
Decrease in unconditional promises to give	7,500	7,500
(Increase) in interest receivable	(28,767)	--
(Increase) in other receivables and deposits	(1,700)	(333)
(Increase) decrease in prepaid expenses	16,819	(13,677)
Increase (decrease) in accounts payable	53,085	(21,434)
Increase (decrease) in accrued payroll	(6,022)	34,014
(Decrease) in accrued vacation	(10,305)	(10,616)
(Decrease) in deferred revenue	(258,151)	(297,626)
Net cash provided (used) by operating activities	<u>(129,285)</u>	<u>96,419</u>
Cash flows from investing activities:		
Acquisition of property and equipment	(125,763)	(4,000)
Loan to And Justice For All	(1,500,000)	--
Net cash used by investing activities	<u>(1,625,763)</u>	<u>(4,000)</u>
Cash flows from financing activities:	--	--
Net increase (decrease) in cash	<u>(1,755,048)</u>	<u>92,419</u>
Cash balance at beginning of year	<u>2,471,801</u>	<u>2,379,382</u>
Cash balance at end of year	<u>\$ 716,753</u>	<u>\$2,471,801</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, 2022 AND 2021

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.

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

Notes to Financial Statements - Continued

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. Effective July 1, 2019 per LSC program letter 20-04, unexpended grant amounts should be reflected as deferred revenue. 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.

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, donor 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 net assets without donor restrictions 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.

Notes to Financial Statements - Continued

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, 2021, 2020 and 2019 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.

Notes to Financial Statements - Continued

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 \$829,871 and \$2,577,410 at various banks at June 30, 2022 and 2021 respectively. This exceeds the \$250,000 covered by federal depository insurance by \$79,702 and \$332,184 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.

4. Grants Receivable

Grants and contracts receivable at June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
DOJ - SA	\$160,778	\$132,172
Title XX	7,500	--
Title III	53,617	27,288
Department of Justice - BJA	23,980	12,824
State of Utah - VOCA	--	148,608
State of Utah - GAD and FEP	35,783	19,099
U.S. Department of HUD	19,012	--
Legal Services Corporation - TIG	19,178	--
Total Grant Receivable	<u>\$319,848</u>	<u>\$ 339,991</u>

5. Unconditional Promises to Give

The amount due for unconditional promises to give consists of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Allocation for the next year:		
United Way	<u>\$ --</u>	<u>\$ 7,500</u>

The amounts from unconditional promises to give at June 30, 2021 is due within one year. Although actual grant payments may vary, differences between the amount

Notes to Financial Statements - Continued

recorded and collected have historically been insignificant. Accordingly, no provision is made for uncollectible amounts.

6. Donor Restrictions on Net Assets

Donor restricted net assets are available for the following purposes or periods at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
For subsequent periods:		
United Way	\$ --	\$ 22,500
Foundations	22,000	90,000
IOLTA	30,000	47,720
	<u>\$ 52,000</u>	<u>\$160,220</u>

7. Property and Equipment

The following is a summary of property and equipment as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Property and equipment	\$ 938,627	\$920,114
Less accumulated depreciation	<u>732,933</u>	<u>755,313</u>
Property and equipment, net	<u>\$ 205,694</u>	<u>\$164,801</u>

Property and equipment acquired with LSC grant funds totaling \$616,468 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, 2022 and 2021 was \$84,870 and \$112,550, respectively.

8. Other Assets

At June 30, 2022 and 2021, other assets consist of the following:

	<u>2022</u>	<u>2021</u>
Deposits	\$ 13,262	\$ 13,262
Note receivable	1,500,000	--
Interest receivable	28,767	--
	<u>\$1,542,029</u>	<u>\$ 13,262</u>

Notes to Financial Statements - Continued

On July 15, 2021, the Organization loaned a non-profit organization, And Justice For All, \$1,500,000. Interest is being charged at 2%. The loan is secured by a real estate trust deed. The loan matures on July 15, 2023. Collection of the note receivable and interest receivable is dependent upon the sale of the real estate securing the loan. Since it is not known when the property will be sold, the note receivable and interest receivable have been recorded as a long-term asset.

9. Note Payable - Paycheck Protection Program SBA

On May 6, 2020, the Organization received a Paycheck Protection Program Loan from the U.S. Small Business Administration for \$606,370. At June 30, 2022 and 2021 the outstanding balance is \$-0-. During the fiscal year ending June 30, 2021, the Organization received forgiveness of loan principal and interest totaling \$611,962. The forgiveness of debt income has been recorded in the statement of activities under revenues and gains.

