DISABILITY LAW & ADVOCACY CENTER OF TENNESSEE

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

September 30, 2010 and 2009

FRASIER, DEAN & HOWARD, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Disability Law & Advocacy Center of Tennessee
Nashville, Tennessee

We have audited the accompanying statements of financial position of Disability Law & Advocacy Center of Tennessee (a nonprofit organization) as of September 30, 2010 and 2009, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Disability Law & Advocacy Center of Tennessee as of September 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2011 on our consideration of Disability Law & Advocacy Center of Tennessee'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 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 our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Frazier, Deem & Howard, PLLC

January 7, 2011

DISABILITY LAW & ADVOCACY CENTER OF TENNESSEE
STATEMENTS OF FINANCIAL POSITION
September 30, 2010 and 2009

	2010	2009
Assets		
Current assets:		
Cash and cash equivalents	$ 804,913	$ 750,910
Investment security	166,400	-
Grant and contract receivables	120,438	105,827
Attorney fees receivable	10,000	166,397
Prepaid expenses and advances	22,191	28,029
Total current assets	1,123,942	1,051,163
Property and equipment, net	84,834	55,511
Total assets	$ 1,208,776	$ 1,106,674
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$ 65,514	$ 18,343
Accrued wages and benefits	149,060	132,453
Deferred revenue	41,109	17,120
Total current liabilities	255,683	167,916
Unrestricted net assets:		
Designated	839,829	694,806
Undesignated	113,264	243,952
Total unrestricted net assets	953,093	938,758
Total liabilities and net assets	$ 1,208,776	$ 1,106,674

See accompanying notes.

DISABILITY LAW & ADVOCACY CENTER OF TENNESSEE
STATEMENTS OF ACTIVITIES
For the years ended September 30, 2010 and 2009

	2010	2009
Revenues and support:		
Government grants	$ 2,336,200	$ 2,207,547
Government fees and other	32,490	5,839
Attorney fees	10,000	232,308
Total revenues and support	2,378,690	2,445,694
Expenses:		
Program services	2,070,077	1,940,773
Supporting services	294,278	291,375
Total expenses	2,364,355	2,232,148
Change in net assets	14,335	213,546
Unrestricted net assets at beginning of year	938,758	725,212
Unrestricted net assets at end of year	$ 953,093	$ 938,758

See accompanying notes.

DISABILITY LAW & ADVOCACY CENTER OF TENNESSEE
STATEMENTS OF FUNCTIONAL EXPENSES
For the years ended September 30, 2010 and 2009

	2010			2009		
	Program Services	Supporting Services	Total Expenses	Program Services	Supporting Services	Total Expenses
Salaries	$ 1,221,044	$ 220,294	$ 1,441,338	$ 1,136,247	$ 211,236	$ 1,347,483
Payroll taxes and employee benefits	248,282	49,748	298,030	238,497	49,771	288,268
Occupancy	212,141	-	212,141	216,828	-	216,828
Travel and automobile	86,859	4,759	91,618	71,950	11,208	83,158
Rental and maintenance of equipment	59,675	-	59,675	77,763	-	77,763
Printing and publications	58,480	-	58,480	42,767	-	42,767
Telephone	42,175	145	42,320	36,401	259	36,660
Miscellaneous	34,818	2,643	37,461	19,256	2,498	21,754
Contracted and professional services	8,461	14,188	22,649	5,948	13,056	19,004
Training seminars and conferences	19,249	2,086	21,335	19,860	2,677	22,537
Supplies	17,332	386	17,718	17,464	531	17,995
Insurance	14,008	-	14,008	14,209	-	14,209
Participant support	10,000	-	10,000	10,000	-	10,000
Postage	8,142	29	8,171	4,895	139	5,034
Client cases	5,486	-	5,486	4,376	-	4,376
Total expenses before depreciation	2,046,152	294,278	2,340,430	1,916,461	291,375	2,207,836
Depreciation	23,925	-	23,925	24,312	-	24,312
Total expenses	$ 2,070,077	$ 294,278	$ 2,364,355	$ 1,940,773	$ 291,375	$ 2,232,148

See accompanying notes.

