

**DISABILITY RIGHTS TENNESSEE  
(FORMERLY DISABILITY LAW &  
ADVOCACY CENTER OF TENNESSEE)**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**September 30, 2015 and 2014**

**DISABILITY RIGHTS TENNESSEE  
(FORMERLY DISABILITY LAW & ADVOCACY CENTER OF TENNESSEE)**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Disability Rights Tennessee (formerly Disability Law & Advocacy Center of Tennessee)  
Nashville, Tennessee

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Disability Rights Tennessee (formerly Disability Law & Advocacy Center of Tennessee) (a not-for-profit organization), which comprise the statements of financial position as of September 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Disability Rights Tennessee (formerly Disability Law & Advocacy Center of Tennessee) as of September 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 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 our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2016 on our consideration of Disability Rights Tennessee's (formerly Disability Law & Advocacy Center of Tennessee) 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 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 Rights Tennessee's (formerly Disability Law & Advocacy Center of Tennessee) internal control over financial reporting and compliance.

*Frazier, Dean & Howard, PLLC*

January 12, 2016  
Nashville, Tennessee

**DISABILITY RIGHTS TENNESSEE**  
**(FORMERLY DISABILITY LAW & ADVOCACY CENTER OF TENNESSEE)**  
**STATEMENTS OF FINANCIAL POSITION**  
**September 30, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 959,551	\$ 981,645
Grant and contract receivables	83,745	105,085
Other receivables	30,212	15,417
Prepaid expenses and advances	29,804	29,482
Total current assets	1,103,312	1,131,629
Property and equipment, net	70,026	68,537
Total assets	\$ 1,173,338	\$ 1,200,166
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 1,771	\$ 18,901
Accrued wages and benefits	123,944	128,392
Deferred revenue	31,961	18,244
Total current liabilities	157,676	165,537
Unrestricted net assets:		
Designated	683,172	758,400
Undesignated	332,490	276,229
Total unrestricted net assets	1,015,662	1,034,629
Total liabilities and net assets	\$ 1,173,338	\$ 1,200,166

See accompanying notes.

**DISABILITY RIGHTS TENNESSEE**  
**(FORMERLY DISABILITY LAW & ADVOCACY CENTER OF TENNESSEE)**  
**STATEMENTS OF ACTIVITIES**  
**For the years ended September 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Revenues and support:		
Government grants	\$ 2,201,265	\$ 2,214,189
Government fees and other	206,303	127,873
Attorney fees	-	20,000
	<u>2,407,568</u>	<u>2,362,062</u>
Expenses:		
Program services	2,089,905	2,033,143
Supporting services	307,790	313,733
Fundraising	28,840	23,478
	<u>2,426,535</u>	<u>2,370,354</u>
Change in unrestricted net assets	(18,967)	(8,292)
Unrestricted net assets at beginning of year	<u>1,034,629</u>	<u>1,042,921</u>
Unrestricted net assets at end of year	<u>\$ 1,015,662</u>	<u>\$ 1,034,629</u>

See accompanying notes.

**DISABILITY RIGHTS TENNESSEE**  
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**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the year ended September 30, 2015**

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 1,231,282	\$ 217,728	\$ 9,449	\$ 1,458,459
Payroll taxes and employee benefits	269,416	63,855	2,609	335,880
Occupancy	168,262	-	-	168,262
Miscellaneous	87,835	127	16,304	104,266
Travel and automobile	70,269	9,151	-	79,420
Rental and maintenance of equipment	64,728	-	143	64,871
Printing and publications	45,620	-	-	45,620
Contracted and professional services	29,627	14,000	-	43,627
Telephone	40,494	430	-	40,924
Supplies	24,264	816	94	25,174
Insurance	12,584	-	-	12,584
Training, seminars and conferences	5,955	1,527	45	7,527
Participant support	7,350	-	-	7,350
Postage	2,987	156	196	3,339
Client cases	1,303	-	-	1,303
Total expenses before depreciation	2,061,976	307,790	28,840	2,398,606
Depreciation	27,929	-	-	27,929
Total expenses	<u>\$ 2,089,905</u>	<u>\$ 307,790</u>	<u>\$ 28,840</u>	<u>\$ 2,426,535</u>

See accompanying notes.

