

Disability Law Center, Inc.

**Financial Statements and
Independent Auditors' Report**

September 30, 2012

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Timothy C. Paddock

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Disability Law Center, Inc.

I have audited the accompanying statement of financial position of Disability Law Center, Inc. (a nonprofit organization) as of September 30, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Disability Law Center, Inc. as of September 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 10, 2012 on my consideration of Disability Law Center, Inc.'s internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

My audit was conducted for the purpose of forming an opinion on the basic financial statements. The accompanying supplemental schedule of program expenses is presented for the purpose of additional analysis and is not a required part of the financial statements of the Organization. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information 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 basic 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 my opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in black ink, appearing to read 'Timothy C. Paddock', written in a cursive style.

Framingham, Massachusetts
December 10, 2012

Disability Law Center, Inc.
Statement of Financial Position
September 30, 2012
(With Comparative Totals as of September 30, 2011)

Assets	2012	2011
Current assets		
Cash	\$ 1,112,226	\$ 566,757
Accounts receivable - grants, net of \$0 allowance	190,304	282,708
Contributions receivable - net of \$0 allowance	1,000	-
Prepaid expenses	40,322	43,075
Total current assets	<u>1,343,852</u>	<u>892,540</u>
Other assets		
Deposits	2,565	2,565
Cash restricted for specific use - long term	508,672	775,787
Total other assets	<u>511,237</u>	<u>778,352</u>
Total assets	<u>\$ 1,855,089</u>	<u>\$ 1,670,892</u>
 Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 14,507	\$ 4,973
Accrued expenses	160,131	160,723
Funds held for others	85,998	-
Total current liabilities	<u>260,636</u>	<u>165,696</u>
Net assets		
Unrestricted	598,617	544,018
Temporarily restricted	995,836	961,178
Total net assets	<u>1,594,453</u>	<u>1,505,196</u>
Total liabilities and net assets	<u>\$ 1,855,089</u>	<u>\$ 1,670,892</u>

See notes to financial statements

Disability Law Center, Inc.
Statement of Activities
For the Year Ended September 30, 2012
(With Comparative Totals for the Year Ended September 30, 2011)

	Unrestricted	Temporarily Restricted	2012	2011
Support and revenues				
Grants and contracts	\$ 1,174,750	\$ 926,150	\$ 2,100,900	\$ 2,318,381
Fundraising activities	90,093	-	90,093	86,400
Donated goods and services	71,724	-	71,724	25,200
Interest income	1,767	2,603	4,370	5,989
Attorney fees	381,203	67,083	448,286	121,110
Honoraria	3,100	-	3,100	2,400
Net assets released from restrictions:				
Satisfaction of program and time restrictions	961,178	(961,178)	-	-
Total support and revenues	2,683,815	34,658	2,718,473	2,559,480
Expenses				
Program services				
PADD	610,474	-	610,474	491,628
PAIMI	411,744	-	411,744	362,081
PATBI	58,260	-	58,260	74,645
PAVA	27,816	-	27,816	38,635
MLAC GS	262,305	-	262,305	269,892
PAIR	238,525	-	238,525	257,913
DBP	171,025	-	171,025	148,982
PABSS	105,724	-	105,724	116,954
DISCR	75,182	-	75,182	34,711
PAAT	52,569	-	52,569	49,641
Total program services	2,013,624	-	2,013,624	1,845,082
Support services				
Management and general	593,718	-	593,718	670,825
Fundraising	21,875	-	21,875	32,133
Total support services	615,593	-	615,593	702,958
Total expenses	2,629,217	-	2,629,217	2,548,040
Change in net assets	54,598	34,658	89,256	11,440
Net assets, beginning of year	544,019	961,178	1,505,197	1,493,756
Net assets, end of year	\$ 598,617	\$ 995,836	\$ 1,594,453	\$ 1,505,196

