

Disability Law Center, Inc.
Financial Statements and
Independent Auditors' Report
September 30, 2013

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Timothy C. Paddock
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of Disability Law Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year 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

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 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

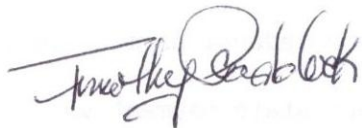
Other Matters

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my 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*, I have also issued my report dated December 18, 2013 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* in considering Disability Law Center, Inc.'s internal control over financial reporting and compliance.



Framingham, Massachusetts
December 18, 2013

Disability Law Center, Inc.
Statement of Financial Position
September 30, 2013
(With Comparative Totals as of September 30, 2012)

Assets	2013	2012
Current assets		
Cash	\$ 1,294,039	\$ 1,112,226
Accounts receivable - grants, net of \$0 allowance	95,038	190,304
Contributions receivable - net of \$0 allowance	7,625	1,000
Prepaid expenses	46,242	40,322
Total current assets	<u>1,442,944</u>	<u>1,343,852</u>
Other assets		
Deposits	2,565	2,565
Cash restricted for specific use - long term	451,068	508,672
Total other assets	<u>453,633</u>	<u>511,237</u>
Total assets	<u>\$ 1,896,577</u>	<u>\$ 1,855,089</u>
 Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 25,325	\$ 14,507
Accrued expenses	171,315	160,131
Funds held for others	75,529	85,998
Total current liabilities	<u>272,169</u>	<u>260,636</u>
Net assets		
Unrestricted	681,312	598,617
Temporarily restricted	943,096	995,836
Total net assets	<u>1,624,408</u>	<u>1,594,453</u>
Total liabilities and net assets	<u>\$ 1,896,577</u>	<u>\$ 1,855,089</u>

See notes to financial statements

Disability Law Center, Inc.

Statement of Activities

For the Year Ended September 30, 2013

(With Comparative Totals for the Year Ended September 30, 2012)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2013</u>	<u>2012</u>
Support and revenues				
Grants and contracts	\$ 1,325,870	\$ 941,743	\$ 2,267,613	\$ 2,100,900
Fundraising activities	179,682	-	179,682	90,093
Donated goods and services	63,649	-	63,649	71,724
Interest income	2,000	1,353	3,353	4,370
Attorney fees	-	-	-	448,286
Honoraria	2,550	-	2,550	3,100
Net assets released from restrictions:				
Satisfaction of program and time restrictions	995,836	(995,836)	-	-
Total support and revenues	<u>2,569,587</u>	<u>(52,740)</u>	<u>2,516,847</u>	<u>2,718,473</u>
Expenses				
Program services				
PAIDD	646,271	-	646,271	610,474
PAIMI	377,893	-	377,893	411,744
PATBI	56,819	-	56,819	58,260
PAVA	60,048	-	60,048	27,816
MLAC GS	129,903	-	129,903	262,305
PAIR	240,736	-	240,736	238,525
DBP	183,691	-	183,691	171,025
PABSS	86,252	-	86,252	105,724
DISCR	97,511	-	97,511	75,182
PAAT	55,090	-	55,090	52,569
Total program services	<u>1,934,214</u>	<u>-</u>	<u>1,934,214</u>	<u>2,013,624</u>
Support services				
Management and general	458,421	-	458,421	593,718
Fundraising	94,257	-	94,257	21,875
Total support services	<u>552,678</u>	<u>-</u>	<u>552,678</u>	<u>615,593</u>
Total expenses	<u>2,486,892</u>	<u>-</u>	<u>2,486,892</u>	<u>2,629,217</u>
Change in net assets	82,695	(52,740)	29,955	89,256
Net assets, beginning of year	<u>598,617</u>	<u>995,836</u>	<u>1,594,453</u>	<u>1,505,197</u>
Net assets, end of year	<u>\$ 681,312</u>	<u>\$ 943,096</u>	<u>\$ 1,624,408</u>	<u>\$ 1,594,453</u>

See notes to financial statements

Disability Law Center, Inc.
Statement of Functional Expenses
For the Year Ended September 30, 2013
(With Comparative Totals for the Year Ended September 30, 2012)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2013</u>	<u>2012</u>
Salaries and related	\$ 1,486,781	\$ 368,427	\$ -	\$ 1,855,208	\$ 2,050,105
Rent and utilities	147,538	37,523	-	185,061	186,471
Professional services	93,379	5,750	-	99,129	51,521
Western MA office	42,061	475	-	42,536	43,603
MDDC contract	-	-	-	-	30,000
Law students	23,509	-	-	23,509	28,440
Meetings	11,718	3,516	-	15,234	25,060
Fundraising	-	-	94,257	94,257	21,875
Supplies	9,595	8,080	-	17,675	20,902
Staff travel	17,463	-	-	17,463	19,427
Audit	-	17,211	-	17,211	16,650
Dues and memberships	15,751	-	-	15,751	15,926
On-line services	11,250	2,861	-	14,111	15,814
Temporary office help	-	-	-	-	15,669
Conferences and training	23,989	-	-	23,989	13,370
Telephone	9,650	2,454	-	12,104	11,832
Publications	8,675	-	-	8,675	11,700
Insurance	10,232	423	-	10,655	11,437
Interpreters	7,734	-	-	7,734	9,818
Equipment rental	3,602	916	-	4,518	6,180
Miscellaneous	-	8,313	-	8,313	6,025
Equipment repair & maintenance	1,987	505	-	2,492	5,464
Data processing	2,862	728	-	3,590	3,074
Postage	1,750	445	-	2,195	2,710
Litigation expense	1,259	-	-	1,259	2,700
Advertising	-	-	-	-	1,611
Reproduction	3,429	-	-	3,429	990
Bank charges	-	794	-	794	843
Total expenses	\$ 1,934,214	\$ 458,421	\$ 94,257	\$ 2,486,892	\$ 2,629,217