**DISABILITY RIGHTS TENNESSEE**  
**(FORMERLY DISABILITY LAW & ADVOCACY CENTER OF TENNESSEE)**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the year ended September 30, 2014**

	<b>Program Services</b>	<b>Supporting Services</b>	<b>Fundraising</b>	<b>Total</b>
Salaries	\$ 1,180,367	\$ 223,347	\$ 9,264	\$ 1,412,978
Payroll taxes and employee benefits	263,043	62,994	2,445	328,482
Occupancy	220,407	-	-	220,407
Rental and maintenance of equipment	83,524	-	123	83,647
Travel and automobile	69,895	8,151	1,241	79,287
Telephone	43,657	294	-	43,951
Printing and publications	40,345	-	786	41,131
Miscellaneous	20,424	191	7,167	27,782
Contracted and professional services	8,693	16,700	192	25,585
Client cases	24,487	-	-	24,487
Supplies	16,327	167	2,166	18,660
Training, seminars and conferences	14,559	1,889	-	16,448
Insurance	13,940	-	-	13,940
Participant support	7,036	-	-	7,036
Postage	2,574	-	94	2,668
<b>Total expenses before depreciation</b>	<b>2,009,278</b>	<b>313,733</b>	<b>23,478</b>	<b>2,346,489</b>
Depreciation	23,865	-	-	23,865
<b>Total expenses</b>	<b>\$ 2,033,143</b>	<b>\$ 313,733</b>	<b>\$ 23,478</b>	<b>\$ 2,370,354</b>

See accompanying notes.



**DISABILITY RIGHTS TENNESSEE**  
**(FORMERLY DISABILITY LAW & ADVOCACY CENTER OF TENNESSEE)**  
**STATEMENTS OF CASH FLOWS**  
**For the years ended September 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in unrestricted net assets	\$ (18,967)	\$ (8,292)
Adjustments to reconcile change in unrestricted net assets to net cash provided by (used in) operating activities:		
Depreciation	27,929	23,865
Loss on disposal of property and equipment	330	947
Changes in operating assets and liabilities:		
Grant and contract receivables	21,340	(24,080)
Attorney fees receivable	-	5,000
Other receivables	(14,795)	(8,310)
Prepaid expenses and advances	(322)	(10,247)
Accounts payable	(17,130)	2,798
Accrued wages and benefits	(4,448)	19,798
Deferred revenue	13,717	(9,366)
Net cash provided by (used in) operating activities	<u>7,654</u>	<u>(7,887)</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(29,748)</u>	<u>(40,368)</u>
Net cash used in investing activities	<u>(29,748)</u>	<u>(40,368)</u>
Net decrease in cash and cash equivalents	(22,094)	(48,255)
Cash and cash equivalents at beginning of year	<u>981,645</u>	<u>1,029,900</u>
Cash and cash equivalents at end of year	<u>\$ 959,551</u>	<u>\$ 981,645</u>

See accompanying notes.

**DISABILITY RIGHTS TENNESSEE**  
**(FORMERLY DISABILITY LAW & ADVOCACY CENTER OF TENNESSEE)**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015 and 2014**

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

**Nature of Activities**

Disability Rights Tennessee (formerly 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 for 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.

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

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**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**September 30, 2015 and 2014**

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

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

**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 accounting principles generally accepted 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. As deemed necessary, unrestricted net assets are designated by the board of directors for specific purposes. (See Note 4)

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 statements of activities as net assets released from restrictions. The Organization had no temporarily restricted net assets as of September 30, 2015 and 2014.

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 had no permanently restricted net assets as of September 30, 2015 and 2014.

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

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**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**September 30, 2015 and 2014**

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

**Attorney Fees**

From time to time, the Organization is awarded attorney 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. (See Note 4)

**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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. 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.

**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:

Furniture and fixtures	3 to 5 years
Office equipment	3 to 5 years

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**(FORMERLY DISABILITY LAW & ADVOCACY CENTER OF TENNESSEE)**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**September 30, 2015 and 2014**

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

**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 services, supporting services, and fundraising based on estimates by management.

**Income Taxes**

The Organization is exempt from federal 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.

The Organization follows Financial Accounting Standards Board Accounting Standards Codification guidance concerning the accounting for income taxes recognized in an entity's financial statements. This guidance 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 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, 2012 through September 30, 2015.

**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 \$81,491 and \$14,908 of contributed support and services meeting the criteria to record during the years ended September 30, 2015 and 2014, respectively.

**Subsequent Events**

The Organization evaluated subsequent events through January 12, 2016, 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.

