

MICHIGAN PROTECTION & ADVOCACY SERVICE, INC.

**REPORT ON FINANCIAL STATEMENTS
(with supplementary information)**

YEARS ENDED SEPTEMBER 30, 2019 AND 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Michigan Protection & Advocacy Service, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Michigan Protection & Advocacy Service, Inc. (a nonprofit corporation), 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 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 Michigan Protection & Advocacy Service, Inc. 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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, as identified in the table of contents and the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 audits 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 December 20, 2019, on our consideration of Michigan Protection & Advocacy Service, Inc.'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 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 Michigan Protection & Advocacy Service, Inc.'s internal control over financial reporting and compliance.

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December 20, 2019

MICHIGAN PROTECTION & ADVOCACY SERVICE, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2019 AND 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 354,679	\$ 351,201
Investments	908,000	908,000
Grants and contracts receivable		
Federal	506,616	304,363
State and other	11,363	25,289
Prepaid expenses	55,624	60,107
TOTAL CURRENT ASSETS	1,836,282	1,648,960
EQUIPMENT, net of accumulated depreciation	31,662	46,098
TOTAL ASSETS	\$ 1,867,944	\$ 1,695,058
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 29,327	\$ 38,789
Deferred revenue	658,702	566,305
Accrued payroll and related	221,248	201,467
Accrued lease payable	88,648	71,725
Capital lease obligation, current portion	-	3,394
TOTAL CURRENT LIABILITIES	997,925	881,680
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Undesignated	766,419	307,280
Designated	55,804	506,098
NET ASSETS WITH DONOR RESTRICTIONS	47,796	-
TOTAL NET ASSETS	870,019	813,378
TOTAL LIABILITIES AND NET ASSETS	\$ 1,867,944	\$ 1,695,058

See notes to financial statements.

MICHIGAN PROTECTION & ADVOCACY SERVICE, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUE				
Federal grants	\$ 4,065,621	\$ -	\$ 4,065,621	\$ 3,413,995
State grants	194,400	-	194,400	194,400
Other	48,985	47,796	96,781	26,019
Total revenues	<u>4,309,006</u>	<u>47,796</u>	<u>4,356,802</u>	<u>3,634,414</u>
EXPENSES				
Program services				
Developmental Disabilities Basic Support and Advocacy Grants	1,217,891	-	1,217,891	1,206,414
Protection and Advocacy for Individuals with Mental Illness	896,091	-	896,091	823,223
State Grants for Protection and Advocacy Services	43,575	-	43,575	51,673
Voting Access for Individuals with Disabilities - Grants for Protection and Advocacy Systems	113,879	-	113,879	100,366
ACL Assistive Technology State Grants for Protection and Advocacy	92,170	-	92,170	79,498
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	18,075	-	18,075	18,785
Protection and Advocacy of Individual Rights	269,120	-	269,120	342,751
Rehabilitation Services Client Assistance Program	318,622	-	318,622	254,663
Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries	138,362	-	138,362	135,254
Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries - Rep Payee Review Project	538,805	-	538,805	53,013
Advocacy for Developmental Disabilities/Mental Illness	175,543	-	175,543	174,819
Total program services	<u>3,822,133</u>	<u>-</u>	<u>3,822,133</u>	<u>3,240,459</u>
Supporting services				
Management and general	473,883	-	473,883	394,487
Fundraising	4,145	-	4,145	4,277
Total supporting services	<u>478,028</u>	<u>-</u>	<u>478,028</u>	<u>398,764</u>
Total expenses	<u>4,300,161</u>	<u>-</u>	<u>4,300,161</u>	<u>3,639,223</u>
CHANGE IN NET ASSETS	8,845	47,796	56,641	(4,809)
NET ASSETS, beginning of year	<u>813,378</u>	<u>-</u>	<u>813,378</u>	<u>818,187</u>
NET ASSETS, end of year	<u>\$ 822,223</u>	<u>\$ 47,796</u>	<u>\$ 870,019</u>	<u>\$ 813,378</u>

See notes to financial statements.

