

**DISABILITY RIGHTS MISSISSIPPI  
JACKSON, MISSISSIPPI**

**FINANCIAL STATEMENTS, SUPPLEMENTAL  
INFORMATION AND INDEPENDENT AUDITOR'S  
REPORTS ON INTERNAL CONTROLS AND COMPLIANCE  
FOR THE YEARS ENDED  
SEPTEMBER 30, 2019 AND 2018**

# **DISABILITY RIGHTS MISSISSIPPI**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Disability Rights Mississippi  
Jackson, Mississippi

### Report on the Financial Statements

We have audited the accompanying financial statements of Disability Rights Mississippi (a nonprofit organization), which comprise the statements of financial position as of September 30, 2019 and 2018, 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 audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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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 Mississippi as of September 30, 2019 and 2018, 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 February 4, 2020, on our consideration of Disability Rights Mississippi'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Disability Rights Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Disability Rights Mississippi's internal control over financial reporting and compliance.

Ridgeland, Mississippi  
February 4, 2020

*Mathews, Cutler & Lindberg, P.A.*

**DISABILITY RIGHTS MISSISSIPPI**  
**STATEMENTS OF FINANCIAL POSITION**  
**AT SEPTEMBER 30, 2019 AND 2018**

<b>ASSETS</b>		<b><u>2019</u></b>	<b><u>2018</u></b>
<b>CURRENT ASSETS</b>			
Cash	\$	19,447	\$ 13,627
Grants receivable		80,469	131,431
Prepaid expenses		<u>18,076</u>	<u>25,589</u>
		<u>117,992</u>	<u>170,647</u>
<b>FURNITURE AND EQUIPMENT</b>			
Furniture and equipment		341,659	335,104
Less accumulated depreciation		<u>(319,027)</u>	<u>(325,659)</u>
		<u>22,632</u>	<u>9,445</u>
	<b>\$</b>	<b><u>140,624</u></b>	<b>\$ <u>180,092</u></b>
 <b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$	20,986	\$ 2,075
Salaries payable		23,280	20,334
Accrued leave payable		50,043	46,140
Deferred grant revenue		36,237	93,308
Capital lease, current		<u>-</u>	<u>1,646</u>
		<u>130,546</u>	<u>163,503</u>
<b>NET ASSETS (DEFICIT)</b>			
Without donor restrictions		10,078	(4,690)
With donor restrictions		<u>-</u>	<u>21,279</u>
		<u>10,078</u>	<u>16,589</u>
	<b>\$</b>	<b><u>140,624</u></b>	<b>\$ <u>180,092</u></b>

See Notes to Financial Statements.

# DISABILITY RIGHTS MISSISSIPPI

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
<b>SUPPORT</b>			
Federal grants	\$ 1,391,436	\$ -	\$ 1,391,436
Donations	6,387	-	6,387
Other	463	-	463
Net assets released from restrictions	<u>21,279</u>	<u>(21,279)</u>	<u>-</u>
	<u>1,419,565</u>	<u>(21,279)</u>	<u>1,398,286</u>
<b>EXPENSES</b>			
Program services			
Assistive technology	51,025	-	51,025
Beneficiaries of social security	45,540	-	45,540
Developmental disabilities	345,136	-	345,136
Developmental Disabilities Council	1,033	-	1,033
Family support	17,880	-	17,880
Individual rights	140,026	-	140,026
Mental illness	214,597	-	214,597
Representative payee	189,601	-	189,601
Traumatic brain injury	41,451	-	41,451
Voter access	<u>46,313</u>	<u>-</u>	<u>46,313</u>
	1,092,602	-	1,092,602
Support Services			
Administrative	303,221	-	303,221
Fundraising	<u>8,974</u>	<u>-</u>	<u>8,974</u>
	<u>312,195</u>	<u>-</u>	<u>312,195</u>
	<u>1,404,797</u>	<u>-</u>	<u>1,404,797</u>
<b>CHANGE IN NET ASSETS</b>	14,768	(21,279)	(6,511)
<b>NET ASSETS (DEFICIT) AT BEGINNING OF YEAR</b>	<u>(4,690)</u>	<u>21,279</u>	<u>16,589</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 10,078</u>	<u>\$ -</u>	<u>\$ 10,078</u>

See Notes to Financial Statements.