See notes to financial statements

Disability Law Center, Inc.
Statement of Functional Expenses
For the Year Ended September 30, 2012
(With Comparative Totals for the Year Ended September 30, 2011)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2012</u>	<u>2011</u>
Salaries and related	\$ 1,565,617	\$ 484,488	\$ -	\$ 2,050,105	\$ 1,862,891
Rent and utilities	145,226	41,245	-	186,471	199,120
Professional services	42,896	8,625	-	51,521	51,392
Western MA office	41,491	2,112	-	43,603	33,355
MDDC subcontracts	30,000	-	-	30,000	40,000
Donated services	28,440	-	-	28,440	25,200
Meetings	21,183	3,877	-	25,060	25,854
Fundraising	-	-	21,875	21,875	32,133
Supplies	16,279	4,623	-	20,902	21,764
Staff travel	19,427	-	-	19,427	24,657
Audit	-	16,650	-	16,650	16,350
Dues and memberships	15,926	-	-	15,926	14,936
On-line services	12,316	3,498	-	15,814	19,960
Temporary office help	-	15,669	-	15,669	4,973
Conferences and training	13,370	-	-	13,370	42,370
Telephone	9,215	2,617	-	11,832	18,595
Publications	11,700	-	-	11,700	11,392
Insurance	11,003	434	-	11,437	12,788
Interpreters	9,818	-	-	9,818	22,279
Equipment rental	4,813	1,367	-	6,180	-
Miscellaneous	-	6,025	-	6,025	2,530
Equipment repair & maintenance	4,255	1,209	-	5,464	16,914
Data processing	2,394	680	-	3,074	2,937
Postage	2,111	599	-	2,710	2,628
Litigation expense	2,700	-	-	2,700	37,643
Advertising	1,611	-	-	1,611	3,531
Reproduction	990	-	-	990	739
Bank charges	843	-	-	843	1,109
Total expenses	\$ 2,013,624	\$ 593,718	\$ 21,875	\$ 2,629,217	\$ 2,548,040

See notes to financial statements

Disability Law Center, Inc.
Statement of Cash Flows
For the Year Ended September 30, 2012
(With Comparative Totals for the Year Ended September 30, 2011)

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities		
Change in net assets	\$ 89,256	\$ 11,440
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities:		
(Increase) decrease in:		
Accounts receivable - grants	92,404	(46,792)
Contributions receivable	(1,000)	994
Prepaid expenses	2,753	(615)
Cash restricted for specific use	267,115	9,013
Increase (decrease) in:		
Accounts payable	9,534	320
Accrued expenses	(591)	9,525
Funds held for others	85,998	-
Deferred income	-	(17,500)
Net cash provided/(used) by operating activities	<u>545,469</u>	<u>(33,615)</u>
Cash at beginning of year	<u>566,757</u>	<u>600,372</u>
Cash at end of year	<u><u>\$ 1,112,226</u></u>	<u><u>\$ 566,757</u></u>

Supplemental cash flow information

There was no cash paid during the years for interest or taxes.

See notes to financial statements

Disability Law Center, Inc.
Notes to Financial Statements
September 30, 2012

Note 1 - The Organization

The Organization operates the following programs:

1. **Protection and Advocacy for Individuals with Developmental Disabilities (PADD)** program provides legal and advocacy services for persons with developmental disabilities.
2. **Massachusetts Developmental Disabilities Council (MDDC)** program provides opportunities for people with developmental disabilities and their families to enhance independence, productivity, and inclusion.
3. **Protection and Advocacy for Individuals with Mental Illness (PAIMI)** program provides legal and advocacy services for persons with mental illness.
4. **Protection and Advocacy for Traumatic Brain Injury (PATBI)** program provides a blueprint for improving and enhancing services for people with traumatic brain injuries in Massachusetts.
5. **Protection and Advocacy Vote Act (PAVA)** grant provides services to individuals with disabilities within the state, as well as education and advocacy to ensure the full participation of individuals with disabilities in the electoral process.
6. **Massachusetts Legal Assistance Corporation – General Support Program (MLAC GS)** provides backup and support to other legal services in the area of discrimination based on disability.
7. **Protection and Advocacy for Individual Rights (PAIR)** program provides legal and advocacy services to persons with disabilities.
8. **Disability Benefits Project (DBP)** provides backup and support to other legal services in the area of social security law.
9. **Protection and Advocacy for Beneficiaries of Social Security (PABSS)** program provides information, advice and assistance to social security beneficiaries trying to secure or regain employment.
10. **National Disability Rights Network (NDRN)** program provides training and technical assistance on legal topics for the enactment and vigorous enforcement of laws protecting civil and human rights of people with disabilities.
11. **Discrimination Project (DISCR)** provides legal and advocacy services to persons with disabilities who encounter discrimination relating to housing, employment or other issues.
12. **Protection and Advocacy for Assistive Technologies (PAAT)** program provides legal advocacy to ensure that persons with disabilities get the assistive devices and assistive technology-related services that they need.