DISABILITY LAW & ADVOCACY CENTER OF TENNESSEE
STATEMENTS OF CASH FLOWS
For the years ended September 30, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Change in net assets	$ 14,335	$ 213,546
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	23,925	24,312
Loss on disposal of property and equipment	249	1,137
Changes in operating assets and liabilities:		
Grant and contract receivables	(14,611)	(27,285)
Attorney fees receivable	156,397	(166,397)
Prepaid expenses and advances	5,838	(1,567)
Accounts payable	47,171	8,801
Accrued wages and benefits	16,607	20,238
Deferred revenue	23,989	(4,617)
Net cash provided by operating activities	273,900	68,168
Cash flows from investing activities:		
Purchase of investment	(166,400)	-
Purchase of property and equipment	(53,497)	(12,534)
Net cash used in investing activities	(219,897)	(12,534)
Net increase in cash	54,003	55,634
Cash and cash equivalents at beginning of year	750,910	695,276
Cash and cash equivalents at end of year	$ 804,913	$ 750,910

See accompanying notes.

DISABILITY LAW & ADVOCACY CENTER OF TENNESSEE
NOTES TO FINANCIAL STATEMENTS
September 30, 2010 and 2009

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Disability Law & Advocacy Center of Tennessee (the "Organization"), was incorporated in 1978 as a Tennessee not-for-profit corporation. The primary purposes of the Organization are to promote the education of persons with disabilities, including, where appropriate, legal assistance and litigation, to provide training to make advocates more effective, and to establish standards by which the effectiveness of advocates for persons with disabilities may be evaluated. Substantially all support is received from federal government grants. A description of the Organization's programs follows:

Client Assistance Program ("CAP") - serves clients or client applicants of vocational rehabilitation through individual case advocacy and by improving policies and/or procedures that affect directly or indirectly the quality of the Rehabilitation Act service delivery system.

Protection and Advocacy for Persons with Development Disabilities ("PADD") - serves individuals who meet the eligibility criteria under the Development Disabilities Act. In this role, the Organization's priorities include investigation of abuse and neglect, enforcement of public education rights, and networking with other organizations, including organizations representing racial and ethnic minorities and other historically unserved or underserved groups.

Protection and Advocacy Program for Individuals with Mental Illness ("PAIMI") - serves individuals by individual case advocacy and by advocating efforts to implement changes in policies and practices of systems that impact persons with mental illness. Such systems include state agencies, residential facilities and other service providers.

Protection and Advocacy of Individual Rights ("PAIR") - serves individuals with disabilities who are not eligible for services under the CAP, PADD or PAIMI programs through individual case advocacy, systems advocacy and class action legal services.

Protection and Advocacy for users of Assistive Technologies ("AT") - serves to reduce or to eliminate barriers faced by individuals with disabilities who require technology related assistance.

Protection and Advocacy for Beneficiaries of Social Security ("PABSS") – serves beneficiaries of Social Security by protecting their rights to obtain, maintain, or regain substantial gainful employment.

Traumatic Brain Injury Grant Program ("TBI") – serves to improve access to health and other services for individuals with traumatic brain injuries and their families previously served under the PADD program.

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nature of Activities (Continued)

Protection and Advocacy for Voter Access ("PAVA") – provides services to ensure the full participation in the electoral process for individuals with disabilities.

The following is a summary of the Organization's significant accounting policies:

Accounting Standards Codification

The Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") became the sole authoritative source of generally accepted accounting principles in the United States of America for periods ending after September 15, 2009. The FASB ASC incorporates all authoritative literature previously issued by a standard setter. Adoption of the FASB ASC had no effect on the Organization's financial statements.

Basis of Presentation

The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Under generally accepted accounting principles in the United States, the Organization is required to report information regarding its financial position and activities according to the three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Under these provisions, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted net assets - net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization currently has no temporarily restricted net assets.