# DISABILITY RIGHTS MISSISSIPPI

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
<b>SUPPORT</b>			
Federal grants	\$ 1,189,108	\$ -	\$ 1,189,108
Donations	1,725	-	1,725
Other	10,700	-	10,700
Net assets released from restrictions	13,721	(13,721)	-
	<u>1,215,254</u>	<u>(13,721)</u>	<u>1,201,533</u>
<b>EXPENSES</b>			
Program services			
Assistive technology	33,618	-	33,618
Beneficiaries of social security	69,974	-	69,974
Developmental disabilities	299,166	-	299,166
Family support	11,507	-	11,507
Individual rights	131,947	-	131,947
Mental illness	235,494	-	235,494
Representative payee	41,222	-	41,222
Traumatic brain injury	37,374	-	37,374
Voter access	79,714	-	79,714
	<u>940,016</u>	<u>-</u>	<u>940,016</u>
Support Services			
Administrative	273,666	-	273,666
Fundraising	53	-	53
	<u>273,719</u>	<u>-</u>	<u>273,719</u>
	<u>1,213,735</u>	<u>-</u>	<u>1,213,735</u>
<b>CHANGE IN NET ASSETS</b>	1,519	(13,721)	(12,202)
<b>NET ASSETS (DEFICIT) AT BEGINNING OF YEAR</b>	<u>(6,209)</u>	<u>35,000</u>	<u>28,791</u>
<b>NET ASSETS (DEFICIT) AT END OF YEAR</b>	<u>\$ (4,690)</u>	<u>\$ 21,279</u>	<u>\$ 16,589</u>

See Notes to Financial Statements.



**DISABILITY RIGHTS MISSISSIPPI**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<b>Program Services</b>				
	<b>Assitive Technology</b>	<b>Beneficiaries of Social Security</b>	<b>Developmental Disabilities</b>	<b>Developmental Disabilities Council</b>	<b>Family Support</b>
Advertisements	\$ 35	\$ 35	\$ 206	\$ -	\$ 12
Bank charges	-	-	-	-	-
Consultants	-	92	310	-	9
Dues	836	714	4,777	-	272
Equipment maintenance	414	348	2,704	-	141
Insurance	430	362	2,813	-	147
Insurance - group	5,028	4,234	32,850	-	1,714
Law journals, books and training packages	540	465	3,178	-	157
Lodging	41	100	3,168	211	383
Meals	40	5	659	70	1
Mileage	143	304	2,999	274	75
Miscellaneous	-	34	355	125	-
Office supplies and expense	407	442	2,664	-	40
Payroll taxes	2,499	2,104	16,322	-	852
Postage	66	69	464	-	18
Production	60	1,159	1,454	-	1
Printing	38	681	897	-	6
Professional development	35	382	2,408	-	69
Professional fees	-	-	-	-	-
Public awareness/outreach	19	22	180	353	-
Relocation	-	-	-	-	-
Rent and utilities	3,276	2,758	21,404	-	1,116
Retirement	971	817	6,340	-	331
Salaries	34,576	29,116	225,910	-	11,784
Sponsorship	191	186	1,506	-	3
Staff morale	-	-	-	-	-
Sub-contract support services	230	225	1,748	-	93
Telephone	396	333	2,591	-	135
Training - advisory council	-	-	-	-	-
Training - board	-	0	-	-	-
Travel - advisory council	-	-	-	-	-
Travel - board members	-	-	-	-	0
Travel - in-state	187	81	1,669	-	2
Travel - out-of-state	425	352	4,628	-	470
	<u>50,883</u>	<u>45,420</u>	<u>344,204</u>	<u>1,033</u>	<u>17,831</u>
Depreciation	<u>142</u>	<u>120</u>	<u>932</u>	<u>-</u>	<u>49</u>
	<u>\$ 51,025</u>	<u>\$ 45,540</u>	<u>\$ 345,136</u>	<u>\$ 1,033</u>	<u>\$ 17,880</u>

See Notes to Financial Statements.