10. Deferred Revenue

Deferred revenue at June 30, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
LSC Basic Field	\$ 81,965	\$237,828
LSC TIG Grant 18009	--	58,854
LSC TIG Grant 20037	--	18,833
LSC Covid	--	24,601
Total deferred revenue	<u>\$ 81,965</u>	<u>\$340,116</u>

10. 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, 2022 and 2021 amounted to \$111,303 and \$155,879, 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>
2023	\$ 85,430
2024	86,922
2025	49,560
2026	36,660
2027	37,620
	<u>\$ 296,192</u>

12. 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 \$343,568 on PAI during the year ended June 30, 2022. As noted in the following summary, ULS exceeded the requirement by \$87,486.

	<u>PAI</u>
LSC annualized basic field award at 12.5%	<u>\$343,568</u>
Expenses:	
Salaries	\$286,816
Employee benefits	94,119
Contract services	33,806
Space costs	4,280
Travel	851
Consumable supplies	618
Telephone	1,638
Equipment expense	2,938
Litigation	2,218
Library expense	821
Licenses and fees	592
Insurance	1,040
Miscellaneous	561

Notes to Financial Statements - Continued

Training	<u>756</u>
	<u>431,054</u>
Expenses in excess of requirement	<u>\$ 87,486</u>

13. 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, 2022 and 2021, Utah Legal Services matching contributions amounted to \$125,389 and \$129,647, respectively.

14. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. The unconditional promise to give from the United Way is considered available for use within one year for general purposes.

	<u>2022</u>	<u>2021</u>
Financial assets at year-end	\$1,040,563	\$2,821,554
Less those unavailable for general expenditures within one year	<u> --</u>	<u> --</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$1,040,563</u>	<u>\$2,821,554</u>

As part of the Organization's liquidity management it invests cash in excess of daily requirements in short-term investments, typically bank savings accounts.

15. Major Grantor

During the year ended June 30, 2022 and 2021, Utah Legal Services received \$3,246,576 and \$3,173,842, respectively, from Legal Services Corporation. This represents 55.64% and 49.4% of total revenues for the years ended June 30, 2022

Notes to Financial Statements - Continued

and 2021, respectively. A loss of funding from this grantor would have a materially adverse effect on the financial condition of ULS.

16. In-kind Contributions

During the years ended June 30, 2022 and 2021, the Organization recorded in-kind contributions of \$23,500 and \$46,550 respectively. For the years ending June 30, 2022 and 2021, contract attorneys were valued at the fair market value of \$165 per hour. This exceeds the actual hourly rate of \$65 by \$100 which resulted in an in-kind contribution of \$23,500 and \$46,550, respectively.

17. Evaluation of Subsequent Events

The Organization has evaluated subsequent events through October 26, 2022, 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, 2022

Federal Grantor/Pass Through Grantor/Program Title	Federal Assistance Listing Number	Contract Number	Federal Expenditures
<u>Legal Services Corporation</u>			
Legal Services Corporation	N/L	745000	\$ <u>3,246,576</u>
<u>US Department of Health and Human Serv. (HHS)</u>			
Passed Through State of Utah:			
Department of Workforce			
Services	93.558	176476	36,239
Davis County	93.044	N/A	7,240
Mountainlands AOG	93.044	N/A	13,000
Southeastern UT AOG	93.044	N/A	1,820
Six County Aging Program	93.044	N/A	6,714
Five County Aging Program	93.044	N/A	12,000
Bear River Assoc of Govt- Title III	93.044	N/A	6,000
Uintah County Aging Program	93.044	N/A	1,194
Uintah Basin Aging Program	93.044	N/A	1,347
Weber County Title III	93.044	N/A	10,646
Tooele County Title XX	93.667	N/A	7,500
Tooele County Aging Program Title III	93.044	N/A	1,797
Salt Lake County SSBG Title XX	93.667	HCD21103SS	40,000
Passed Through State of Utah Through Salt Lake County:			
Dept of Aging Services	93.044	0000000995	65,581
Total US Dept of HHS			<u>211,078</u>
<u>US Department of Justice</u>			
Department of Justice - Legal Assistance for Survivors of Sexual Abuse			
	16.524	2017-WL- AX-0041	284,094