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Permanently restricted net assets - net assets subject to donor imposed stipulations that they be maintained permanently by the Organization. Generally donors of these assets permit the Organization to use all or part of the income earned for general or specific purposes. The Organization currently has no permanently restricted net assets.

Contributions which are restricted for specific programs are reflected as unrestricted revenue if these funds are received and spent during the same fiscal year.

Attorney Fees

From time to time, the Organization is awarded attorneys' fees by the courts for their legal representation of certain clients. Such funds are treated as designated net assets to be used to further the Organization's programs.

Use of Estimates

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

Revenue Recognition

Grant and contract revenue is recognized as unrestricted revenue to the extent and in the period that applicable expenditures are made. The excess of such revenues received over applicable expenditures is recorded as deferred revenue until applicable expenditures are made.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all cash funds, cash bank accounts and highly liquid debt instruments with an original maturity when purchased of three months or less to be cash and cash equivalents. At times during the year, the Organization maintains cash balances at financial institutions in excess of federally insured limits. The Organization has not experienced any losses in such accounts. Management believes the Organization is not exposed to any significant credit risk related to cash.

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are recorded at cost. Expenditures for ordinary maintenance and repairs are charged to operations. Renewals and betterments that materially extend the life of the asset are capitalized. Depreciation is provided in amounts necessary to allocate the cost of the various classes of assets over their estimated useful lives using the straight-line method. Estimated useful lives of all major asset classes are as follows:

Equipment and fixtures	3 to 5 years
Automobiles	3 to 5 years

Investments

Investments are measured at fair value in the statements of financial position (see Note 2). Investment income or loss (including realized and unrealized gains and losses on investments and interest) is included in the change in net assets.

Functional Expenses

Costs of providing the various programs are summarized and reported on a functional basis. Expenses of each program include costs directly associated with the program and other indirect costs determined to benefit that program. These costs have been allocated between program and supporting services based on estimates by management.

Income Taxes

The Organization is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Accordingly, no provision for income taxes has been made.

On January 1, 2009, the Organization adopted FASB ASC guidance concerning the accounting for income taxes recognized in an entity's financial statements. This interpretation prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

being realized upon ultimate settlement. The Organization has no tax penalties or interest reported in the accompanying financial statements. Tax years that remain open for examination include years ended September 30, 2007 through 2010. Adoption of this pronouncement had no impact on the Organization's financial statements.

Donated Goods and Services

The Organization's policy is to record support and expenses for contributed services that require specialized skills and would be purchased if not provided by the donor at the fair value of services received. The Organization received $12,979 of contributed support and services meeting the criteria to record during the year ended September 30, 2010.

Subsequent Events

The Organization evaluated subsequent events through January 7, 2011, when these financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

NOTE 2 – FAIR VALUE OF INVESTMENTS

The Organization has adopted the provisions of the Fair Value Measurement topic of the FASB ASC. This guidance establishes a framework for measuring fair value for financial assets and liabilities. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;

NOTE 2 – FAIR VALUE OF INVESTMENTS (Continued)

- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization's management believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investments of the Organization are stated at fair value as of September 30, 2010 and 2009 and consist of the following:

	2010		2009	
	Fair Market Value	Quoted Prices in Active Markets for Identical Items (Level 1)	Fair Market Value	Quoted Prices in Active Markets for Identical Items (Level 1)
U.S. treasury bill – six month term	$ 166,400	$ 166,400	$ -	$ -

Investment income was as follows for the years ended September 30:

	2010	2009
Interest income	$ 1,626	$ 5,841

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at September 30:

	2010	2009
Furniture and fixtures	$ 164,694	$ 144,431
Office equipment	128,471	121,073
Automobiles	50,592	50,592
	343,757	316,096
Less accumulated depreciation	(258,923)	(260,585)
	$ 84,834	$ 55,511

Depreciation expense totaled $23,925 and $24,312 for the years ended September 30, 2010 and 2009, respectively. Substantially all property and equipment has been acquired with government funds and as such, is to be used to further the respective programs of the Organization.