Program Services - Continued				Support Services		
<u>Mental Illness</u>	<u>Representative Payee</u>	<u>Traumatic Brain Injury</u>	<u>Voter Access</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
\$ 72	\$ 1	\$ 9	\$ 30	\$ -	\$ -	\$ 323
-	-	-	-	2,334	-	2,334
4,496	416	706	1,550	23	-	17,944
3,247	274	508	975	17	-	12,577
1,481	223	234	492	1,515	-	7,348
2,819	427	446	951	2,871	-	14,006
23,902	3,619	3,782	8,061	24,335	-	118,735
1,338	335	402	870	-	-	6,839
142	-	100	32	-	-	2,353
92	8	57	137	-	-	924
1,934	145	421	807	-	-	8,677
23	66	-	-	510	53	755
2,579	391	408	870	2,625	-	12,811
50	7	8	17	50	-	246
11,410	1,728	1,806	3,848	11,617	-	56,683
286	22	59	125	-	-	1,215
195	49	58	127	-	-	973
481	-	27	662	-	-	3,088
1,033	935	194	341	2	-	5,085
-	-	-	-	26,851	-	26,851
340	40	54	704	5	-	2,544
-	-	-	-	14,910	-	14,910
15,424	2,336	2,441	5,202	15,702	-	76,621
4,367	661	691	1,473	4,448	-	21,694
151,540	22,823	23,936	50,171	154,764	-	751,215
30	-	10	40	-	-	1,694
-	-	-	-	604	-	604
1,699	408	22	-	25	-	5,183
1,906	289	302	643	1,938	-	9,466
-	-	-	-	456	-	456
1,607	-	-	-	-	-	1,607
-	-	-	-	7,257	-	7,257
293	-	52	222	-	-	2,152
1,914	5,899	515	1,096	-	-	14,621
234,700	41,102	37,248	79,446	272,859	53	1,209,791
794	120	126	268	807	-	3,944
<u>\$ 235,494</u>	<u>\$ 41,222</u>	<u>\$ 37,374</u>	<u>\$ 79,714</u>	<u>\$ 273,666</u>	<u>\$ 53</u>	<u>\$ 1,213,735</u>

# DISABILITY RIGHTS MISSISSIPPI

## STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Program Services				
	Assitive Technology	Beneficiaries of Social Security	Developmental Disabilities	Family Support	Individual Rights
Advertisements	\$ 10	\$ 28	\$ 113	\$ 1	\$ 59
Bank charges	-	-	-	-	-
Consultants	679	1,581	5,793	201	2,499
Dues	461	1,127	4,041	149	1,778
Equipment maintenance	211	421	1,871	71	829
Insurance	401	802	3,570	135	1,584
Insurance - group	3,402	6,795	30,261	1,149	13,429
Law journals, books and training packages	201	815	2,075	134	669
Lodging	201	689	983	-	206
Meals	90	148	273	-	119
Mileage	207	949	2,758	388	1,068
Miscellaneous	-	-	103	-	-
Office supplies and expense	367	733	3,265	124	1,449
Parking	7	14	63	2	28
Payroll taxes	1,624	3,244	14,446	549	6,411
Postage	40	116	398	11	158
Production	29	97	302	19	97
Printing	13	885	815	4	201
Professional development	123	296	1,421	51	689
Professional fees	-	-	-	-	-
Public awareness/outreach	13	91	954	5	338
Relocation	-	-	-	-	-
Rent and utilities	2,195	4,385	19,528	742	8,666
Retirement	622	1,241	5,529	210	2,452
Salaries	21,558	43,096	191,319	7,228	84,780
Sponsorship	10	135	777	-	692
Staff morale	-	-	-	-	-
Sub-contract support services	315	142	1,706	59	807
Telephone	271	542	2,413	91	1,071
Training - board	-	-	-	-	-
Travel - advisory council	-	-	-	-	-
Travel - board members	-	-	-	-	-
Travel - in-state	183	221	713	-	468
Travel - out-of-state	272	1,155	2,671	145	954
	33,505	69,748	298,161	11,468	131,501
Depreciation	113	226	1,005	39	446
	<u>\$ 33,618</u>	<u>\$ 69,974</u>	<u>\$ 299,166</u>	<u>\$ 11,507</u>	<u>\$ 131,947</u>