MICHIGAN PROTECTION & ADVOCACY SERVICE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019					2018				
	Supporting Services					Supporting Services				
	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries	\$ 2,063,975	\$ 264,267	\$ 2,046	\$ 266,313	\$ 2,330,288	\$ 1,729,715	\$ 215,431	\$ 316	\$ 215,747	\$ 1,945,462
Fringe benefits	637,285	53,031	676	53,707	690,992	577,544	55,162	98	55,260	632,804
Payroll taxes	150,668	19,293	154	19,447	170,115	126,982	15,796	24	15,820	142,802
Contracted services	96,835	59,841	377	60,218	157,053	124,637	41,036	-	41,036	165,673
Conferences, meetings and travel	178,961	20,441	94	20,535	199,496	113,514	12,338	2,440	14,778	128,292
Occupancy/utilities	327,533	20,463	-	20,463	347,996	255,250	20,597	-	20,597	275,847
Repairs and maintenance	33,936	572	-	572	34,508	16,799	662	-	662	17,461
Supplies and miscellaneous	78,635	2,389	50	2,439	81,074	40,982	2,338	29	2,367	43,349
Printing	21,169	79	71	150	21,319	22,325	268	466	734	23,059
Telephone	40,961	253	-	253	41,214	22,675	-	-	-	22,675
Postage	16,212	370	57	427	16,639	20,275	648	279	927	21,202
Publications	28,358	704	-	704	29,062	30,287	348	-	348	30,635
Insurance and organizational expenses	72,449	2,866	620	3,486	75,935	60,982	1,021	625	1,646	62,628
Computer services	75,156	3,841	-	3,841	78,997	98,492	3,200	-	3,200	101,692
Depreciation	-	25,473	-	25,473	25,473	-	25,642	-	25,642	25,642
TOTAL DIRECT EXPENSES	\$ 3,822,133	\$ 473,883	\$ 4,145	\$ 478,028	\$ 4,300,161	\$ 3,240,459	\$ 394,487	\$ 4,277	\$ 398,764	\$ 3,639,223
Total direct expenses	\$ 3,822,133	\$ 473,883	\$ 4,145	\$ 478,028	\$ 4,300,161	\$ 3,240,459	\$ 394,487	\$ 4,277	\$ 398,764	\$ 3,639,223
Indirect costs charged	424,211	(424,780)	569	(424,211)	-	363,410	(363,806)	396	(363,410)	-
TOTAL EXPENSES	\$ 4,246,344	\$ 49,103	\$ 4,714	\$ 53,817	\$ 4,300,161	\$ 3,603,869	\$ 30,681	\$ 4,673	\$ 35,354	\$ 3,639,223

See notes to financial statements.

MICHIGAN PROTECTION & ADVOCACY SERVICE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2019

Program services

Department of Health and Human Services

	Developmental Disabilities Basic Support and Advocacy Grants CFDA # 93.630	Protection and Advocacy for Individuals with Mental Illness CFDA # 93.138	State Grants for Protection and Advocacy Services CFDA # 93.873	Voting Access for Individuals with Disabilities - Grants for Protection and Advocacy Systems CFDA # 93.618	ACL Assistive Technology State Grants for Protection and Advocacy CFDA # 93.843	ACL National Institute on Disability, Independent Living, and Rehabilitation Research CFDA # 93.433
Salaries	\$ 633,065	\$ 490,747	\$ 24,267	\$ 63,148	\$ 50,800	\$ 5,428
Fringe benefits	206,181	158,660	7,606	20,255	16,508	1,561
Payroll taxes	45,981	35,685	1,744	4,730	3,647	529
Contracted services	55,133	6,092	155	322	1,293	3,150
Conferences, meetings and travel	49,605	40,538	1,055	3,550	2,971	7,279
Occupancy/utilities	102,811	80,051	4,027	10,321	8,277	-
Repairs and maintenance	8,224	5,371	322	586	564	-
Supplies and miscellaneous	23,250	14,080	815	1,276	1,615	117
Printing	7,219	4,677	216	612	417	-
Telephone	13,850	9,859	438	1,405	857	-
Postage	4,589	3,234	110	448	378	11
Publications	14,715	7,607	99	2,646	653	-
Insurance and organizational expenses	24,305	17,698	1,574	1,785	2,142	-
Computer services	28,963	21,792	1,147	2,795	2,048	-
TOTAL DIRECT EXPENSES	\$ 1,217,891	\$ 896,091	\$ 43,575	\$ 113,879	\$ 92,170	\$ 18,075
Total direct expenses	\$ 1,217,891	\$ 896,091	\$ 43,575	\$ 113,879	\$ 92,170	\$ 18,075
Indirect costs charged	135,670	99,825	4,853	12,687	10,268	1,925
TOTAL EXPENSES	1,353,561	995,916	48,428	126,566	102,438	20,000
Capitalized expenditure and capital lease payments	898	837	41	121	72	-
Total federal award expenditures	\$ 1,354,459	\$ 996,753	\$ 48,469	\$ 126,687	\$ 102,510	\$ 20,000