NOTE 4 – LINE OF CREDIT

The Organization maintains a bank line of credit arrangement allowing for maximum borrowings of $75,000, with interest computed at the bank's national lending rate plus three percent (6.25% as of September 30, 2010) on outstanding balances. There were no outstanding balances as of September 30, 2010 and 2009. The note evidencing the arrangement matures in March 2011 and includes certain negative financial covenants.

NOTE 5 – NET ASSETS

The majority of the Organization's net assets are designated to further the goals of its government grants. Such net assets generally arise from program income relating to the receipt of attorneys' fees.

Remaining cash available to expend under such program income follows:

	2010	2009
Developmental Disabilities Basic Support and Advocacy	$ 828,022	$ 677,253
Protection and Advocacy for Mentally Ill	11,807	17,553
	$ 839,829	$ 694,806

NOTE 6 – LEASE CONTRACTS

The Organization leases office space in Nashville, Knoxville, and Memphis, Tennessee under operating leases. Rent expense for all office operating leases was $212,141 and $216,828 for the years ended September 30, 2010 and 2009, respectively. The following is a schedule of future minimum rental payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year as of September 30, 2010.

Year ending September 30,	
2011	$ 219,790
2012	226,306
2013	219,902
2014	203,598
2015	22,046
	$ 891,642

NOTE 7 – EMPLOYEE BENEFIT PLAN

The Organization has a defined contribution 401(k) retirement plan. Employees are eligible to participate in the plan after they have completed six months of service. The Organization matches employee contributions to the plan up to 3% of eligible employees' annual compensation. The plan is a contributory plan and all contributions (both employer and employee) vest immediately. Retirement expense for the years ended September 30, 2010 and 2009 totaled $29,240 and $26,383, respectively, and is included in employee benefits in the accompanying statements of functional expenses.

NOTE 8 – CONCENTRATIONS

The Organization receives a substantial amount of its support from federal governmental grants and contracts which are subject to annual renewal. A significant reduction in the level of this support, if this were to occur, could have an adverse impact on the Organization's programs and services.

SUPPLEMENTAL INFORMATION

DISABILITY LAW & ADVOCACY CENTER OF TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended September 30, 2010