See Notes to Financial Statements.

Program Services - Continued					Support Services		Total
Individual Rights	Mental Illness	Representative Payee	Traumatic Brain Injury	Voter Access	Administrative	Fundraising	
\$ 59	\$ 65	\$ 397	\$ 12	\$ 141	\$ -	\$ -	\$ 962
-	-	-	-	-	412	-	412
9	83	-	28	-	-	-	531
2,633	2,455	991	570	1,270	-	-	14,518
1,133	1,654	1,540	339	343	2,245	60	10,921
1,179	1,721	1,602	352	356	2,335	63	11,360
13,772	20,103	18,708	4,114	4,163	27,278	732	132,696
61	1,646	602	387	837	-	-	7,873
232	791	375	32	261	-	-	5,594
9	49	45	2	29	-	-	909
438	3,362	1,706	120	1,098	-	-	10,519
14	109	-	-	491	827	1,933	3,888
1,115	1,628	1,515	333	337	2,208	58	10,747
6,844	9,990	9,297	2,044	2,069	13,556	364	65,941
199	302	222	42	127	-	-	1,509
1,211	2,326	583	23	229	52	-	7,098
272	610	406	49	105	294	-	3,358
529	1,466	392	66	186	133	39	5,705
-	-	-	-	-	28,016	-	28,016
28	29	11	19	69	-	-	730
-	-	-	-	-	1,021	-	1,021
8,972	13,096	12,187	2,680	2,712	17,770	476	86,447
2,658	3,881	3,611	794	804	5,267	142	25,616
94,702	138,239	128,647	28,292	28,625	187,584	5,031	912,506
299	524	282	185	435	-	-	3,611
-	-	-	-	-	1,201	-	1,201
736	1,052	878	208	133	-	-	5,303
1,085	1,583	1,474	324	328	2,147	56	10,452
-	1,070	-	-	-	-	-	1,070
-	-	-	-	-	1,070	-	1,070
-	3,662	-	-	-	-	-	3,662
-	-	-	-	-	9,033	-	9,033
270	436	264	67	334	-	-	3,310
1,177	2,095	3,336	252	713	-	-	13,448
139,636	214,027	189,071	41,334	46,195	302,449	8,954	1,401,037
390	570	530	117	118	772	20	3,760
<u>\$ 140,026</u>	<u>\$ 214,597</u>	<u>\$ 189,601</u>	<u>\$ 41,451</u>	<u>\$ 46,313</u>	<u>\$ 303,221</u>	<u>\$ 8,974</u>	<u>\$ 1,404,797</u>

