

Burnham & Schumm, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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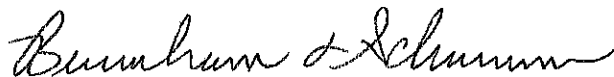
To the Board of Trustees
of Utah Legal Services, Inc.
Salt Lake City, Utah

In planning and performing our audit of the financial statements of Utah Legal Services, Inc. for the year ended June 30, 2020, 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 matters that are opportunities for strengthening internal controls and operating efficiency. We previously reported on the Organization's internal control in our report dated November 23, 2020. This letter does not affect our report dated November 23, 2020, on the financial statements of Utah Legal Services, Inc.

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

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



Burnham & Schumm, P.C.
Salt Lake City, Utah
November 23, 2020

UTAH LEGAL SERVICES, INC.

MANAGEMENT COMMENTS

JUNE 30, 2020

Reportable Matters

Case Sample

During our audit we reviewed 60 Utah Legal Services, Inc. cases for compliance with Legal Services Corporation rules and regulations. We have noted four errors from our testing.

- A. Case 19-0104152 with over 22 hours of case time, ULS did not obtain a signed citizen attestation form or representation agreement form.
- B. Case 19-0097802, per regulation 45 CFR 1644, the case should have been included in the LSC semi-annual Case Disclosure Summary Report.
- C. Cases 19-0109448 and 20-0111279, per review of the case notes, it appears both of these cases should be closed. As of October 23, 2020, they were both still open.

To comply with ULS policies and procedures and with LSC rules and regulations, it is important that each case is reviewed and monitored by ULS so all cases are documented and processed properly.

We recommend that ULS during staff meetings inform staff of the importance of following policies and procedures to avoid case deficiencies.

Management's Response

ULS management agrees that case errors A and B are errors and we will redouble our training and monitoring efforts. ULS management agrees that if the cases in item C are not closed in 2020 they will not comply with LSC reporting requirements.

Cash Disbursements

In testing the ULS cash disbursement system, we review a sample of cash disbursements to determine that they are properly classified in the general ledger. We noted that a subscription purchase from the National Consumer Law Center for \$420.00 on March 3, 2020 was classified in the general ledger to office supplies (6610) when it should have been classified to library expense (7140).

Proper classification of expenses in the general ledger is an important internal control. We recommend that ULS carefully review expense account codes so all expenses are properly classified in the general ledger.

Management's Response

ULS management agrees and will review general ledger postings for proper coding more assiduously.

Payroll

In testing the ULS payroll system, we test payroll transactions to determine that the gross amount paid to an employee is classified correctly in the general ledger to the proper payroll expense account. We noted during our audit that two attorney merit payments totaling \$1,200.00 were recorded to the staff salaries account instead of the proper attorneys payroll account.

Proper classification of gross payroll in the general ledger is an important internal control. We recommend that ULS carefully review payroll account code classifications so all payroll expenses are properly classified in the general ledger.

Management's Response

ULS management agrees and has hired an accounting tech last October, which will allow for more careful reviews.

Private Attorney Involvement (PAI)

LSC requires ULS spend at least 12.5% of its annual LSC Basic Field award to promoting the involvement of private attorneys. As part of our testing, we review the invoices paid to contract attorneys to determine if they qualify as a PAI case and expense. Our review of invoices from contract attorneys found that it was sometimes difficult to locate ULS approval that the payment qualified as a PAI contract attorney expense.

It is important that ULS document its LSC PAI regulation compliance by documenting contract attorney payments as PAI eligible expenses. We recommend that ULS is careful to document in the legal server software notes the amount of the contract attorney invoice that qualifies for PAI by a qualified ULS employee.

Management's Response

ULS management agrees and we have updated the contract expense procedure even though no errors were actually found. Two expense claims will be made for contracts for the separate PAI amounts in a single invoice. This will make it easier to identify PAI and non PAI amounts in coding and for the auditor. ULS management will continue to monitor the expense claim notes for the PAI analysis as well.

UTAH LEGAL SERVICES, INC.