See notes to financial statements.

Department of Education		Social Security Administration		State of Michigan	
Protection and Advocacy of Individual Rights CFDA # 84.240A	Rehabilitation Services Client Assistance Program CFDA # 84.161A	Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries CFDA # 96.009	Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries - Rep Payee Review Project CFDA # 96.009	Advocacy for Developmental Disabilities/ Mental Illness	Total Program Services
\$ 146,192	\$ 174,454	\$ 76,281	\$ 289,534	\$ 110,059	\$ 2,063,975
46,319	56,541	24,896	63,550	35,208	637,285
10,397	12,669	5,527	21,505	8,254	150,668
1,823	893	2,515	25,459	-	96,835
8,580	18,699	4,798	40,360	1,526	178,961
24,124	28,375	12,361	48,342	8,844	327,533
1,975	2,315	1,115	9,646	3,818	33,936
5,156	2,775	1,442	26,232	1,877	78,635
1,642	3,886	818	1,682	-	21,169
3,348	3,129	1,362	5,211	1,502	40,961
1,134	1,227	352	686	4,043	16,212
1,858	633	147	-	-	28,358
8,265	6,215	3,475	6,598	392	72,449
8,307	6,811	3,273	-	20	75,156
<u>\$ 269,120</u>	<u>\$ 318,622</u>	<u>\$ 138,362</u>	<u>\$ 538,805</u>	<u>\$ 175,543</u>	<u>\$ 3,822,133</u>
\$ 269,120	\$ 318,622	\$ 138,362	\$ 538,805	\$ 175,543	\$ 3,822,133
29,981	35,495	15,413	59,237	18,857	424,211
299,101	354,117	153,775	598,042	\$ 194,400	\$ 4,246,344
290	272	109	11,037		
<u>\$ 299,391</u>	<u>\$ 354,389</u>	<u>\$ 153,884</u>	<u>\$ 609,079</u>		

See notes to financial statements.

MICHIGAN PROTECTION & ADVOCACY SERVICE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2018

	Program services					
	Department of Health and Human Services					
	Developmental Disabilities Basic Support and Advocacy Grants CFDA # 93.630	Protection and Advocacy for Individuals with Mental Illness CFDA # 93.138	State Grants for Protection and Advocacy Services CFDA # 93.873	Voting Access for Individuals with Disabilities - Grants for Protection and Advocacy Systems CFDA # 93.618	ACL Assistive Technology State Grants for Protection and Advocacy CFDA # 93.843	ACL National Institute on Disability, Independent Living, and Rehabilitation Research CFDA # 93.433
Salaries	\$ 605,934	\$ 458,147	\$ 28,545	\$ 44,768	\$ 42,934	\$ 5,774
Fringe benefits	204,226	152,049	9,814	13,623	14,954	1,790
Payroll taxes	44,374	33,424	2,124	3,279	3,088	433
Contracted services	89,596	6,295	240	20,225	951	3,250
Conferences, meetings and travel	45,389	29,164	1,174	4,670	1,832	6,922
Occupancy/utilities	93,708	70,613	4,410	6,921	6,668	-
Repairs and maintenance	4,421	2,834	169	(38)	328	-
Supplies and miscellaneous	12,907	7,112	586	597	838	200
Printing	9,739	3,315	247	2,537	354	407
Telephone	8,697	5,720	410	469	549	-
Postage	7,804	5,854	352	411	587	9
Publications	18,691	6,284	180	96	509	-
Insurance and organizational expenses	22,957	16,061	1,470	1,224	2,404	-
Computer services	37,971	26,351	1,952	1,584	3,502	-
TOTAL DIRECT EXPENSES	\$ 1,206,414	\$ 823,223	\$ 51,673	\$ 100,366	\$ 79,498	\$ 18,785
Total direct expenses	\$ 1,206,414	\$ 823,223	\$ 51,673	\$ 100,366	\$ 79,498	\$ 18,785
Indirect costs charged	136,325	93,024	5,839	9,081	8,983	1,800
TOTAL EXPENSES	1,342,739	916,247	57,512	109,447	88,481	20,585
Capitalized expenditure and capital lease payments	1,629	1,177	91	45	181	-
Total federal award expenditures	\$ 1,344,368	\$ 917,424	\$ 57,603	\$ 109,492	\$ 88,662	\$ 20,585