# DISABILITY RIGHTS MISSISSIPPI

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (6,511)	\$ (12,202)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	3,760	3,944
(Increase) decrease in		
Grants receivable	50,962	(30,433)
Prepaid expenses	7,513	(17,303)
Security deposits	-	7,990
Increase (decrease) in		
Accounts payable	18,911	(864)
Deferred grant revenue	(57,071)	66,103
Salaries and accrued leave payable	<u>6,849</u>	<u>6,138</u>
Net cash provided by operating activities	<u>24,413</u>	<u>23,373</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	<u>(16,947)</u>	<u>(6,626)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on capital lease	(1,646)	(2,290)
Net repayments on line of credit	<u>-</u>	<u>(17,998)</u>
Net cash used in financing activities	<u>(1,646)</u>	<u>(20,288)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>5,820</b>	<b>(3,541)</b>
<b>CASH, BEGINNING OF YEAR</b>	<u><b>13,627</b></u>	<u><b>17,168</b></u>
<b>CASH, END OF YEAR</b>	<u><b>\$ 19,447</b></u>	<u><b>\$ 13,627</b></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest during the year	<u><b>\$ 1,045</b></u>	<u><b>\$ 1,382</b></u>

See Notes to Financial Statements.

**DISABILITY RIGHTS MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

**1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Organization**

Disability Rights Mississippi is a nonprofit organization operating under the statutes of the State of Mississippi. The Organization provides educational services and legal representation to the handicapped and developmentally disabled.

**Method of Accounting**

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

**Adoption of Accounting Pronouncement**

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 requires significant changes to the reporting model of organizations who follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three classes to two – net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Organization, including required disclosures on functional expenses. The new standard is effective for the Organization's year ending September 30, 2019 and thereafter and must be applied on a retrospective basis. The Organization adopted the ASU effective October 1, 2018. Adoption of the ASU did not result in any reclassifications or restatements to net assets or changes in net assets.

**Support and Revenue**

The Organization receives its grant support primarily from the U.S. Department of Health and Human Services, U.S. Department of Education, and the Social Security Administration. Revenue is recognized when advances on the grants are received.

**Concentration of Credit Risk and Cash Held in Bank**

The Organization maintains its cash in a bank deposit account which is insured by the FDIC up to \$250,000. There are no uninsured balances at September 30, 2019 and 2018.

**DISABILITY RIGHTS MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

**1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Furniture and Equipment**

Furniture and equipment are stated at cost. Depreciation is provided using the straight line method based on the useful life of three to seven years.

**Functional Allocation of Expenses**

The cost of providing the various programs has been allocated among the programs benefited.

**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.

**Financial Statement Presentation**

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications.

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

**DISABILITY RIGHTS MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

**1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES -**  
Continued

**Income Taxes**

The Organization is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code and generally exempt from Federal and State income taxes pursuant to Section 501(a) of the Code. The Organization has been classified as other than a private foundation and believes it has no uncertain tax positions. Returns for tax years after 2014 remain subject to examination.

**2. DEFERRED GRANT REVENUE**

Under the terms of its grant agreements, the Organization is allowed to draw down funds for anticipated needs for upcoming grant expenditures. These funds are classified as deferred grant revenue until the funds are spent for grant purposes. At September 30, 2019 and 2018, deferred grant revenue was \$36,237 and \$93,308, respectively.

**3. RETIREMENT PROGRAM**

The Organization established a SIMPLE IRA retirement program effective May 1999 and contributes 3% of each employee's salary. The retirement expense for the years ended September 30, 2019 and 2018 was \$25,616 and \$21,694, respectively.

**4. FUTURE COMMITMENTS**

The Organization maintains administrative office space in Jackson, Mississippi, and office and storage space in Gulfport, Mississippi. In October 2017, the Organization leased new administrative office space beginning December 2017 and expiring November 2022. In November 2018, the Organization signed an addendum to the lease for additional space. The addendum was effective January 1, 2019 and extended the lease term. Under the terms of this addendum, the Organization is required to pay a monthly rent of \$7,270 for January 1, 2019 through November 30, 2020 and \$7,415 for December 1, 2020 through November 30, 2023. The Gulfport facility is not currently under a lease but is available monthly for a rental payment of \$460.