**DISABILITY RIGHTS TENNESSEE**  
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**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**September 30, 2015 and 2014**

**NOTE 2 – PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at September 30:

	<u>2015</u>	<u>2014</u>
Furniture and fixtures	\$ 162,763	\$ 166,304
Office equipment	<u>91,351</u>	<u>108,085</u>
	254,114	274,389
Less accumulated depreciation	<u>(184,088)</u>	<u>(205,852)</u>
	<u>\$ 70,026</u>	<u>\$ 68,537</u>

Depreciation expense totaled \$27,929 and \$23,865 for the years ended September 30, 2015 and 2014, 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 3 – LINE OF CREDIT**

The Organization maintains a bank line of credit arrangement allowing for maximum borrowings of \$125,000, with interest computed at the bank’s national lending rate plus two percent (5.25% as of September 30, 2015) on outstanding balances. There were no outstanding balances as of September 30, 2015 and 2014. The note evidencing the arrangement matures in March 2016 and includes certain negative financial covenants.

**NOTE 4 – 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 attorney fees.

Cash available to expend under such program income is as follows as of September 30:

	<u>2015</u>	<u>2014</u>
Developmental Disabilities Basic Support and Advocacy	\$ 637,901	\$ 703,917
Protection and Advocacy for Mentally Ill	43,448	43,187
Protection and Advocacy for Beneficiaries of Social Security	1,760	9,661
Advocacy Services for Assistive Technology	63	3
Client Assistance Program	-	1,617
Protection and Advocacy for Individual Rights	-	12
Traumatic Brain Injury	<u>-</u>	<u>3</u>
	<u>\$ 683,172</u>	<u>\$ 758,400</u>

**DISABILITY RIGHTS TENNESSEE**  
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**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**September 30, 2015 and 2014**

**NOTE 5 – LEASE CONTRACTS**

The Organization leases office space in Nashville, Knoxville, and Memphis, Tennessee under operating leases. Rent expense for all office operating leases totaled \$168,262 and \$220,407 for the years ended September 30, 2015 and 2014, respectively. 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, 2015.

<b><u>Year ending</u></b> <b><u>September 30,</u></b>	
2016	\$ 170,231
2017	173,081
2018	173,710
2019	151,890
2020	129,814
Thereafter	<u>9,374</u>
	<u>\$ 808,100</u>

**NOTE 6 – 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 has the option to match employee contributions to the plan based upon a discretionary percentage of employees' annual compensation. The plan is a contributory plan and all contributions (both employer and employee) vest immediately. For the years ended September 30, 2015 and 2014, employer contributions totaled \$20,084 and \$17,372, respectively.

**NOTE 7 – 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.

**DISABILITY RIGHTS TENNESSEE**  
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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the year ended September 30, 2015**

	<b>CFDA No.</b>	<b>Contract Number</b>	<b>Program or Award Amount</b>	<b>Balance 9/30/2014</b>	<b>Receipts</b>	<b>Expenditures</b>	<b>Other Additions</b>	<b>Balance 9/30/2015</b>
<b>Federal Awards:</b>								
<u>U.S. Department of Education</u>								
Client Assistance Program	84.161A	H161A140043-14A	\$ 208,483	\$ (15,153)	\$ 103,895	\$ 119,048	\$ -	\$ -
Client Assistance Program	84.161A	H161A150043-15A	224,228	-	103,329	88,327	1,772	(16,774)
Total Program 84.161A			432,711	(15,153)	207,224	207,375	1,772	(16,774)
Protection & Advocacy for Individual Rights	84.240A	H240A140043-14A	301,199	32,127	72,416	40,289	-	-
Protection & Advocacy for Individual Rights	84.240A	H240A150043-15A	300,892	-	221,021	254,907	79	33,807
Total Program 84.240A			602,091	32,127	293,437	295,196	79	33,807
Protection & Advocacy for Assistive Technology	84.343A	H343A140043-14A	68,920	18,212	26,588	8,376	-	-
Protection & Advocacy for Assistive Technology	84.343A	H343A150043-15A	68,846	-	8,587	8,587	-	-
Total Program 84.343A			137,766	18,212	35,175	16,963	-	-
<u>U.S. Department of Health &amp; Human Services</u>								
Protection & Advocacy for Assistive Technology	93.843	90AV0012-01-00	60,259	-	23,796	40,581	-	16,785
Total Program 93.843			60,259	-	23,796	40,581	-	16,785
Developmental Disabilities Basic Support & Advocacy	93.630	G-1401TNPADD	748,866	32,120	141,863	109,743	-	-
Developmental Disabilities Basic Support & Advocacy	93.630	G-1501TNPADD	748,529	-	698,981	801,615	69,491	33,143
Total Program 93.630			1,497,395	32,120	840,844	911,358	69,491	33,143
Protection & Advocacy for Mentally Ill	93.138	3X98SM004797-14S1	588,392	1,352	58,256	56,904	-	-
Protection & Advocacy for Mentally Ill	93.138	3X98SM004797-15S1	586,600	-	566,619	561,177	-	(5,442)
Total Program 93.138			1,174,992	1,352	624,875	618,081	-	(5,442)
Traumatic Brain Injury	93.267	X82MC16905	54,112	(376)	22,291	22,667	-	-
Traumatic Brain Injury	93.267	X82MC16905	54,112	-	40,889	40,899	-	10
Total Program 93.267			108,224	(376)	63,180	63,566	-	10