(A NONPROFIT ORGANIZATION)

FINANCIAL STATEMENTS

WITH

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

YEARS ENDED JUNE 30, 2020 AND 2019

ACRONYMS

AOG	Association of Governments
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
SA	Sexual Assault
SSBG	Social Services Block Grant
TANF	Temporary Assistance for Needy Families
TIG	Technology Initiative Grant
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, 2020 and 2019, and the related statements of activities, functional expenses 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, 2020 and 2019, 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 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, 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 November 23, 2020, 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
November 23, 2020

UTAH LEGAL SERVICES, INC.
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2020 AND 2019

ASSETS	<u>2020</u>	<u>2019</u>
Current Assets:		
Cash and cash equivalents	\$2,379,382	\$1,490,220
Client escrow funds	25,101	356
Grants receivable, net of allowance of \$-0-	559,228	266,404
Sales tax receivable	1,929	2,669
Unconditional promises to give	15,000	30,000
Prepaid expenses	<u>34,523</u>	<u>32,936</u>
Total current assets	3,015,163	1,822,585
Property and equipment, at cost, net	273,351	304,052
Other assets, deposits	<u>13,262</u>	<u>13,262</u>
Total Assets	<u>\$3,301,776</u>	<u>\$2,139,899</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 50,287	\$ 172,812
Accrued payroll and related liabilities	166,978	148,583
Accrued vacation	133,285	99,015
Client trust deposits	25,101	356
Note payable-Paycheck Protection Program SBA	606,370	--
Deferred revenue	<u>637,742</u>	<u>--</u>
Total current liabilities	<u>1,619,763</u>	<u>420,766</u>
Net assets:		
Without donor restrictions:		
Operations	1,303,662	895,791
Fixed assets	<u>273,351</u>	<u>304,052</u>
	<u>1,577,013</u>	<u>1,199,843</u>
With donor restrictions:		
Legal Services Corporation	--	282,038
Non - LSC	<u>105,000</u>	<u>237,252</u>
	<u>105,000</u>	<u>519,290</u>
Total net assets	<u>1,682,013</u>	<u>1,719,133</u>
Total Liabilities and Net Assets	<u>\$3,301,776</u>	<u>\$2,139,899</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, 2020 AND 2019

	2020	2019
Change in Net Assets Without Donor Restrictions:		
Revenues and gains:		
Federal and state financial assistance	\$4,273,662	\$4,334,781
Other grants and contract revenue	647,873	364,728
In-kind contributions	23,750	3,920
Interest income	1,704	1,522
Other	7,535	1,572
Total revenues and gains without donor restrictions	4,954,524	4,706,523
Net assets released from restrictions:		
Restrictions satisfied by payments	489,290	163,597
Expiration of time restrictions	30,000	45,000
Total revenue, gains and other support without donor restrictions	5,473,814	4,915,120
Expenses:		
Program services	4,641,163	4,299,993
Support services:		
Administrative, management and general	299,005	259,012
Fund raising	156,476	143,470
	5,096,644	4,702,475
Increase in net assets without donor restrictions	377,170	212,645
Changes in net assets with donor restrictions:		
Contributions, United Way, Foundations and other funding for next year	105,000	167,252
Federal Support not expanded:		
Legal Services Corporation	--	282,038
Net assets released from restrictions:		
Restrictions satisfied by payments and expiration of time	(519,290)	(208,597)
Increase in net assets with donor restrictions	(414,290)	240,693
Increase (decrease) in net assets	(37,120)	453,338
Net Assets at beginning of year	1,719,133	1,265,795
Net Assets at end of year	\$1,682,013	\$1,719,133

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

UTAH LEGAL SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	Supportive Services			Program Services	Total
	Fund Raising	Management & General	Administrative,		
Salary - attorney	\$ 88,027	\$ 112,794	\$	\$1,658,920	\$1,859,741
Salary - Other	14,798	76,366		1,293,775	1,384,939
Employee benefits	34,996	64,380		1,004,939	1,104,315
Contract services	--	11,150		124,127	135,277
Space costs	5,951	10,947		170,877	187,775
Travel	1,286	2,365		36,914	40,565
Consumable supplies	672	1,236		19,293	21,201
Telephone	1,656	3,045		47,540	52,241
Equipment expenses	1,819	3,345		52,222	57,386
Litigation	850	1,564		24,407	26,821
Library expenses	484	890		13,890	15,264
Licenses and fees	475	874		13,646	14,995
Insurance	769	1,415		22,085	24,269
Training Expenses	653	1,201		18,751	20,605
In-kind expenses	--	--		23,750	23,750
Miscellaneous	282	519		8,103	8,904
Depreciation	3,758	6,914		107,924	118,596
Total Expenses	\$ 156,476	\$ 299,005	\$	\$4,641,163	\$5,096,644