See notes to financial statements

Disability Law Center, Inc.
Statement of Cash Flows
For the Year Ended September 30, 2013
(With Comparative Totals for the Year Ended September 30, 2012)

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Change in net assets	\$ 29,955	\$ 89,256
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities:		
(Increase) decrease in:		
Accounts receivable - grants	95,266	92,404
Contributions receivable	(6,625)	(1,000)
Prepaid expenses	(5,920)	2,753
Cash restricted for specific use	57,604	267,115
Increase (decrease) in:		
Accounts payable	10,818	9,534
Accrued expenses	11,184	(591)
Funds held for others	(10,469)	85,998
Deferred income	-	-
Net cash provided by operating activities	<u>181,813</u>	<u>545,469</u>
Cash at beginning of year	<u>1,112,226</u>	<u>566,757</u>
Cash at end of year	<u><u>\$ 1,294,039</u></u>	<u><u>\$ 1,112,226</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, 2013

Note 1 - The Organization

The Organization operates the following programs:

1. **Protection and Advocacy for Individuals with Intellectual and Developmental Disabilities (PAIDD)** program provides legal and advocacy services for persons with developmental disabilities.
2. **Protection and Advocacy for Individuals with Mental Illness (PAIMI)** program provides legal and advocacy services for persons with mental illness.
3. **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.
4. **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.
5. **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.
6. **Protection and Advocacy for Individual Rights (PAIR)** program provides legal and advocacy services to persons with disabilities.
7. **Disability Benefits Project (DBP)** provides backup and support to other legal services in the area of social security law.
8. **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.
9. **Discrimination Project (DISCR)** provides legal and advocacy services to persons with disabilities who encounter discrimination relating to housing, employment or other issues.
10. **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 82% of the grants and contracts on the statement of activities is revenue from state and federal government agencies.

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.

Disability Law Center, Inc.
Notes to Financial Statements
September 30, 2013

Note 2 - Significant Accounting Policies (continued)

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, 2012, from which the summarized information was derived.

Cash Restricted for Specific Use

Temporarily restricted net assets generated by the PAIDD 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, 2013, totaled \$451,068.

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.

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.

Disability Law Center, Inc.
Notes to Financial Statements
September 30, 2013

Note 2 - Significant Accounting Policies (continued)

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, 2013, temporarily restricted net assets totaled \$943,096 (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, 2013.

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.

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 18, 2013, 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, 2013, the Organization had \$943,096 classified as temporarily restricted net assets due to restrictions by the donors for specific purposes.

Disability Law Center, Inc.
Notes to Financial Statements
September 30, 2013

Note 3 – Temporarily Restricted Net Assets (continued)

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

PAIDD	\$	451,068
MLAC GS		<u>492,028</u>
	\$	<u><u>943,096</u></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 \$176,611 plus escalations for real estate tax and operating expense adjustments. Total rent expense including escalation charges for the Boston office for the year ended September 30, 2013, was \$181,383 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 due to expire at the end of December 2013. The total amount due on the lease is \$8,100. Rent expense for the year ended September 30, 2013 was \$32,175 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, 2013 totaled \$4,520 for the Boston office and \$1,531 for the Western Massachusetts office.

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

September 30, 2014	\$	191,635
2015		185,071
2016		183,908
2017		184,290
2018		188,897
Beyond 2018		<u>47,608</u>
Total future rental payments	\$	<u><u>981,409</u></u>

Note 5 – Donated Goods and Services

During the year ended September 30, 2013, the Organization received \$18,009 in donated services from law students performing services as law clerks. These donated services are included in the statement of functional expenses under Law Students. Microsoft donated translation assistance software valued at \$5,640, included in the statement of functional expense under supplies. Also, included in the statement of functional expenses under fundraising expenses the Organization received an estimated \$40,000 in donated materials to support the 2013 annual event.

Disability Law Center, Inc.
Notes to Financial Statements
September 30, 2013

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, 2013 totaled \$28,959.