See notes to financial statements.

Department of Education		Social Security Administration		State of Michigan	
Protection and Advocacy of Individual Rights CFDA # 84.240A	Rehabilitation Services Client Assistance Program CFDA # 84.161A	Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries CFDA # 96.009	Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries - Rep Payee Review Project CFDA # 96.009	Advocacy for Developmental Disabilities/ Mental Illness	Total Program Services
\$ 189,422	\$ 142,789	\$ 76,853	\$ 22,584	\$ 111,965	\$ 1,729,715
63,388	47,866	25,887	7,566	36,381	577,544
13,983	10,444	5,675	1,761	8,397	126,982
2,739	901	413	27	-	124,637
8,419	5,616	2,248	6,617	1,463	113,514
29,304	22,093	11,885	-	9,648	255,250
1,424	1,226	232	5,812	391	16,799
3,107	1,348	786	8,645	4,856	40,982
1,513	3,210	785	-	218	22,325
2,556	1,777	996	1	1,500	22,675
2,863	1,847	548	-	-	20,275
3,440	671	416	-	-	30,287
8,032	5,649	3,185	-	-	60,982
12,561	9,226	5,345	-	-	98,492
<u>\$ 342,751</u>	<u>\$ 254,663</u>	<u>\$ 135,254</u>	<u>\$ 53,013</u>	<u>\$ 174,819</u>	<u>\$ 3,240,459</u>
\$ 342,751	\$ 254,663	\$ 135,254	\$ 53,013	\$ 174,819	\$ 3,240,459
38,731	28,772	15,284	5,990	19,581	363,410
381,482	283,435	150,538	59,003	<u>\$ 194,400</u>	<u>\$ 3,603,869</u>
588	498	317	-		
<u>\$ 382,070</u>	<u>\$ 283,933</u>	<u>\$ 150,855</u>	<u>\$ 59,003</u>		

See notes to financial statements.

MICHIGAN PROTECTION & ADVOCACY SERVICE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash flows from operating activities		
Change in net assets	\$ 56,641	\$ (4,809)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities		
Depreciation	25,473	25,642
Grants and contracts receivable	(188,327)	157,926
Prepaid expenses	4,483	(8,703)
Accounts payable	(9,462)	(18,113)
Deferred revenue	92,397	(34,520)
Accrued payroll and related	19,781	30,067
Accrued lease payable	16,923	(17,515)
Total adjustments	(38,732)	134,784
Net cash provided by operating activities	17,909	129,975
Cash flows from investing activities		
Purchases of equipment	(11,037)	-
Purchases of investments	-	(908,000)
Proceeds from sales of investments	-	858,000
Net cash used by investing activities	(11,037)	(50,000)
Cash flows from financing activities		
Principal payments on capital lease obligation	(3,394)	(4,526)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,478	75,449
CASH AND CASH EQUIVALENTS		
Beginning of year	351,201	275,752
End of year	\$ 354,679	\$ 351,201

See notes to financial statements.