The Organization is funded in large part by grants and contracts. Approximately 73% of the grants and contracts on the statement of activities is revenue from state and federal government agencies.

Disability Law Center, Inc.
Notes to Financial Statements
September 30, 2012

Note 2 - Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2011, from which the summarized information was derived.

Cash Restricted for Specific Use

Temporarily restricted net assets generated by the PADD program is held in a separate cash account. Use of these funds is restricted to their respective program requirements. The balance in the restricted account as of September 30, 2012, totaled \$508,672.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debts expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management believes that all amounts are currently collectible and no allowance is needed.

Property and Equipment

Property and equipment are recorded at cost or at the fair market value at the date of donation. The Organization capitalizes items that cost \$5,000 or more and have an estimated useful life of more than one year. Depreciation is computed on the straight-line basis using estimated useful lives of 3 to 10 years.

Revenue Recognition

Contract revenues are recorded as the related services are provided or as the related expenses are incurred. Contributions are recognized as unrestricted, unless specifically restricted by the donor.

Disability Law Center, Inc.
Notes to Financial Statements
September 30, 2012

Note 2 - Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing the various programs and services are summarized on a functional basis. Costs are generally identified as to program site and are then allocated between programs and supporting services that benefited based on related salary expenses.

Financial Statement Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted net assets and permanently restricted net assets.

A description of the Organization's net asset categories is as follows:

Unrestricted net assets represent the portion of the net assets of the Organization that is neither permanently nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets represent those assets whose use has been limited by donors to a specific time period or purpose. At September 30, 2012, temporarily restricted net assets totaled \$995,836 (Note 3).

Permanently restricted net assets consist of endowment funds that have been restricted by donors to be maintained in perpetuity. Income earned on such funds is unrestricted or temporarily restricted based on donor stipulations. There were no permanently restricted net assets at September 30, 2012.

Contributions

The Organization accounts for its contributions under Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restrictions expire in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Income Taxes

The Organization is exempt from federal income tax under Section 501(C)(3) of the Internal Revenue Code. The Organization is also exempt from Massachusetts income taxes. No provision has been made for federal or state income taxes in the accompanying financial statements.

Disability Law Center, Inc.
Notes to Financial Statements
September 30, 2012

Note 2 - Significant Accounting Policies (continued)

Income Taxes (continued)

The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization's policy is to analyze its tax position for all open tax years.

Subsequent Events

The Organization has evaluated subsequent events through December 10, 2012, the date the financial statements were available for issuance, and has determined that there are no subsequent events that require disclosure.

Note 3 – Temporarily Restricted Net Assets

As of September 30, 2012, the Organization had \$995,836 classified as temporarily restricted net assets due to restrictions by the donors for specific purposes.

Temporarily restricted net assets were available for the following program purposes:

PADD	\$	508,672
MLAC GS		427,160
DISCR		54,493
DBP		5,511
	\$	<u>995,836</u>

Note 4 - Leases

The Organization leases its Boston office under a seven-year three month operating lease which expires December 31, 2018. The current annual rent is \$175,009 plus escalations for real estate tax and operating expense adjustments. Also included in the current annual rent for the year ended September 30, 2012 is 3 months of donated rent totaling \$46,284. Total rent expense including escalation charges for the Boston office for the year ended September 30, 2012, was \$182,784 and is included in the statement of functional expenses under rent and utilities.

The Organization also leases space for its Western Massachusetts office. The lease is a three year lease which expires on December 31, 2013. The current annual rent is \$32,175. Rent expense for the year ended September 30, 2012 was \$31,275 and is included in the statement of functional expenses under Western MA office.

The Organization rents various office equipment from nonrelated parties under operating leases for both the Boston and the Western Massachusetts office. Equipment rent expense for the year ended September 30, 2012 totaled \$6,180 for the Boston office and \$1,590 for the Western Massachusetts office.