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

UTAH LEGAL SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

	Supportive Services			Program Services	Total
	Fund Raising	Management & General	Administrative,		
Salary - attorney	\$ 81,906	\$ 96,374	\$	\$1,439,555	\$1,617,835
Salary - Other	14,309	74,489		1,126,331	1,215,129
Employee benefits	28,865	51,259		914,992	995,116
Contract services	--	--	--	251,121	251,121
Space costs	5,422	10,876	16,298	170,781	187,079
Travel	1,637	3,284	4,921	49,646	54,567
Consumable supplies	716	1,436	2,152	21,708	23,860
Telephone	1,471	2,950	4,421	44,608	49,029
Equipment expenses	1,905	3,821	5,726	57,776	63,502
Litigation	842	1,690	2,532	25,549	28,081
Library expenses	715	1,434	2,149	21,675	23,824
Licenses and fees	478	959	1,437	14,503	15,940
Insurance	705	1,414	2,119	21,378	23,497
Training Expenses	1,017	2,041	3,058	30,852	33,910
In-kind expenses	--	--	--	3,920	3,920
Miscellaneous	232	466	698	7,039	7,737
Depreciation	3,250	6,519	9,769	98,559	108,328
Total Expenses	\$ 143,470	\$ 259,012	\$ 402,482	\$ 4,299,993	\$ 4,702,475

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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (37,120)	\$ 453,338
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	118,596	108,328
(Increase) in grants receivable	(292,824)	(100,046)
Decrease in unconditional promises to give	15,000	15,000
(Increase) decrease in other receivables and deposits	740	(1,350)
(Increase) in prepaid expenses	(1,587)	(770)
Increase (decrease) in accounts payable	(122,525)	103,549
Increase in accrued payroll	18,395	22,682
Increase in accrued vacation	34,270	10,766
Increase in deferred revenue	<u>637,742</u>	<u>---</u>
Net cash provided by operating activities	<u>370,687</u>	<u>611,497</u>
Cash flows from investing activities:		
Acquisition of property and equipment	<u>(87,895)</u>	<u>(120,141)</u>
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program SBA Loan	<u>606,370</u>	<u>---</u>
Net increase in cash	889,162	491,356
Cash balance at beginning of year	<u>1,490,220</u>	<u>998,864</u>
Cash balance at end of year	<u>\$2,379,382</u>	<u>\$1,490,220</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, 2020 AND 2019

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 or liability account. 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 or deferred revenue 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, 2019, 2018 and 2017 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 \$2,405,874 and \$1,554,818 at various banks at June 30, 2020 and 2019 respectively. This exceeds the \$250,000 covered by federal depository insurance by \$1,159,685 and \$313,606 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, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
DOJ - Elder Abuse	\$ --	\$129,964
DOJ - SA	67,493	48,159
Title XX	10,965	21,799
Title III	38,856	28,970
Department of Justice - BJA	3,983	9,246
State of Utah - VOCA	149,043	16,776
State of Utah - GAD and FEP	18,050	8,016
Community Legal Center	240,949	--
Legal Services Corporation - TIG	20,193	--
Provo City PD - Victim Assistance	9,696	3,474
Total Grant Receivable	<u>\$559,228</u>	<u>\$266,404</u>

5. Unconditional Promises to Give

The amount due for unconditional promises to give consists of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Allocation for the next year:		
United Way	<u>\$ 15,000</u>	<u>\$ 30,000</u>

The amounts from unconditional promises to give at June 30, 2020 and 2019 are 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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
For subsequent periods:		
United Way	\$ 15,000	\$ 30,000
Foundations	45,000	111,770
IOLTA	45,000	95,482
Federal support not expended:		
LSC-Basic	--	225,975
LSC-TIG	--	49,038
Native American	--	7,025
	<u>\$105,000</u>	<u>\$519,290</u>

7. Property and Equipment

The following is a summary of property and equipment as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Property and equipment	\$ 916,114	\$828,219
Less accumulated depreciation	<u>642,763</u>	<u>524,167</u>
Property and equipment, net	<u>\$ 273,351</u>	<u>\$304,052</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, 2020 and 2019 was \$118,596 and \$108,328, respectively.

8. 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, 2020 the outstanding balance is \$606,370. The Organization plans to apply for forgiveness of the loan principal in the near future in compliance with the loan program. If any amount is not forgiven, interest will be charged at 1% and the unforgiven

Notes to Financial Statements - Continued

amount will be repaid in either two or five years at the option of the borrower. It is anticipated by the Organization that the loan will be 100% forgiven; therefore, the loan has been recorded as a current liability.