UTAH LEGAL SERVICES, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass Through Grantor/Program Title	Federal Assistance Listing Number	Contract Number	Federal Expenditures
Passed through the State of Utah:			
Legal services for victims of crime	16.575	2019-V2-GX- 0063	764,310
Passed through Montana Legal Services Association			
Bureau of Justice Assistance	16.815	15PBJA-21-GG- 02598TRIB 15PBJA-21-GG- 02599TRIB	<u>57,917</u>
Total US Department of Justice			<u>1,106,321</u>
Passed Through Idaho Legal Aid Services Inc.:			
U.S. Department of Housing Urban Development - Eviction Protection Grant Program	14.537	EP21-ID-007	<u>26,399</u>
Total Federal Financial Assistance			<u>\$4,590,374</u>

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

See accompanying notes to schedule of expenditures
 of federal awards

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, 2020. 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, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

C. Subrecipient

The only awards passed through to subrecipients during the year ended June 30, 2022 was \$65,001 for the DOJ - Legal Assistance for Survivors of Sexual Abuse.

UTAH LEGAL SERVICES, INC.
 SCHEDULE OF SUPPORT AND EXPENSES
 YEAR ENDED JUNE 30, 2022

SUMMARY

	LsC	Department of			Total
		Justice	Other	Property	
Support					
Grants and contracts	\$3,246,576	\$1,106,321	\$ 834,537	\$	\$5,187,434
Other	2,735	23,500	620,336	--	646,571
	<u>3,249,311</u>	<u>1,129,821</u>	<u>1,454,873</u>	--	<u>5,834,005</u>
Expenses					
Salary - attorney	1,327,597	478,099	374,434	--	2,180,130
Salary - other	1,024,143	449,305	248,648	--	1,722,096
Employee benefits	713,843	249,342	317,334	--	1,280,519
Contract services	20,127	80,275	57,559	--	157,961
Space costs	14,953	17,649	81,672	--	114,274
Travel	10,406	723	11,540	--	22,669
Consumable supplies	2,009	--	14,488	--	16,497
Telephone	5,007	--	38,733	--	43,740
Equipment expenses	12,285	--	56,552	--	68,837
Litigation	10,882	--	14,140	--	25,022
Library expenses	3,021	--	18,903	--	21,924
Licenses and fees	--	--	15,798	--	15,798
Insurance	--	--	27,775	--	27,775
Training Expenses	1,488	--	18,696	--	20,184
In-kind expenses	--	23,500	--	--	23,500
Miscellaneous	336	--	14,630	--	14,966
Depreciation	--	--	--	84,870	84,870
	<u>3,146,097</u>	<u>1,298,893</u>	<u>1,310,902</u>	<u>84,870</u>	<u>5,840,762</u>
Excess (deficiency) of support over expenses	103,214	(169,072)	143,971	(84,870)	(6,757)
Property acquisition	(117,030)	--	(8,733)	125,763	--
Property disposition	--	--	--	--	--
Fund transfers	13,816	169,072	(182,888)	--	--
Increase (decrease) in net assets	--	--	(47,650)	40,893	(6,757)
Beginning net assets	--	--	2,190,386	164,801	2,355,187
Ending net assets	\$	\$	\$2,142,736	\$ 205,694	\$2,348,430

