

UTAH LEGAL SERVICES, INC.

(A NONPROFIT ORGANIZATION)

FINANCIAL STATEMENTS

WITH

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

YEARS ENDED JUNE 30, 2021 AND 2020

ACRONYMS

AOG	Association of Governments
BJA	Bureau of Justice Assistance
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
PPP	Payroll Protection Program Small Business Administration Loan
SA	Sexual Assault
SSBG	Social Services Block Grant
TIG	Technology Initiative Grant
ULS	Utah Legal Services
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 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, 2021 and 2020, 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, 2021 and 2020, 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

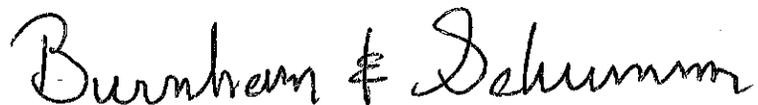
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of support and expenses are presented for additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards 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 October 26, 2021 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 26, 2021

A handwritten signature in cursive script that reads "Burnham & Schumm". The signature is written in dark ink and is positioned to the right of the typed name and date.

UTAH LEGAL SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

ASSETS	<u>2021</u>	<u>2020</u>
Current Assets:		
Cash and cash equivalents	\$2,471,801	\$2,379,382
Client escrow funds	89,164	25,101
Grants receivable, net of allowance of \$-0-	339,991	559,228
Sales tax receivable	2,262	1,929
Unconditional promises to give	7,500	15,000
Prepaid expenses	<u>48,200</u>	<u>34,523</u>
Total current assets	2,958,918	3,015,163
Property and equipment, at cost, net	164,801	273,351
Other assets, deposits	<u>13,262</u>	<u>13,262</u>
Total Assets	<u>\$3,136,981</u>	<u>\$3,301,776</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 28,853	\$ 50,287
Accrued payroll and related liabilities	200,992	166,978
Accrued vacation	122,669	133,285
Client trust deposits	89,164	25,101
Note payable - PPP SBA Loan	--	606,370
Deferred revenue - LSC	<u>340,116</u>	<u>637,742</u>
Total current liabilities	<u>781,794</u>	<u>1,619,763</u>
Net assets:		
Without donor restrictions:		
Operations	2,030,166	1,303,662
Fixed assets	<u>164,801</u>	<u>273,351</u>
	<u>2,194,967</u>	<u>1,577,013</u>
With donor restrictions:		
Non - LSC	<u>160,220</u>	<u>105,000</u>
	<u>160,220</u>	<u>105,000</u>
Total net assets	<u>2,355,187</u>	<u>1,682,013</u>
Total Liabilities and Net Assets	<u>\$3,136,981</u>	<u>\$3,301,776</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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Change in Net Assets Without Donor Restrictions:		
Revenues and gains:		
Federal and state financial assistance	\$5,210,064	\$4,273,662
Other grants and contract revenue	478,429	647,873
In-kind contributions	46,550	23,750
Interest income	1,321	1,704
Other	27,444	7,535
Forgiveness of debt income - PPP SBA Loan	611,962	--
Total revenues and gains without donor restrictions	6,375,770	4,954,524
Net assets released from restrictions:		
Restrictions satisfied by payments	--	489,290
Expiration of time restrictions	--	30,000
Total revenue, gains and other support without donor restrictions	6,375,770	5,473,814
Expenses:		
Program services	5,239,077	4,641,163
Support services:		
Administrative, management and general	345,352	299,005
Fund raising	173,387	156,476
	5,757,816	5,096,644
Increase in net assets without donor restrictions	617,954	377,170
Changes in net assets with donor restrictions:		
Contributions, United Way, Foundations and other funding for next year	55,220	105,000
Net assets released from restrictions:		
Restrictions satisfied by payments and expiration of time	--	(519,290)
Increase in net assets with donor restrictions	55,220	(414,290)
Increase (decrease) in net assets	673,174	(37,120)
Net Assets at beginning of year	1,682,013	1,719,133
Net Assets at end of year	\$2,355,187	\$1,682,013