9. Deferred Revenue

Deferred revenue at June 30, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
LSC Basic Field	\$ 469,972	\$ --
LSC TIG Grant 18009	43,751	--
LSC Covid	<u>124,019</u>	<u>--</u>
Total deferred revenue	<u>\$ 637,742</u>	<u>\$ --</u>

The organization has elected to adopt ASU 2018-08 prospectively; therefore, comparisons of net assets and deferred revenue for fiscal years June 30, 2020 and 2019 should be done with consideration of this accounting change.

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, 2020 and 2019 amounted to \$183,702 and \$182,798, respectively. The lease payments are classified as space costs in the accompanying financial statements.

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

<u>June 30,</u>	<u>Amount</u>
2021	\$ 81,788
2022	46,605
2023	35,700
2024	35,700
2025	<u>37,620</u>
	<u>\$ 237,413</u>

Notes to Financial Statements - Continued

11. 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 \$307,362 on PAI during the year ended June 30, 2020. As noted in the following summary, ULS exceeded the requirement by \$246,630.

	<u>PAI</u>
LSC annualized basic field award at 12.5%	<u>\$307,362</u>
Expenses:	
Salaries	\$360,495
Employee benefits	122,693
Contract services	35,766
Space costs	10,738
Travel	3,239
Consumable supplies	1,236
Telephone	2,988
Equipment expense	3,282
Litigation	5,221
Library expense	873
Licenses and fees	858
Insurance	1,387
Miscellaneous	926
Training	<u>4,290</u>
	<u>553,992</u>
Expenses in excess of requirement	<u>\$246,630</u>

Notes to Financial Statements - Continued

12. 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, 2020 and 2019, Utah Legal Services matching contributions amounted to \$96,771 and \$62,952, respectively.

13. 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>2020</u>	<u>2019</u>
Financial assets at year-end	\$2,935,346	\$1,789,293
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>\$2,935,346</u>	<u>\$1,789,293</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.

14. Major Grantor

During the year ended June 30, 2020 and 2019, Utah Legal Services received \$2,274,414 and \$2,696,968, respectively, from Legal Services Corporation. This represents 44.9% and 52.31% of total revenues for the years ended June 30, 2020 and 2019, respectively. A loss of funding from this grantor would have a materially adverse effect on the financial condition of ULS.

Notes to Financial Statements - Continued

15. In-kind Contributions

During the years ended June 30, 2020 and 2019, the Organization recorded in-kind contributions of \$23,750 and \$3,920 respectively. During the years ended June 30, 2020, and 2019 the Organization received approximately 250 and 280 hours of service from volunteers valued at an average of \$15.00 and \$14.00 per hour, respectively. For year ending June 30, 2020, 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 \$20,000.

16. Evaluation of Subsequent Events

The Organization has evaluated subsequent events through November 25, 2020, 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, 2020

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Contract Number	Total Federal Expenditures
<u>Legal Services Corporation</u>			
Legal Services Corporation	N/L	745000	\$ <u>2,274,414</u>
<u>US Department of Health and Human Serv. (HHS)</u>			
Passed Through State of Utah:			
Department of Workforce Services			
Davis County	93.558	176476	17,764
Mountainlands AOG	93.044	N/A	4,146
Southeastern UT AOG	93.044	N/A	10,785
San Juan County	93.044	N/A	1,114
Six County Aging Program	93.044	N/A	351
Five County Aging Program	93.044	N/A	3,107
Bear River Assoc of Govt- Title III	93.044	N/A	8,970
Uintah County Aging Program	93.044	N/A	5,957
Uintah Basin Aging Program	93.044	N/A	2,642
Weber County Title III	93.044	N/A	322
Tooele County Title XX	93.044	N/A	7,466
Tooele County Aging Program Title III	93.667	N/A	6,000
Salt Lake County SSBG Title XX	93.044	N/A	1,974
	93.667	HCD19103SS	40,000
Passed Through State of Utah Through Salt Lake County:			
Dept of Aging Services	93.044	0000000995	68,208
Total US Dept of HHS			<u>178,806</u>
<u>US Department of Justice</u>			
Department of Justice - Legal Assistance for Survivors of Sexual Abuse			
	16.524	2017-WL- AX-0041	254,518
Department of Justice - Innovative Remedies to Reduce Elder Abuse and Financial Exploitation			
	16.582	2017-VF- GX-K141	23,971

UTAH LEGAL SERVICES, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA <u>Number</u>	Contract <u>Number</u>	Total Federal <u>Expenditures</u>
Passed Through Provo City Police Department:			
Victim Assistance	16.588	2016-WE-AX-0032	20,052
Passed through the State of Utah:			
Commission on Criminal and Juvenile Justice	16.588	19VOCA117	856,343
Passed through Montana Legal Services Association			
Bureau of Justice Assistance	16.815	2015-AL-BX-0002 2018-AL-BX-0002 2018-AL-BX-0001	<u>48,130</u>
Total US Department of Justice			<u>1,203,014</u>
Total expenditures federal awards			<u>\$3,656,234</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, 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 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.