**DISABILITY RIGHTS TENNESSEE  
(FORMERLY DISABILITY LAW & ADVOCACY CENTER OF TENNESSEE)  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)  
For the year ended September 30, 2015**

	<b>CFDA No.</b>	<b>Contract Number</b>	<b>Program or Award Amount</b>	<b>Balance 9/30/2014</b>	<b>Receipts</b>	<b>Expenditures</b>	<b>Other Additions</b>	<b>Balance 9/30/2015</b>
<b>Federal Awards (Continued):</b>								
<u>U.S. Department of Health &amp; Human Services (Continued)</u>								
Protection & Advocacy for Voter Access	93.618	G-1403TNVOTP	70,000	(2,715)	-	2,715	-	-
Protection & Advocacy for Voter Access	93.618	G-1503TNVOTP	70,000	-	41,208	39,134	-	(2,074)
Total Program 93.618			140,000	(2,715)	41,208	41,849	-	(2,074)
<u>U.S. Department of Health &amp; Human Services passed through State of Tennessee.</u>								
Protection & Advocacy for Voter Access	93.618	N/A	45,000	1,772	18,827	17,055	-	-
Total Program 93.617			45,000	1,772	18,827	17,055	-	-
<u>Social Security Administration</u>								
Protection & Advocacy for Beneficiaries of Social Security	96.009	6-PAB13020272-01-02	117,012	19,502	19,502	-	-	-
Protection & Advocacy for Beneficiaries of Social Security	96.009	6-PAB13020272-01-03	117,012	-	68,257	60,586	-	(7,671)
Total Program 96.009			234,024	19,502	87,759	60,586	-	(7,671)
<b>Total Federal Awards</b>			<b>\$ 4,432,462</b>	<b>\$ 86,841</b>	<b>\$ 2,236,325</b>	<b>\$ 2,272,610</b>	<b>\$ 71,342</b>	<b>\$ 51,784</b>

+ 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.

**SUPPLEMENTAL INFORMATION**



**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 Rights Tennessee (formerly Disability Law & Advocacy Center of Tennessee)  
Nashville, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Disability Rights Tennessee (formerly Disability Law & Advocacy Center of Tennessee) (a not-for-profit organization), which comprise the statement of financial position as of September 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 12, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization'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*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Frasier, Dean & Howard, PLLC*

Nashville, Tennessee  
January 12, 2016



**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 Rights Tennessee (formerly Disability Law & Advocacy Center of Tennessee)  
Nashville, Tennessee

**Report on Compliance for Each Major Federal Program**

We have audited the Organization'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 the Organization's major federal programs for the year ended September 30, 2015. The Organization'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***

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Disability Rights Tennessee's (formerly Disability Law & Advocacy Center of Tennessee) compliance.

## ***Opinion on Each Major Federal Program***

In our opinion, Disability Rights Tennessee (formerly Disability Law & Advocacy Center of Tennessee) 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, 2015.

## **Report on Internal Control Over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization'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, we do not express an opinion on the effectiveness of the Organization'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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Frasier, Dean + Howard, PLLC*

Nashville, Tennessee

January 12, 2016

**DISABILITY RIGHTS TENNESSEE  
(FORMERLY DISABILITY LAW & ADVOCACY CENTER OF TENNESSEE)  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year ended September 30, 2015**

**I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS**

1. The auditor's report expresses an unmodified opinion on the financial statements of Disability Rights Tennessee (formerly Disability Law & Advocacy Center of Tennessee).
2. No material weaknesses or significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Disability Rights Tennessee (formerly Disability Law & Advocacy Center of Tennessee) were disclosed during the audit.
4. No material weaknesses or significant deficiencies relating to the audit of major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Disability Rights Tennessee (formerly Disability Law & Advocacy Center of Tennessee) expresses an unmodified 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:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.138	Protection & Advocacy for Mentally Ill

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 RIGHTS TENNESSEE  
(FORMERLY DISABILITY LAW & ADVOCACY CENTER OF TENNESSEE)  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year ended September 30, 2015**

None