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	Administrative, Management & General		Services		
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.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	Supportive Services			Program Services	Total
	Fund Raising	Administrative, Management & General	Total		
Salary - attorney	\$ 88,027	\$ 112,794	\$ 200,821	\$1,658,920	\$1,859,741
Salary - Other	14,798	76,366	91,164	1,293,775	1,384,939
Employee benefits	34,996	64,380	99,376	1,004,939	1,104,315
Contract services	--	11,150	11,150	124,127	135,277
Space costs	5,951	10,947	16,898	170,877	187,775
Travel	1,286	2,365	3,651	36,914	40,565
Consumable supplies	672	1,236	1,908	19,293	21,201
Telephone	1,656	3,045	4,701	47,540	52,241
Equipment expenses	1,819	3,345	5,164	52,222	57,386
Litigation	850	1,564	2,414	24,407	26,821
Library expenses	484	890	1,374	13,890	15,264
Licenses and fees	475	874	1,349	13,646	14,995
Insurance	769	1,415	2,184	22,085	24,269
Training Expenses	653	1,201	1,854	18,751	20,605
In-kind expenses	--	--	--	23,750	23,750
Miscellaneous	282	519	801	8,103	8,904
Depreciation	3,758	6,914	10,672	107,924	118,596
Total Expenses	\$ 156,476	\$ 299,005	\$ 455,481	\$4,641,163	\$5,096,644

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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 673,174	\$ (37,120)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Forgiveness of debt income - PPP SBA Loan	(606,370)	--
Depreciation	112,550	118,596
(Increase) decrease in grants receivable	219,237	(292,824)
Decrease in unconditional promises to give	7,500	15,000
(Increase) decrease in other receivables and deposits	(333)	740
(Increase) in prepaid expenses	(13,677)	(1,587)
(Decrease) in accounts payable	(21,434)	(122,525)
Increase in accrued payroll	34,014	18,395
Increase (decrease) in accrued vacation	(10,616)	34,270
Increase (decrease) in deferred revenue	<u>(297,626)</u>	<u>637,742</u>
Net cash provided by operating activities	<u>96,419</u>	<u>370,687</u>
Cash flows from investing activities:		
Acquisition of property and equipment	<u>(4,000)</u>	<u>(87,895)</u>
Cash flows from financing activities:		
Proceeds from PPP SBA Loan	<u>--</u>	<u>606,370</u>
Net increase in cash	92,419	889,162
Cash balance at beginning of year	<u>2,379,382</u>	<u>1,490,220</u>
Cash balance at end of year	<u>\$2,471,801</u>	<u>\$2,379,382</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, 2021 AND 2020

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, 2020, 2019 and 2018 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 \$2,577,410 and \$2,405,874 at various banks at June 30, 2021 and 2020 respectively. This exceeds the \$250,000 covered by federal depository insurance by \$332,184 and \$1,159,685 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, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
DOJ - SA	\$132,172	\$ 67,493
Title XX	--	10,965
Title III	27,288	38,856
Department of Justice - BJA	12,824	3,983
State of Utah - VOCA	148,608	149,043
State of Utah - GAD and FEP	19,099	18,050
Community Legal Center	--	240,949
Legal Services Corporation - TIG	--	20,193
Provo City PD - Victim Assistance	--	9,696
Total Grant Receivable	<u>\$339,991</u>	<u>\$559,228</u>

5. Unconditional Promises to Give

The amount due for unconditional promises to give consists of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Allocation for the next year:		
United Way	<u>\$ 7,500</u>	<u>\$ 15,000</u>

The amounts from unconditional promises to give at June 30, 2021 and 2020 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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
For subsequent periods:		
United Way	\$ 22,500	\$ 15,000
Foundations	90,000	45,000
IOLTA	47,720	45,000
	<u>\$160,220</u>	<u>\$105,000</u>

7. Property and Equipment

The following is a summary of property and equipment as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Property and equipment	\$ 920,114	\$916,114
Less accumulated depreciation	<u>755,313</u>	<u>642,763</u>
Property and equipment, net	<u>\$ 164,801</u>	<u>\$273,351</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, 2021 and 2020 was \$112,550 and \$118,596, 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, 2021 and 2020 the outstanding balance is \$-0- and \$606,370 respectively. 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.