C. Subrecipient

The only awards passed through to subrecipients during the year ended June 30, 2020 was \$37,930 for the DOJ - Legal Assistance for Survivors of Sexual Abuse.

UTAH LEGAL SERVICES, INC.
 SCHEDULE OF SUPPORT AND EXPENSES
 YEAR ENDED JUNE 30, 2020

SUMMARY

	Department of				Total
	LSC	Justice	Other	Property	
Support					
Grants and contracts	\$2,274,415	\$1,203,014	\$ 796,233	\$ --	\$4,273,662
Other	7,580	23,750	754,532	--	785,862
	<u>2,281,995</u>	<u>1,226,764</u>	<u>1,550,765</u>	<u>--</u>	<u>5,059,524</u>
Expenses					
Salary - attorney	975,082	570,042	314,617	--	1,859,741
Salary - other	732,751	364,142	288,046	--	1,384,939
Employee benefits	548,828	276,176	279,311	--	1,104,315
Contract services	37,164	75,308	22,805	--	135,277
Space costs	85,233	69,656	32,886	--	187,775
Travel	18,115	18,132	4,318	--	40,565
Consumable supplies	11,994	104	9,103	--	21,201
Telephone	21,326	13,427	17,488	--	52,241
Equipment expenses	18,203	55	39,128	--	57,386
Litigation	11,211	113	15,497	--	26,821
Library expenses	7,546	87	7,631	--	15,264
Licenses and fees	2,517	10	12,468	--	14,995
Insurance	2,202	19	22,048	--	24,269
Training Expenses	5,085	9,519	6,001	--	20,605
In-kind expenses	--	23,750	--	--	23,750
Miscellaneous	4,776	51	4,077	--	8,904
Depreciation	--	--	--	118,596	118,596
	<u>2,482,033</u>	<u>1,420,591</u>	<u>1,075,424</u>	<u>118,596</u>	<u>5,096,644</u>
Excess (deficiency) of support over expenses	(200,038)	(193,827)	475,341	(118,596)	(37,120)
Property acquisition	(82,000)	--	(5,895)	87,895	--
Property disposition	--	--	--	--	--
Fund transfers	--	193,827	(193,827)	--	--
Increase (decrease) in net assets	(282,038)	--	275,619	(30,701)	(37,120)
Beginning net assets	282,038	--	1,133,043	304,052	1,719,133
Ending net assets	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,408,662</u>	<u>\$ 273,351</u>	<u>\$ 1,682,013</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, 2019

SUMMARY

	Department of				Total
	LSC	Justice	Other	Property	
Support					
Grants and contracts	\$2,696,968	\$1,219,517	\$ 700,334	\$ --	\$4,616,819
Other	2,099	4,020	532,875	--	538,994
	<u>2,699,067</u>	<u>1,223,537</u>	<u>1,233,209</u>	<u>--</u>	<u>5,155,813</u>
Expenses					
Salary - attorney	924,412	377,020	316,403	--	1,617,835
Salary - other	735,740	324,645	154,744	--	1,215,129
Employee benefits	566,130	268,329	160,657	--	995,116
Contract services	43,994	207,127	--	--	251,121
Space costs	104,566	47,103	35,410	--	187,079
Travel	19,108	12,969	22,490	--	54,567
Consumable supplies	7,332	4,664	11,864	--	23,860
Telephone	24,082	11,037	13,910	--	49,029
Equipment expenses	40,410	11,820	11,272	--	63,502
Litigation	16,126	4,531	7,424	--	28,081
Library expenses	13,711	4,973	5,140	--	23,824
Licenses and fees	--	--	15,940	--	15,940
Insurance	14,176	4,721	4,600	--	23,497
Training Expenses	11,928	5,219	16,763	--	33,910
In-kind expenses	--	3,920	--	--	3,920
Miscellaneous	3,911	90	3,736	--	7,737
Depreciation	--	--	--	108,328	108,328
	<u>2,525,626</u>	<u>1,288,168</u>	<u>780,353</u>	<u>108,328</u>	<u>4,702,475</u>
Excess (deficiency) of support over expenses	173,441	(64,631)	452,856	(108,328)	453,338
Property acquisition	(55,000)	(7,425)	(57,716)	120,141	--
Property disposition	--	--	--	--	--
Fund transfers	--	72,056	(72,056)	--	--
Increase (decrease) in net assets	118,441	--	323,084	11,813	453,338
Beginning net assets	163,597	--	809,959	292,239	1,265,795
Ending net assets	<u>\$ 282,038</u>	<u>\$ --</u>	<u>\$1,133,043</u>	<u>\$ 304,052</u>	<u>\$1,719,133</u>