**DISABILITY RIGHTS MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

**4. FUTURE COMMITMENTS - Continued**

Under the terms of the leases, future minimum payments are as follows:

<u>Year Ending</u>	
2020	\$ 87,240
2021	88,690
2022	88,980
2023	88,980
2024	<u>14,830</u>
	<u>\$ 368,720</u>

Rental expense for the years ended September 30, 2019 and 2018 was \$86,447 and \$76,621, respectively.

**5. CAPITAL LEASE**

During 2014, the Organization entered into a lease agreement for a telephone system that was classified as a capital lease. For the year ended September 30, 2018, furniture and equipment included equipment under the capital lease of \$10,390. Accumulated depreciation related to the capital lease equipment was \$8,981 for the year ended September 30, 2018. Monthly payments of \$213 were required until the lease expired on May 1, 2019. When the lease expired, the equipment was replaced under the terms of a new agreement for telephone service and the previous system was removed.

**6. LINE OF CREDIT**

The Organization maintains a line of credit with Regions Bank for \$25,000. The line has a variable rate of interest (the prime rate of the lender plus 3.70%, with a minimum of 6.00%). The line of credit does not expire as long as the account is in good standing. There was no balance owed on the line of credit for the years ended September 30, 2019 and 2018. The line was secured by a right of setoff on the Organization's accounts held by the lender. This line of credit agreement with Regions Bank contained various restrictive covenants that are measured on an annual basis.

**DISABILITY RIGHTS MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

**7. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions were available for the following purposes for the year ended September 30, 2018:

Improving Opportunities Across Generations program	<u>\$ 21,279</u>
--	------------------

**8. LIQUIDITY**

The following reflects the Organization's financial assets as of September 30, 2019 and 2018, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions.

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 19,447	\$ 13,627
Grants receivable	<u>80,469</u>	<u>131,431</u>
Financial assets available	<u>99,916</u>	<u>145,058</u>
Less those unavailable for general expenditures within one year to:		
Subject to expenditure for specified purpose	<u>-</u>	<u>21,279</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 99,916</u>	<u>\$ 123,779</u>

The Organization does not maintain an operating reserve account to cover the average monthly operating costs, excluding depreciation and other noncash expenses. However, the average monthly costs were approximately \$117,000 and \$101,000 for the year ended September 30, 2019 and 2018, respectively. The Organization had approximately one month of financial assets available to meet its average monthly operating costs for the years ended September 30, 2019 and 2018.

**9. RECLASSIFICATIONS**

Certain prior year amounts have been reclassified to conform to current year presentation.

**DISABILITY RIGHTS MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

**10. SUBSEQUENT EVENTS**

In accordance with the FASB Accounting Standards Codification Topic 855, *Subsequent Events*, we have evaluated subsequent events through February 4, 2020 which is the date these financial statements were issued. All subsequent events requiring recognition as of February 4, 2020, have been incorporated into these financial statements.

## **SUPPLEMENTAL INFORMATION**

**DISABILITY RIGHTS MISSISSIPPI**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

<u>Federal Agency / Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services Protection & Advocacy Program Under the Development Disabilities Assistance and Bill of Rights Act	93.630	\$ 444,758
Protection & Advocacy for Individuals with Mental Illness	93.138	271,486
Assistive Technology - State Grants for Protection & Advocacy Related to Assistive Technology	93.843	64,695
Voting Access for Individuals with Disabilities	93.618	80,025
Traumatic Brain Injury Protection and Advocacy	93.873	<u>52,157</u> 913,121
U.S. Department of Education Program of Protection and Advocacy of Individual Rights	84.240A	185,976
Social Security Administration Protection and Advocacy for Beneficiaries of Social Security Grant Program	96.009	<u>290,839</u>
Total Expenditure of Federal Awards		<u>\$ 1,389,936</u>

See Notes to Financial Statements.