Notes to Financial Statements - Continued

9. Deferred Revenue

Deferred revenue at June 30, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
LSC Basic Field	\$ 237,828	\$ 469,972
LSC TIG Grant 18009	58,854	43,751
LSC TIG Grant 20037	18,833	--
LSC Covid	24,601	124,019
Total deferred revenue	<u>\$ 340,116</u>	<u>\$ 637,742</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, 2021 and 2020 amounted to \$155,879 and \$183,702, 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>
2022	\$ 83,082
2023	85,434
2024	86,925
2025	90,381
2026	91,965
	<u>\$ 437,787</u>

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

Notes to Financial Statements - Continued

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 \$324,977 on PAI during the year ended June 30, 2021. As noted in the following summary, ULS exceeded the requirement by \$144,809.

	<u>PAI</u>
LSC annualized basic field award at 12.5%	<u>\$324,977</u>
Expenses:	
Salaries	\$306,019
Employee benefits	100,850
Contract services	44,529
Space costs	6,551
Travel	266
Consumable supplies	848
Telephone	2,652
Equipment expense	2,508
Litigation	1,547
Library expense	719
Licenses and fees	657
Insurance	1,076
Miscellaneous	520
Training	<u>1,044</u>
	<u>469,786</u>
Expenses in excess of requirement	<u>\$144,809</u>

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, 2021 and 2020, Utah Legal Services contributions amounted to \$129,647 and \$96,771, 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

Notes to Financial Statements - Continued

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>2021</u>	<u>2020</u>
Financial assets at year-end	\$2,821,554	\$2,955,539
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>\$2,821,554</u>	<u>\$2,955,539</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, 2021 and 2020, Utah Legal Services received \$3,173,842 and \$2,274,414, respectively, from Legal Services Corporation. This represents 49.4% and 44.9% of total revenues for the years ended June 30, 2021 and 2020, respectively. A loss of funding from this grantor would have a materially adverse effect on the financial condition of ULS.

15. In-kind Contributions

During the years ended June 30, 2021 and 2020, the Organization recorded in-kind contributions of \$46,550 and \$23,750 respectively. During the year ended June 30, 2020 the Organization received approximately 250 hours of service from volunteers valued at an average of \$15.00 per hour. For years ending June 30, 2021 and 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 contributions of \$46,550 and \$20,000, respectively.

16. Subsequent Event

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 matures in twelve months and is secured by a real estate trust deed.

Notes to Financial Statements - Continued

17. Evaluation of Subsequent Events

The Organization has evaluated subsequent events through October 26, 2021, 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, 2021

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA <u>Number</u>	Contract <u>Number</u>	Total Federal <u>Expenditures</u>
<u>Legal Services Corporation</u>			
Legal Services Corporation	N/L	745000	\$ <u>3,173,842</u>
<u>US Department of Health and Human Serv. (HHS)</u>			
Passed Through State of Utah:			
Department of Workforce			
Services	93.558	176476	32,485
Davis County	93.044	N/A	7,240
Mountainlands AOG	93.044	N/A	13,000
Southeastern UT AOG	93.044	N/A	1,911
Six County Aging Program	93.044	N/A	4,500
Five County Aging Program	93.044	N/A	15,000
Bear River Assoc of Govt- Title III	93.044	N/A	6,000
Uintah County Aging Program	93.044	N/A	1,021
Uintah Basin Aging Program	93.044	N/A	614
Weber County Title III	93.044	N/A	11,598
Tooele County Title XX	93.667	N/A	6,000
Tooele County Aging Program Title III	93.044	N/A	1,982
Salt Lake County SSBG Title XX	93.667	HCD19103SS	40,000
Passed Through State of Utah Through Salt Lake County:			
Dept of Aging Services	93.044	0000000995	<u>71,023</u>
Total US Dept of HHS			<u>212,374</u>
<u>US Department of Justice</u>			
Department of Justice -			
Legal Assistance for Survivors of Sexual Abuse	16.524	2017-WL- AX-0041	277,652