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

UTAH LEGAL SERVICES, INC.
SCHEDULE OF SUPPORT AND EXPENSES
JUNE 30, 2020

	LSC FUNDS					Total
	Basic Field	Migrant	Native American	TIG	COVID	
Support						
Grants and contracts	\$ 1,988,922	\$ 97,286	\$ 94,561	\$ 57,652	\$ 35,994	\$ 2,274,415
Other	1,104	6,476	--	--	--	7,580
	<u>1,990,026</u>	<u>103,762</u>	<u>94,561</u>	<u>57,652</u>	<u>35,994</u>	<u>2,281,995</u>
Expenses						
Salary - attorney	876,679	38,285	30,830	21,155	8,133	975,082
Salary - other	620,759	72,635	32,473	375	6,509	732,751
Employee benefits	463,667	40,691	33,364	6,229	4,877	548,828
Contract services	20,375	8,051	348	8,091	299	37,164
Space costs	77,350	5,769	1,366	--	748	85,233
Travel	9,870	7,160	1,056	--	29	18,115
Consumable supplies	10,872	493	558	--	71	11,994
Telephone	17,903	1,427	948	840	208	21,326
Equipment expense	15,203	--	--	--	3,000	18,203
Litigation	10,199	686	324	--	2	11,211
Library expense	6,475	553	435	--	83	7,546
Licenses and fees	1,038	93	1,376	--	10	2,517
Insurance	1,913	160	129	--	--	2,202
Training expense	5,085	--	--	--	--	5,085
In-kind expense	--	--	--	--	--	--
Miscellaneous	4,262	261	228	--	25	4,776
Depreciation	--	--	--	--	--	--
	<u>2,141,650</u>	<u>176,264</u>	<u>103,435</u>	<u>36,690</u>	<u>23,994</u>	<u>2,482,033</u>
Excess (deficiency) of support over expenses	(151,624)	(72,502)	(8,874)	20,962	12,000	(200,038)
Property acquisition	--	--	--	(70,000)	(12,000)	(82,000)
Property disposition	--	--	--	--	--	--
Fund transfers	(74,351)	72,502	1,849	--	--	--
Increase (decrease) in net assets	(225,975)	--	(7,025)	(49,038)	--	(282,038)
Beginning net assets	225,975	--	7,025	49,038	--	282,038
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, 2020

LSC FUNDS - Technology Initiative Grants

	<u>TIG</u> Grant 18009	<u>TIG</u> Grant 16020	<u>Total</u>
Support			
Grants and contracts	\$ 17,459	\$ 40,193	\$ 57,652
Other	<u>17,459</u>	<u>40,193</u>	<u>57,652</u>
Expenses			
Salary - attorney	13,804	7,351	21,155
Salary - other	256	119	375
Employee benefits	4,189	2,040	6,229
Contract services	2,408	5,683	8,091
Space costs	--	--	--
Travel	--	--	--
Consumable supplies	--	--	--
Telephone	840	--	840
Equipment expense	--	--	--
Litigation	--	--	--
Library expense	--	--	--
Licenses and fees	--	--	--
Insurance	--	--	--
Training expense	--	--	--
Miscellaneous	--	--	--
Depreciation	<u>21,497</u>	<u>15,193</u>	<u>36,690</u>
Excess (deficiency) of support			
Over expenses	(4,038)	25,000	20,962
Property acquisition	(45,000)	(25,000)	(70,000)
Property disposition	--	--	--
Fund transfers	--	--	--
Increase (decrease) in net assets	(49,038)	--	(49,038)
Beginning net assets	<u>49,038</u>	<u>--</u>	<u>49,038</u>
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, 2019