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

UTAH LEGAL SERVICES, INC.
 SCHEDULE OF SUPPORT AND EXPENSES
 YEAR ENDED JUNE 30, 2021

SUMMARY

	LSC	Department of			Total
		Justice	Other	Property	
Support					
Grants and contracts	\$3,173,842	\$1,246,096	\$ 790,126	\$	\$5,210,064
Other	10,165	46,550	1,164,211		1,220,926
	<u>3,184,007</u>	<u>1,292,646</u>	<u>1,954,337</u>		<u>6,430,990</u>
Expenses					
Salary - attorney	1,242,814	506,019	421,467		2,170,300
Salary - other	1,013,430	429,095	191,589		1,634,114
Employee benefits	730,145	334,862	188,758		1,253,765
Contract services	9,751	64,675	54,554		128,980
Space costs	80,099	55,511	23,941		159,551
Travel	3,575	1,080	1,825		6,480
Consumable supplies	6,179	3,347	5,232		14,758
Telephone	28,683	17,341	18,560		64,584
Equipment expenses	27,075	13,201	20,799		61,075
Litigation	11,267	7,498	2,342		21,107
Library expenses	8,883	4,242	4,388		17,513
Licenses and fees	7,037	97	8,862		15,996
Insurance	13,881	1,225	11,105		26,211
Training Expenses	1,108	15	10,498		11,621
In-kind expenses	--	46,550	--		46,550
Miscellaneous	80	--	12,581		12,661
Depreciation	--	--	--	112,550	112,550
	<u>3,184,007</u>	<u>1,484,758</u>	<u>976,501</u>	<u>112,500</u>	<u>5,757,816</u>
Excess (deficiency) of support over expenses	--	(192,112)	977,836	(112,500)	673,174
Property acquisition	--	--	(4,000)	4,000	--
Property disposition	--	--	--	--	--
Fund transfers	--	192,112	(192,112)	--	--
Increase (decrease) in net assets	--	--	781,724	(108,550)	673,174
Beginning net assets	--	--	1,408,662	273,351	1,682,013
Ending net assets	\$	\$	\$2,190,386	\$ 164,801	\$2,355,187

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

UTAH LEGAL SERVICES, INC.
SCHEDULE OF SUPPORT AND EXPENSES
JUNE 30, 2022
LSC FUNDS

	Basic Field	Migrant	Native American	TIG	COVID	Total
Support						
Grants and contracts	\$ 2,904,404	\$ 108,901	\$ 104,360	\$ 104,310	\$ 24,601	\$ 3,246,576
Interest income	75	--	--	--	--	75
Attorney fees	2,660	--	--	--	--	2,660
	<u>2,907,139</u>	<u>108,901</u>	<u>104,360</u>	<u>104,310</u>	<u>24,601</u>	<u>3,249,311</u>
Expenses						
Salary - attorney	1,238,941	46,518	28,488	2,271	11,379	1,327,597
Salary - other	943,420	35,280	41,764	93	3,586	1,024,143
Employee benefits	654,517	24,476	30,327	668	3,855	713,843
Contract services	18,332	685	791	319	--	20,127
Space costs	14,054	525	358	16	--	14,953
Travel	8,101	304	2,001	--	--	10,406
Consumable supplies	1,889	70	47	3	--	2,009
Telephone	4,698	176	126	7	--	5,007
Equipment expense	8,241	308	239	7	3,490	12,285
Litigation	10,378	388	116	--	--	10,882
Library expense	2,830	106	82	3	--	3,021
Dues and fees	--	--	--	--	--	--
Insurance	--	--	--	--	--	--
Training expense	1,414	53	21	--	--	1,488
In-kind expense	--	--	--	--	--	--
Miscellaneous	324	12	--	--	--	336
Depreciation	--	--	--	--	--	--
	<u>2,907,139</u>	<u>108,901</u>	<u>104,360</u>	<u>3,387</u>	<u>22,310</u>	<u>3,146,097</u>
Excess (deficiency) of support over expenses	--	--	--	100,923	2,291	103,214
Property acquisition	--	--	--	(105,250)	(11,780)	(117,030)
Property disposition	--	--	--	--	--	--
Fund transfers	--	--	--	4,327	9,489	13,816
Increase (decrease) in net assets	--	--	--	--	--	--
Beginning net assets	--	--	--	--	--	--
Ending net assets	<u>\$ --</u>	<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, 2022

	LSC FUNDS - Technology Initiative Grants		Total
	TIG Grant 18009	TIG Grant 20037	
Support			
Grants and contracts	\$ 108,637	\$ (4,327)	\$ 104,310
Other	<u> </u>	<u> </u>	<u> </u>
	<u>108,637</u>	<u>(4,327)</u>	<u>104,310</u>
Expenses			
Salary - attorney	2,271	--	2,271
Salary - other	93	--	93
Employee benefits	668	--	668
Contract services	319	--	319
Space costs	16	--	16
Travel	--	--	--
Consumable supplies	3	--	3
Telephone	7	--	7
Equipment expense	7	--	7
Litigation	--	--	--
Library expense	3	--	3
Dues and fees	--	--	--
Insurance	--	--	--
Training expense	--	--	--
Miscellaneous	--	--	--
Depreciation	--	--	--
	<u>3,387</u>	<u> </u>	<u>3,387</u>
Excess (deficiency) of support			
Over expenses	105,250	(4,327)	100,923
Property acquisition	(105,250)	--	(105,250)
Property disposition	--	--	--
Fund transfers	--	4,327	4,327
Increase (decrease) in net assets	--	--	--
Beginning net assets	--	--	--
Ending net assets	<u> </u>	<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, 2021
LSC FUNDS