## **DISABILITY RIGHTS MISSISSIPPI**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2019**

#### **1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended September 30, 2019. The schedule is presented on the accrual basis of accounting. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the financial statements of the federal program. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### **3. INDIRECT COST RATE**

Disability Rights Mississippi has opted to not use the de minimis indirect cost rate of 10%, as provided for under Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Final Guidance*.

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CERTIFIED PUBLIC ACCOUNTANTS

**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  
Disability Rights Mississippi  
Jackson, Mississippi**

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 Mississippi (a nonprofit organization), which comprise the statements of financial position as of September 30, 2019, 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 February 4, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Disability Rights Mississippi'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 Disability Rights Mississippi'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 Institute's financial statements will not be prevented, or detected and corrected, on a timely basis.

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*A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Disability Rights Mississippi'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.

Ridgeland, Mississippi  
February 4, 2020

*Mathews, Carter & Lindberg, P.A.*



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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors  
Disability Rights Mississippi  
Jackson, Mississippi

### Report on Compliance for Each Major Federal Program

We have audited Disability Rights Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Disability Rights Mississippi's major federal programs for the year ended September 30, 2019. Disability Rights Mississippi'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Disability Rights Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Disability Rights Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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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 Mississippi's compliance.

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

In our opinion, Disability Rights Mississippi 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, 2019.

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

Management of Disability Rights Mississippi 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 Disability Rights Mississippi'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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Disability Rights Mississippi's internal control over compliance.

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

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

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

Ridgeland, Mississippi  
February 4, 2020

*Mathews, Catherine J. Lindsay, P.A.*

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

DISABILITY RIGHTS MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Section 1: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified  
Internal control over financial reporting:  
Material weakness(es) identified? \_\_\_\_ yes X no  
Significant deficiency(s) identified that are  
not considered to be material weaknesses? \_\_\_\_ yes X no  
Noncompliance material to financial  
statements noted? \_\_\_\_ yes X no

Federal Awards

Type of auditor's report issued on compliance  
for major programs: Unmodified  
Internal control over major programs:  
Material weakness(es) identified? \_\_\_\_ yes X no  
Reportable condition(s) identified that are  
not considered to be material weakness(es)? \_\_\_\_ yes X none reported  
Any audit findings disclosed that are required  
to be reported in accordance with 2 CFR  
section 200.516(a)? \_\_\_\_ yes X no

Identification of major programs:

CFDA Number(s)

93.630

84.240A

Name of Federal Program / Cluster

Protection & Advocacy Program Under  
the Developmental Disabilities  
Assistance and Bill of Rights Act  
Program of Protection and Advocacy  
of Individual Rights

Dollar threshold used to distinguish between  
type A and type B programs:

\$ 750,000

Auditee qualified as a low risk auditee?

\_\_\_\_ yes X no

DISABILITY RIGHTS MISSISSIPPI

AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

2018-01

**Condition:** Cash requests for a major federal award exceeded both amounts expended during the year and amounts that could be reasonably expected to be expended within a reasonable period of time following year end.

**Criteria:** 2 CFR section 200.305(b) requires non-Federal entities to minimize the time elapsing between the transfer of funds from the U.S. Treasury or pass-through entity and disbursement by the non-Federal entity for direct program or project costs and the proportionate share of allowable indirect costs, whether the payment is made by electronic funds transfer, or issuance of redemption of checks, warrants, or payment by other means.

**Cause:** Internal controls were not designed and operating properly to ensure that time elapsing between the transfer of funds and disbursement were properly minimized.

**Effect:** Deferred revenue related to a major program significantly increased.

**Recommendation:** We recommend that internal controls are strengthened to ensure that time is minimized between the transfer of funds and disbursement of funds, in accordance with Federal requirements.

**Views of Responsible Officials and Planned Corrective Actions:** Disability Rights Mississippi agrees with the finding and the recommended procedures have been implemented.

**Current Status:** The Organization has strengthened internal controls and is no longer drawing down funds prior to the funds being expended.