Disability Law Center, Inc.
Notes to Financial Statements
September 30, 2012

Note 4 – Leases (continued)

Future minimum lease payments over the next five years are as follows:

September 30, 2013	\$	204,143
2014		186,211
2015		179,646
2016		183,004
2017		184,290
Total future rental payments	\$	<u>937,294</u>

Note 5 – Donated Goods and Services

During the year ended September 30, 2012, the Organization received \$25,440 in donated services from law students performing services as law clerks. In addition, as part of the new lease provisions, the Organization received the first three months of the lease free estimated to be \$46,284.

Note 6 – Employee Benefit Plan

The Organization has a defined contribution salary deferral plan covering substantially all employees. The Organization match is 100% of each full-time equivalent employee's basic contribution up to a maximum annual contribution of \$2,000. Plan contribution expense incurred by the Organization during the year ended September 30, 2012 totaled \$29,429.

Note 7 - Concentrations

The Organization receives a substantial amount of its revenue from federal and state governments. If a significant reduction in the level of this support were to occur, the Organization's programs and activities would be affected proportionately.

During the year ended September 30, 2012, the Organization received \$1,148,947 from the U.S. Department of Health and Human Services (HHS) and \$325,335 from the Department of Education (DOE) which accounted for 42% and 12% of revenue, respectively. DHH, and DOE receivables at September 30, 2012, were \$52,789 and \$32,215, respectively, which totaled 28% and 17% of accounts receivable - grants.

The Organization is a party to a collective bargaining agreement through September 30, 2014 with the DLC Legal Workers' Union, a unit of the National Organization of Legal Services Workers (NOLSW), District 65, UAW. The percentage of employees covered by the collective bargaining agreement is 78%. The agreement was entered into with the intent and purpose of promoting and maintaining harmonious relationships and for the establishment of fair and equitable practices.

Disability Law Center, Inc.
Supplemental Schedule of Program Expenses
For the Year Ended September 30, 2012

	<u>PADD</u>	<u>PAIMI</u>	<u>PATBI</u>	<u>PAVA</u>	<u>MLAC GS</u>	<u>PAIR</u>	<u>DBP</u>	<u>PABSS</u>	<u>DISCR</u>	<u>PAAT</u>	<u>Program</u>
Salaries and related	\$ 503,685	\$ 328,276	\$ 50,797	\$ 23,462	\$ 125,511	\$ 198,595	\$ 140,080	\$ 85,394	\$ 64,581	\$ 45,236	\$ 1,565,617
Rent and utilities	40,856	27,337	2,281	1,713	25,049	13,036	18,602	10,610	3,914	1,828	145,226
Professional services	13,361	2,066	134	94	23,908	1,942	560	277	400	154	42,896
Western MA office	15,178	8,525	2,450	904	1,208	6,396	33	516	3,116	3,165	41,491
MDDC subcontract	-	-	-	-	30,000	-	-	-	-	-	30,000
Donated services	-	-	-	-	28,440	-	-	-	-	-	28,440
Meeting expense	698	18,210	63	35	1,131	465	339	123	56	63	21,183
Staff travel	7,845	6,623	443	272	459	1,428	525	1,312	323	197	19,427
Supplies	3,681	2,128	126	154	6,279	913	1,449	687	715	147	16,279
Dues and memberships	1,896	999	120	74	10,738	548	898	273	234	146	15,926
Conferences and training	4,353	3,290	144	377	426	1,008	775	2,508	75	414	13,370
On-line services	3,600	2,419	336	181	1,775	1,277	1,234	754	407	333	12,316
Publications	3,006	1,906	606	88	1,159	1,327	2,321	804	290	193	11,700
Insurance	3,251	2,132	296	149	1,566	1,157	1,111	679	370	292	11,003
Interpreters	484	2,856	10	4	459	5,928	37	22	10	8	9,818
Telephone	2,554	1,700	147	110	1,564	909	1,189	702	228	112	9,215
Equipment rental	1,343	907	86	60	840	421	636	351	111	58	4,813
Equipment repair & maint.	1,200	825	74	47	733	392	544	297	87	56	4,255
Litigation expense	1,000	-	-	-	-	1,700	-	-	-	-	2,700
Data processing	711	462	60	35	344	252	241	146	82	61	2,394
Postage	604	433	31	23	333	240	214	143	46	44	2,111
Advertising	495	295	34	22	247	141	153	73	110	41	1,611
Reproduction	428	197	-	-	-	365	-	-	-	-	990
Bank charges	245	158	22	12	136	85	84	53	27	21	843
Total Expenses	<u>\$ 610,474</u>	<u>\$ 411,744</u>	<u>\$ 58,260</u>	<u>\$ 27,816</u>	<u>\$ 262,305</u>	<u>\$ 238,525</u>	<u>\$ 171,025</u>	<u>\$ 105,724</u>	<u>\$ 75,182</u>	<u>\$ 52,569</u>	<u>\$ 2,013,624</u>