	LSC FUNDS					Total
	Basic Field	Migrant	Native American	TIG	Vieth Leadership	
Support						
Grants and contracts	\$ 2,384,688	\$ 89,145	\$ 90,997	\$ 128,418	\$ 3,720	\$ 2,696,968
Other	2,099	--	--	--	--	2,099
	<u>2,386,787</u>	<u>89,145</u>	<u>90,997</u>	<u>128,418</u>	<u>3,720</u>	<u>2,699,067</u>
Expenses						
Salary - attorney	861,504	22,548	28,989	11,371	--	924,412
Salary - other	679,279	30,931	25,354	176	--	735,740
Employee benefits	522,964	19,773	19,675	3,718	--	566,130
Contract services	43,994	--	--	--	--	43,994
Space costs	96,744	3,749	4,073	--	--	104,566
Travel	13,894	4,101	1,113	--	--	19,108
Consumable supplies	6,146	539	647	--	--	7,332
Telephone	22,254	914	914	--	--	24,082
Equipment expense	29,715	1,048	1,142	8,505	--	40,410
Litigation	12,959	2,484	683	--	--	16,126
Library expense	12,818	427	466	--	--	13,711
Licenses and fees	--	--	--	--	--	--
Insurance	13,248	444	484	--	--	14,176
Training expense	5,190	2,081	327	610	3,720	11,928
In-kind expense	--	--	--	--	--	--
Miscellaneous	3,700	106	105	--	--	3,911
Depreciation	--	--	--	--	--	--
	<u>2,324,409</u>	<u>89,145</u>	<u>83,972</u>	<u>24,380</u>	<u>3,720</u>	<u>2,525,626</u>
Excess (deficiency) of support over expenses	62,378	--	7,025	104,038	--	173,441
Property acquisition	--	--	--	(55,000)	--	(55,000)
Property disposition	--	--	--	--	--	--
Fund transfers	--	--	--	--	--	--
Increase (decrease) in net assets	62,378	--	7,025	49,038	--	118,441
Beginning net assets	163,597	--	--	--	--	163,597
Ending net assets	<u>\$ 225,975</u>	<u>\$ --</u>	<u>\$ 7,025</u>	<u>\$ 49,038</u>	<u>\$ --</u>	<u>\$ 282,038</u>

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

UTAH LEGAL SERVICES, INC.
 SCHEDULE OF SUPPORT AND EXPENSES
 JUNE 30, 2019

	<u>LSC FUNDS - Technology Initiative Grants</u>		<u>Total</u>
	<u>TIG</u>	<u>TIG</u>	
	<u>Grant 18009</u>	<u>Grant 16020</u>	
Support			
Grants and contracts	\$ 122,418	\$ 6,000	\$ 128,418
Other	<u>122,418</u>	<u>6,000</u>	<u>128,418</u>
Expenses			
Salary - attorney	6,683	4,688	11,371
Salary - other	176	--	176
Employee benefits	2,406	1,312	3,718
Contract services	--	--	--
Space costs	--	--	--
Travel	--	--	--
Consumable supplies	--	--	--
Telephone	--	--	--
Equipment expense	8,505	--	8,505
Litigation	--	--	--
Library expense	--	--	--
Licenses and fees	--	--	--
Insurance	--	--	--
Training expense	610	--	610
Miscellaneous	--	--	--
Depreciation	--	--	--
	<u>18,380</u>	<u>6,000</u>	<u>24,380</u>
Excess (deficiency) of support			
Over expenses	104,038	--	104,038
Property acquisition	(55,000)	--	(55,000)
Property disposition	--	--	--
Fund transfers	--	--	--
Increase (decrease) in net assets	49,038	--	49,038
Beginning net assets	--	--	--
Ending net assets	<u>\$ 49,038</u>	<u>\$ --</u>	<u>\$ 49,038</u>