Federal CFDA Number	Grant or Contract Number	Program Name	Grantor Agency		Program or Award Amount	Balance 9/30/09	Cash Receipts	Expenditures	Other	Balance 9/30/10
84.161	H-161A090043	Client Assistance Program	U.S. Department		$ 199,279	$ (9,698)	$ 8,906	$ 18,604	$ -	$ -
	H-161A100043B	Client Assistance Program	of Education		211,817	-	199,809	186,736	-	(13,073)
					411,096	(9,698)	208,715	205,340	-	(13,073)
84.240	H240A090043A	Protection & Advocacy for Individual Rights	U.S. Department		289,062	39,718	62,279	22,561		-
	H240A100043B	Protection & Advocacy for Individual Rights	of Education		306,391	-	224,277	256,322	-	32,045
					595,453	39,718	286,556	278,883	-	32,045
93.630	G-0901TNPA43	Developmental Disabilities Basic Support & Advocacy	Department of Health		770,304	25,288	95,386	70,098	-	-
	G-1001TNPA43	Developmental Disabilities Basic Support & Advocacy	and Human Services	+	795,921	-	794,344	808,775	12,854	1,577
					1,566,225	25,288	889,730	878,873	12,854	1,577
93.138	2X98SM004797-09	Protection & Advocacy for Mentally Ill	Department of Health		573,410	14,919	14,988	69		-
	2X98SM004797-09	Protection & Advocacy for Mentally Ill	and Human Services		593,337	-	589,148	597,807	4,570	4,089
					1,166,747	14,919	604,136	597,876	4,570	4,089
84.343	H343A090043A	Advocacy Services of Assistive Technology	Office of Special Education		68,302	22,048	72,040	49,992	-	-
	H343A100043B	Advocacy Services of Assistive Technology	and Rehabilitative Services,		68,425	-	-	31,042	-	31,042
			Department of Education		136,727	22,048	72,040	81,034	-	31,042
96.008	17-B-20048-4-05	Advocacy for Beneficiaries of Social Security	Social Security Administration		117,012	(7,422)	48,755	56,177	-	-
96.009	17-B-20048-4-05	Advocacy for Beneficiaries of Social Security			117,012	-	58,506	58,664	-	158
					234,024	(7,422)	107,261	114,841	-	158
93.267	X82MC11196	Traumatic Brain Injury Program	Department of Health		56,010	1,800	26,770	24,970	-	-
	X82MC16905	Traumatic Brain Injury Program	and Human Services		56,010	-	23,794	53,886	-	30,092
					112,020	1,800	50,564	78,856	-	30,092
93.618	G-0903TNVOTP	Help America Vote Act	Department of Health		70,000	2,055	81,466	79,411	-	-
	G-1003TNVOTP	Help America Vote Act	and Human Services		70,000	-	-	21,437	-	21,437
					140,000	2,055	81,466	100,848	-	21,437
96.009	17-B-20048-4-05	Representative Payee Monitoring Activities	Social Security Administration		36,463	-	36,463	17,073	-	(19,390)
					36,463	-	36,463	17,073	-	(19,390)
			Total Federal Financial Assistance		$ 4,398,755	$ 88,708	$ 2,336,931	$ 2,353,624	$ 17,424	$ 87,977

+ Denotes major program

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 - BASIS OF ACCOUNTING

The Supplementary Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

FRASIER, DEAN & HOWARD, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

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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 & Advocacy Center of Tennessee
Nashville, Tennessee

We have audited the financial statements of Disability Law & Advocacy Center of Tennessee (a nonprofit organization) as of and for the year ended September 30, 2010, and have issued our report thereon dated January 7, 2011. We conducted our 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 our audit, we considered Disability Law & Advocacy Center of Tennessee's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Disability Law & Advocacy Center of Tennessee's internal control over financial reporting. Accordingly, we 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 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.

Our 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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Disability Law & Advocacy Center of Tennessee's financial statements are free of 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*.

This report is intended solely for the information and use of the Board of Directors, management, 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.

Frazier, Deal & Heard, PLLC

January 7, 2011

Internal Control Over Compliance

Management of Disability Law & Advocacy Center of Tennessee is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Disability Law & Advocacy Center of Tennessee'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 our 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, we do not express an opinion on the effectiveness of Disability Law & Advocacy Center of Tennessee'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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the board of directors, management, 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.

Frazier, Deal & Howard, PLLC

January 7, 2011

DISABILITY LAW & ADVOCACY CENTER OF TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended September 30, 2010

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Disability Law & Advocacy Center of Tennessee.

2. No significant deficiencies relating to the audit of the financial statements are reported in the 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.*

3. No instances of noncompliance material to the financial statements of Disability Law & Advocacy Center of Tennessee were disclosed during the audit.

4. No significant deficiencies relating to the audit of major federal award programs are reported in the 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.

5. The auditor's report on compliance for the major federal award programs for Disability Law & Advocacy Center of Tennessee expresses an unqualified opinion on all major federal programs.

6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.

7. The programs tested as major programs included:

CFDA Number	Name of Federal Program or Cluster
93.630	Developmental Disabilities Basic Support and Advocacy Grants

8. The threshold for distinguishing Types A and B programs was $300,000.

9. Disability Law & Advocacy Center of Tennessee qualified as a low-risk auditee.

II. FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT

None.

III. FINDINGS AND QUESTIONED COSTS FOR MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

DISABILITY LAW & ADVOCACY CENTER OF TENNESSEE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended September 30, 2010

None