	Basic Field	Basic Field	Migrant	Native American	TIG	COVID	Total
Support							
Grants and contracts	\$ 204,140	\$ 2,627,822	\$ 102,855	\$ 99,972	\$ 39,635	\$ 99,418	\$ 3,173,842
Interest income	--	1,321	--	--	--	--	1,321
Attorney fees	--	8,844	--	--	--	--	8,844
	<u>204,140</u>	<u>2,637,987</u>	<u>102,855</u>	<u>99,972</u>	<u>39,635</u>	<u>99,418</u>	<u>3,184,007</u>
Expenses							
Salary - attorney	79,742	1,030,467	19,989	32,080	29,709	50,827	1,242,814
Salary - other	65,092	841,149	50,726	32,193	566	23,704	1,013,430
Employee benefits	46,719	603,724	23,928	28,236	7,751	19,787	730,145
Contract services	370	4,782	539	2,914	1,146	--	9,751
Space costs	5,381	69,534	2,440	1,948	180	616	80,099
Travel	70	905	2,160	440	--	--	3,575
Consumable supplies	415	5,359	174	142	31	58	6,179
Telephone	1,670	21,584	824	613	71	3,921	28,683
Equipment expense	1,792	23,163	893	717	136	374	27,075
Litigation	785	10,139	--	343	--	--	11,267
Library expense	589	7,607	310	252	34	91	8,883
Dues and fees	504	6,507	13	12	1	--	7,037
Insurance	984	12,712	93	82	10	--	13,881
Training expense	24	318	766	--	--	--	1,108
In-kind expense	--	--	--	--	--	--	--
Miscellaneous	3	37	--	--	--	40	80
Depreciation	--	--	--	--	--	--	--
	<u>204,140</u>	<u>2,637,987</u>	<u>102,855</u>	<u>99,972</u>	<u>39,635</u>	<u>99,418</u>	<u>3,184,007</u>
Excess (deficiency) of support over expenses	--	--	--	--	--	--	--
Property acquisition	--	--	--	--	--	--	--
Property disposition	--	--	--	--	--	--	--
Fund transfers	--	--	--	--	--	--	--
Increase (decrease) in net assets	--	--	--	--	--	--	--
Beginning net assets	--	--	--	--	--	--	--
Ending net assets	<u>\$ --</u>	<u>\$ --</u>	<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, 2018

	LSC FUNDS - Technology Initiative Grants		
	TIG Grant 20037	TIG Grant 18009	TIG Grant 16020
Support			Total
Grants and contracts	\$ 4,327	\$ 15,501	\$ 19,807
Other	--	--	--
	<u>4,327</u>	<u>15,501</u>	<u>19,807</u>
Expenses			
Salary - attorney	3,028	11,207	15,474
Salary - other	332	234	566
Employee benefits	765	2,653	4,333
Contract services	--	1,146	1,146
Space costs	86	94	180
Travel	--	--	--
Consumable supplies	10	21	31
Telephone	39	32	71
Equipment expense	56	80	136
Litigation	--	--	--
Library expense	11	23	34
Dues and fees	--	1	1
Insurance	--	10	10
Training expense	--	--	--
Miscellaneous	--	--	--
Depreciation	--	--	--
	<u>4,327</u>	<u>15,501</u>	<u>19,807</u>
Excess (deficiency) of support			
Over expenses	--	--	--
Property acquisition	--	--	--
Property disposition	--	--	--
Fund transfers	--	--	--
Increase (decrease) in net assets	--	--	--
Beginning net assets	--	--	--
Ending net assets	<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, 2022
 DOJ FUNDS