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

UTAH LEGAL SERVICES, INC.
 SCHEDULE OF SUPPORT AND EXPENSES
 JUNE 30, 2020

DOJ FUNDS

	Bureau of Justice Assistance		Sexual Assault		Thru State of Utah City PD Victim VOCA Assistance		Thru Provo City PD Victim Assistance		Total
Support									
Grants and contracts	\$ 23,971	\$ 48,130	\$ 254,518	\$ 856,343	\$ 20,052	\$ 1,203,014			
Other	--	--	--	23,750	--	23,750			
	<u>23,971</u>	<u>48,130</u>	<u>254,518</u>	<u>880,093</u>	<u>20,052</u>	<u>1,226,764</u>			
Expenses									
Salary - attorney	5,268	15,000	88,127	453,387	8,260	570,042			
Salary - other	1,051	17,135	62,753	277,267	5,936	364,142			
Employee benefits	2,016	9,055	54,155	206,044	4,906	276,176			
Contract services	15,060	--	44,799	15,449	--	75,308			
Space costs	322	4,314	--	64,643	377	69,656			
Travel	79	2,626	4,116	11,223	88	18,132			
Consumable supplies	26	--	--	--	78	104			
Telephone	47	--	--	13,206	174	13,427			
Equipment expense	55	--	--	--	--	55			
Litigation	14	--	--	--	99	113			
Library expense	24	--	--	--	63	87			
Licenses and fees	--	--	--	--	10	10			
Insurance	--	--	--	--	19	19			
Training expense	--	--	568	8,951	--	9,519			
In-kind expense	--	--	--	23,750	--	23,750			
Miscellaneous	9	--	--	--	42	51			
Depreciation	--	--	--	--	--	--			
	<u>23,971</u>	<u>48,130</u>	<u>254,518</u>	<u>1,073,920</u>	<u>20,052</u>	<u>1,420,591</u>			
Excess (deficiency) of support over expenses	--	--	--	(193,827)	--	(193,827)			
Property acquisition	--	--	--	--	--	--			
Property disposition	--	--	--	--	--	--			
Fund transfers	--	--	--	193,827	--	193,827			
Increase (decrease) in net assets	--	--	--	--	--	--			
Net assets beginning of year	--	--	--	--	--	--			
Net assets end of year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>			

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

UTAH LEGAL SERVICES, INC.
 SCHEDULE OF SUPPORT AND EXPENSES
 JUNE 30, 2019

DOJ FUNDS

	Bureau of Justice Assistance	Sexual Assault	Thru State of Utah City PD Victim VOCA Assistance	Thru Provo PD Assistance	Total
Support					
Grants and contracts	\$ 188,731	\$ 173,791	\$ 798,177	\$ 12,671	\$ 1,219,517
Other	--	--	4,020	--	4,020
	<u>188,731</u>	<u>173,791</u>	<u>802,197</u>	<u>12,671</u>	<u>1,223,537</u>
Expenses					
Salary - attorney	18,276	59,026	288,413	4,263	377,020
Salary - other	1,713	43,406	246,740	3,576	324,645
Employee benefits	6,914	41,408	206,818	3,294	268,329
Contract services	158,333	29,951	18,843	--	207,127
Space costs	1,555	--	44,897	651	47,103
Travel	401	--	12,388	180	12,969
Consumable supplies	192	--	4,408	64	4,664
Telephone	349	--	10,535	153	11,037
Equipment expense	421	--	11,236	163	11,820
Litigation	59	--	4,408	64	4,531
Library expense	173	--	4,731	69	4,973
Licenses and fees	--	--	--	--	--
Insurance	179	--	4,472	70	4,721
Training expense	127	--	5,019	73	5,219
In-kind expense	--	--	3,920	--	3,920
Miscellaneous	39	--	--	51	90
Depreciation	--	--	--	--	--
	<u>188,731</u>	<u>173,791</u>	<u>866,828</u>	<u>12,671</u>	<u>1,288,168</u>
Excess (deficiency) of support over expenses	--	--	(64,631)	--	(64,631)
Property acquisition	--	--	(7,425)	--	(7,425)
Property disposition	--	--	--	--	--
Fund transfers	--	--	72,056	--	72,056
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.

Burnham & Schumm, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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Salt Lake City, Utah 84117
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A Professional Corporation
Officers:
Lonnie K. Burnham, C.P.A.
Ted Schumm, C.P.A.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Utah Legal Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 23, 2020.

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.

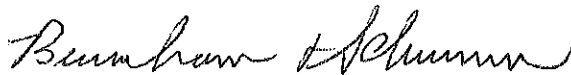
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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
November 23, 2020

Burnham & Schumm, P.C.
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited Utah Legal Services, Inc.'s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Utah Legal Services, Inc.'s major federal programs for the year ended June 30, 2020. 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, 2020.

Report on Internal Control Over Compliance

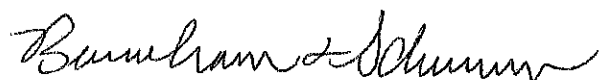
Management of Utah Legal Services, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Utah Legal Services, Inc.'s internal control 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
November 23, 2020

UTAH LEGAL SERVICES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2020

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, 2020. 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 for LSC but does qualify for the Department of Justice.