UTAH LEGAL SERVICES, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2021

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	14,442
Passed through the State of Utah:			
Commission on Criminal and Juvenile Justice	16.588	19VOCA117	899,188
Passed through Montana Legal Services Association			
Bureau of Justice Assistance	16.815	2018-AL-BX-0002 2018-AL-BX-0001	<u>54,814</u>
Total US Department of Justice			<u>1,246,096</u>
Total expenditures federal awards			<u>\$4,632,312</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, 2021. 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, 2021 was \$32,810 for the DOJ - Legal Assistance for Survivors of Sexual Abuse.

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

SUMMARY

	Department of				Total
	LSC	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>--</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>112,550</u>	<u>5,757,816</u>
Excess (deficiency) of support over expenses	--	(192,112)	977,836	(112,550)	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	\$ --	\$ --	<u>\$2,190,386</u>	<u>\$ 164,801</u>	<u>\$2,355,187</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, 2020

SUMMARY

	Department of				Total
	ISC	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	<u>282,038</u>	<u>--</u>	<u>1,133,043</u>	<u>304,052</u>	<u>1,719,133</u>
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
 JUNE 30, 2021

	ISC FUNDS						Total
	Basic Field 10% Excess Carryover	Basic Field	Migrant	Native American	TIG	COVID	
Support							
Grants and contracts	\$ 204,140	\$ 2,627,822	\$ 102,855	\$ 99,972	\$ 39,635	\$ 99,418	\$ 3,173,842
Other	--	10,165	--	--	--	--	10,165
	<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
Licenses 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	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

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 - 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
Licenses and fees	--	1	1
Insurance	--	10	10
Training expense	--	--	--
In-kind 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, 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

	<u>I/S/C FUNDS - Technology Initiative Grants</u>		
	<u>TIG</u>	<u>TIG</u>	<u>Total</u>
	<u>Grant 18009</u>	<u>Grant 16020</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	--	--	--
In-kind 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	49,038	--	49,038
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, 2021

DOJ FUNDS

	Bureau of Justice Assistance		Thru State of Utah VOCA		Thru Provo City PD Victim Assistance		Total	
		Sexual Assault						
Support	\$	54,814	\$	277,652	\$	899,188	\$	1,246,096
Grants and contracts	--	--	--	--	--	46,550	--	46,550
Other		<u>54,814</u>		<u>277,652</u>		<u>945,738</u>		<u>1,292,646</u>
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 expense	411	2,287	10,370	133	13,201			
Litigation	25	1,898	5,504	71	7,498			
Library expense	142	791	3,267	42	4,242			
Licenses and fees	6	23	67	1	97			
Insurance	41	224	948	12	1,225			
Training expense	--	--	15	--	15			
In-kind expense	--	--	46,550	--	46,550			
Miscellaneous	--	--	--	--	--			
Depreciation	--	--	--	--	--			
	<u>54,814</u>	<u>277,652</u>	<u>1,137,850</u>	<u>14,442</u>	<u>1,484,758</u>			
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	<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

DOJ FUNDS

	Elder Abuse	Bureau of Justice Assistance	Sexual Assault	Thru State of Utah VOCA	Thru Provo City PD 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.

Burnham & Schumm, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

1981 East Murray-Holladay Road
Suite 245
Salt Lake City, Utah 84117
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, 2021, 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 October 26, 2021.

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 26, 2021

Burnham & Schumm

Burnham & Schumm, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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A Professional Corporation
Officers:
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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, 2021. 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, 2021.

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 26, 2021

Burnham & Schumm

UTAH LEGAL SERVICES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2021

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, 2021. 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.