	Bureau of Justice Assistance	Sexual Assault	Thru State of Utah VOCA	Total
Support				
Grants and contracts	\$ 57,917	\$ 284,094	\$ 764,310	\$ 1,106,321
Other	<u>57,917</u>	<u>284,094</u>	<u>787,810</u>	<u>23,500</u>
				<u>1,129,821</u>
Expenses				
Salary - attorney	18,827	90,741	368,531	478,099
Salary - other	26,302	76,986	346,017	449,305
Employee benefits	11,304	51,367	186,671	249,342
Contract services	--	65,000	15,275	80,275
Space costs	761	--	16,888	17,649
Travel	723	--	--	723
Consumable supplies	--	--	--	--
Telephone	--	--	--	--
Equipment expense	--	--	--	--
Litigation	--	--	--	--
Library expense	--	--	--	--
Dues and fees	--	--	--	--
Insurance	--	--	--	--
Training expense	--	--	--	--
In-kind expense	--	--	23,500	23,500
Miscellaneous	--	--	--	--
Depreciation	--	--	--	--
	<u>57,917</u>	<u>284,094</u>	<u>956,882</u>	<u>1,298,893</u>
Excess (deficiency) of support over expenses	--	--	(169,072)	(169,072)
Property acquisition	--	--	--	--
Property disposition	--	--	--	--
Fund transfers	--	--	169,072	169,072
Increase (decrease) in net assets	--	--	--	--
Net assets beginning of year	--	--	--	--
Net assets end of year	<u>57,917</u>	<u>284,094</u>	<u>956,882</u>	<u>1,298,893</u>

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

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UTAH LEGAL SERVICES, INC.
SCHEDULE OF SUPPORT AND EXPENSES
JUNE 30, 2021

	DOJ FUNDS				Total
	Bureau of Justice Assistance	Sexual Assault	Thru State of Utah VOCA	Provo City PD Victim Assistance	
Support	\$ 54,814	\$ 277,652	\$ 899,188	\$ 14,442	\$ 1,246,096
Grants and contracts	--	--	46,550	--	46,550
Other	54,814	277,652	945,738	14,442	1,292,646
Expenses					
Salary - attorney	18,049	105,449	377,676	4,845	506,019
Salary - other	17,642	64,869	342,193	4,391	429,095
Employee benefits	15,922	57,476	258,152	3,312	334,862
Contract services	54	33,271	30,953	397	64,675
Space costs	1,079	8,285	45,127	1,020	55,511
Travel	1,001	57	22	--	1,080
Consumable supplies	79	504	2,729	35	3,347
Telephone	363	2,518	14,277	183	17,341
Equipment expenses	411	2,287	10,370	133	13,201
Litigation	25	1,898	5,504	71	7,498
Library expenses	142	791	3,267	42	4,242
Licenses and fees	6	23	67	1	97
Insurance	41	224	948	12	1,225
Training Expenses	--	--	15	--	15
In-kind expenses	--	--	46,550	--	46,550
Miscellaneous	--	--	--	--	--
Depreciation	--	--	--	--	--
	54,814	277,652	1,137,850	14,442	1,484,758
Excess (deficiency) of support over expenses	--	--	(192,112)	--	(192,112)
Property acquisition	--	--	--	--	--
Property disposition	--	--	--	--	--
Fund transfers	--	--	192,112	--	192,112
Increase (decrease) in net assets	--	--	--	--	--
Net assets beginning of year	--	--	--	--	--
Net assets end of year	\$ --	\$ --	\$ 192,112	\$ --	\$ 192,112

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

Burnham & Schumm, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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Phone (801) 272-0111
Fax (801) 272-0125

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Utah Legal Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, 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 25, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Utah Legal Services, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Utah Legal Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.


Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Utah Legal Services, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

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



Burnham & Schumm, P.C.
Salt Lake City, Utah
October 25, 2022

Burnham & Schumm, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT ON 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, 2022. 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, 2022.

Report on Internal Control Over Compliance

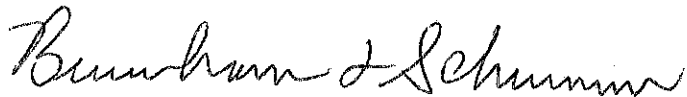
Management of Utah Legal Services, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Utah Legal Services, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Utah Legal Services, Inc.'s internal control over compliance.

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

not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Burnham & Schumm, P.C.
Salt Lake City, Utah
October 25, 2022

UTAH LEGAL SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2022

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, 2022. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs for Utah Legal Services, Inc. expresses an unmodified opinion on the major federal programs.
6. There were no audit findings to be reported in accordance with 2CFR section 200.516(a).
7. The programs tested as a major program were: Legal Services Corporation, FAL#09 745000 and Department of Justice - VOCA, FAL#16.575.
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 for LSC but does qualify for the Department of Justice.