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, 2013, the Organization received \$1,299,250 from the U.S. Department of Health and Human Services (HHS) and \$356,201 from the Department of Education (DOE) which accounted for 57% and 17% of grant revenue, respectively. DHH, and DOE receivables at September 30, 2013, were \$42,006 and \$44,815, respectively, which totaled 44% and 47% 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 80%. 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, 2013

	<u>PAIDD</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	\$ 502,089	\$ 303,756	\$ 46,680	\$ 20,628	\$ 64,774	\$ 200,848	\$ 149,963	\$ 68,906	\$ 82,964	\$ 46,173	\$ 1,486,781
Rent and utilities	59,361	29,863	1,800	2,044	4,733	14,366	20,748	9,558	2,820	2,245	147,538
Professional services	31,508	3,764	569	26,404	20,610	5,984	1,992	1,147	932	469	93,379
Western MA office	8,716	8,465	3,945	834	1,385	6,953	7	39	7,441	4,276	42,061
Law students	-	-	-	-	23,509	-	-	-	-	-	23,509
Meeting expense	937	9,460	349	60	346	174	214	72	46	60	11,718
Staff travel	6,941	6,177	707	189	121	1,124	721	1,045	255	183	17,463
Supplies	3,592	1,996	119	84	324	1,088	1,270	693	265	164	9,595
Dues and memberships	2,158	1,158	313	86	9,938	770	611	343	227	147	15,751
Conferences and training	7,419	1,930	1,047	8,340	385	964	2,299	908	604	93	23,989
On-line services	4,083	2,302	334	180	365	1,264	1,265	588	513	356	11,250
Publications	2,125	1,416	241	31	2,435	791	710	353	373	200	8,675
Insurance	3,728	2,098	305	160	332	1,134	1,155	534	465	321	10,232
Interpreters	3,355	1,126	49	771	33	1,305	115	825	130	25	7,734
Telephone	3,809	1,991	121	115	318	969	1,338	641	195	153	9,650
Equipment rental	1,479	737	46	47	98	345	507	221	63	59	3,602
Equipment repair & maint.	782	391	25	19	61	190	296	157	38	28	1,987
Litigation expense	109	-	-	-	-	1,150	-	-	-	-	1,259
Data processing	1,057	585	82	46	96	320	327	129	126	94	2,862
Postage	715	426	58	10	40	185	153	93	54	16	1,750
Reproduction	2,308	252	29	-	-	812	-	-	-	28	3,429
	<u>\$ 646,271</u>	<u>\$ 377,893</u>	<u>\$ 56,819</u>	<u>\$ 60,048</u>	<u>\$ 129,903</u>	<u>\$ 240,736</u>	<u>\$ 183,691</u>	<u>\$ 86,252</u>	<u>\$ 97,511</u>	<u>\$ 55,090</u>	<u>\$ 1,934,214</u>

Disability Law Center, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2013

Federal Grantor or Pass-through Agency	Federal CFDA Number	Federal Expenditures
U.S. Department of Health and Human Services:		
Direct programs:		
Protection and Advocacy for Individuals with intellectual and Developmental Disabilities Grant Program	93.630	\$ 696,997
Massachusetts Developmental Disabilities Council	93.630	15,625
Protection and Advocacy for Individuals with Mental Illness Grant Program	93.138	465,370
Voting Access for Individuals with Disabilities - Grants for Protection and Advocacy Systems	93.618	66,600
Traumatic Brain Injury - State Demonstration Grant Program	93.267	54,658
Total U.S. Department of Health and Human Services		<u>1,299,250</u>
Social Security Administration:		
Direct programs:		
Social Security State Grants for Work Incentives		
Assistance to Disabled Beneficiaries	96.008	81,693
National Disability Rights Network	96.008	28,036
Total Social Security Administration		<u>109,729</u>
U.S. Department of Education:		
Direct programs:		
Protection and Advocacy for Individual Rights Grant Program	84.240A	67,697
Assistive Technologies Grant Program	84.343A	288,504
Total U.S. Department of Education		<u>356,201</u>
Total Expenditures of Federal Awards		<u>\$ 1,765,180</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

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 Directors of
Disability Law Center, Inc.

I 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 Disability Law Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated December 18, 2013.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered Disability Law Center, 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 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. Accordingly, I 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.

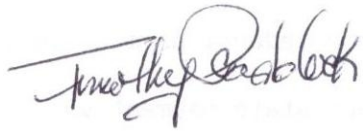
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I 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 Disability Law Center, Inc.'s financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.



Framingham, Massachusetts

December 18, 2013



Timothy C. Paddock
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

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, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Disability Law Center, Inc.'s major federal programs based on my audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, my audit does not provide a legal determination of Disability Law Center, Inc.'s compliance.

Opinion on Each Major Federal Program

In my opinion, Disability Law Center, 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 the year ended September 30, 2013.

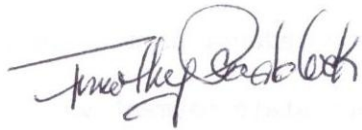
Report on Internal Control over Compliance

Management of Disability Law Center, 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 my audit of compliance, I considered Disability Law Center, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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. 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.

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 material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I 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 my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Framingham, Massachusetts

December 18, 2013

Disability Law Center, Inc.
Schedule of Findings and Questioned Costs
Year Ended September 30, 2013

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 Intellectual and Developmental Disabilities (PAIDD).
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, 2013

A. Summary of Prior Year Audit Results

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