Disability Law Center, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2012

Federal Grantor or Pass-through Agency	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services:			
Direct programs:			
Protection and Advocacy for Individuals with Developmental Disabilities Grant Program	93.630		\$ 431,493
Massachusetts Developmental Disabilities Council	93.630		100,000
Protection and Advocacy for Individuals with Mental Illness Grant Program	93.138		514,938
Voting Access for Individuals with Disabilities - Grants for Protection and Advocacy Systems	93.618		35,308
Traumatic Brain Injury - State Demonstration Grant Program	93.267		67,208
Total direct programs			<u>1,148,947</u>
Pass-through programs from:			
University of Massachusetts Boston: Medicaid Infrastructure Grants to Support the Competitive Employment of People with Disabilities	93.768	S00005040900000	59,961
Total U.S. Department of Health and Human Services			<u>1,208,908</u>
Social Security Administration:			
Direct programs:			
Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries	96.008		84,560
National Disability Rights Network	96.008		23,771
Total Social Security Administration			<u>108,331</u>
U.S. Department of Education:			
Direct programs:			
Protection and Advocacy for Individual Rights Grant Program	84.240A		258,471
Assistive Technologies Grant Program	84.343A		66,864
Total U.S. Department of Education			<u>325,335</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,642,574</u></u>

Notes

Note 1- Basis of Presentation

This schedule of expenditures of federal awards includes the federal grant activity of Disability Law Center, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.



Timothy C. Paddock
CERTIFIED PUBLIC ACCOUNTANT

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 Directors of
Disability Law Center, Inc.

I have audited the financial statements of Disability Law Center, Inc. as of and for the year ended September 30, 2012, and have issued my report thereon dated December 10, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Disability Law Center, Inc.'s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Disability Law Center, Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Disability Law Center, Inc.'s financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Timothy C. Paddock", written in a cursive style.

Framingham, Massachusetts
December 10, 2012



Timothy C. Paddock
CERTIFIED PUBLIC ACCOUNTANT

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

To the Board of Directors of
Disability Law Center, Inc.

Compliance

I have audited Disability Law Center, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Disability Law Center, Inc.'s major federal programs for the year ended September 30, 2012. Disability Law Center, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Disability Law Center, Inc.'s management. My responsibility is to express an opinion on Disability Law Center, Inc.'s compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I 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 Disability Law Center, Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Disability Law Center, Inc.'s compliance with those requirements.

In my opinion, Disability Law Center, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012.

Internal Control Over Compliance

Management of Disability Law Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Disability Law Center, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Disability Law Center, 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.

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

This report is intended solely for the information and use of management, Board of Directors, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Framingham, Massachusetts
December 10, 2012

Disability Law Center, Inc.
Schedule of Prior Year Findings and Questioned Costs
Year Ended September 30, 2012

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Disability Law Center, Inc.
2. No instances of noncompliance material to the financial statements of Disability Law Center, Inc. were disclosed during the audit.
3. The auditor's report on compliance for the major federal award programs for Disability Law Center, Inc. expresses an unqualified opinion on all major federal programs.
4. There are no audit findings that are required to be reported in accordance with Section 510 of OMB Circular A-133 in this Schedule.
5. The program tested as a major program was the U.S. Department of Health and Human Services, Protection and Advocacy for Individuals with Mental Illness (PAIMI).
6. The threshold for distinguishing Type A & B programs was \$300,000.
7. Disability Law Center, Inc. qualified as a low-risk auditee.

B. Findings - Financial Statement Audit

None

C. Findings and Questioned Costs - Major Federal Award Program Audit

None

Disability Law Center, Inc.
Schedule of Prior Year Findings and Questioned Costs
Year Ended September 30, 2011

A. Summary of Prior Year Audit Results

1. No findings were reported in connection with the prior year audit.