**MICHIGAN PROTECTION & ADVOCACY SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Michigan Protection & Advocacy Service, Inc.'s (hereinafter referred to as "Organization") financial statements have been prepared on the accrual basis of accounting, which recognizes income when earned and expenses when incurred.

Cash equivalents - Cash and cash equivalents consist of cash accounts and money market funds. Cash held by investment managers are considered investment rather than cash equivalent.

Investments - The only investments held by the Organization are certificates of deposit, which are recorded at cost.

Grants and contracts receivable - The Organization's grants and contracts are comprised primarily of receivables from federal and nonfederal granting agencies. Management feels no allowance for doubtful accounts is considered necessary based on historical trends. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Equipment - Assets are recorded at cost and are depreciated over their estimated useful lives using the straight-line method. Costs of maintenance and repairs are charged to expense when incurred. Equipment with a cost of \$5,000 or more and a useful life of more than one year are capitalized.

Equipment acquired with federal funds and recorded in the financial statements remain vested in the federal government. The Organization must maintain an inventory listing of its federally owned property. When the property is no longer needed, the Organization shall report the property to the federal sponsoring agency for further utilization. For the years ended September 30, 2019 and 2018, the net value of the property and equipment acquired with federal funds was \$13,677 and \$4,426, respectively.

Revenue recognition - Revenue is recognized when earned. Substantially all of the Organization's revenue is derived from grants and is recognized as services are provided. Grant and contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give are recognized when the conditions on which they depend have been substantially met.

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

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor or grantor restrictions. The Michigan Protection & Advocacy Service, Inc. has designated, from net assets without donor restrictions, designated and undesignated. Net assets without donor restriction as of September 30 consist of the following:

	2019	2018
Undesignated	\$ 766,419	\$ 307,280
Designated		
Operations and contingency reserve	-	400,000
IT and capital asset reserve	-	60,000
Equipment fund	31,662	46,098
Educating policymakers	24,142	-
	<u>55,804</u>	<u>506,098</u>
	<u>\$ 822,223</u>	<u>\$ 813,378</u>

**MICHIGAN PROTECTION & ADVOCACY SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net assets with donor restrictions - Net assets subject to donor (or grantor) imposed restrictions. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources are maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, or when the stipulated purpose has been accomplished (See Note 9).

Functional allocation of expenses - The costs of providing program and other activities have been reported in the statement of activities. The statements of functional expenses present the natural classification of expenses that are allocated to program or supporting functions of the Organization. Allocated expenses primarily consist of payroll and related, professional fees, and general expenses based on salary and wage analysis and management's estimated use of resources.

Reclassification - Certain prior year numbers have been reclassified to be in conformity with the current year presentation.

NOTE 2 - ORGANIZATION STRUCTURE, RISKS AND UNCERTAINTIES

Michigan Protection & Advocacy Service, Inc. is organized as a nonprofit corporation under provisions of Section 501(c)(3) of the Internal Revenue Code, and as such is not subject to income taxes. The Organization's primary purpose is to provide services for the protection and advocacy of the rights of persons with disabilities in the state of Michigan in the form of legal services, systemic advocacy, technical assistance, information and referral.

Program expenses relate to the aforementioned mission and are described as follows:

Developmental Disabilities Basic Support and Advocacy Grants Program focuses on advocacy to promote individuals with developmental disabilities to become independent, productive, integrated and included in their communities. Funding is used in the development of a plan for a comprehensive and coordinated system of services and other activities to enhance the lives of individuals with developmental disabilities and their families to achieve their maximum potential, and to support a system which protects the legal and human rights of individuals with developmental disabilities.

Protection and Advocacy for Individuals with Mental Illness Program is dedicated to protecting and advocating for the rights of individuals with mental illness, investigating incidents of abuse and neglect of individuals with mental illness, and investigating incidents of serious injury and deaths in public and private care and treatment facilities and non-medical community-based facilities for children and youth.

State Grants for Protection and Advocacy Services Program works to establish systems to provide services to individuals with traumatic brain injury which may include the provision of information, referrals, and advocacy of individuals or families, legal representation, and specific assistance in self-advocacy.

**MICHIGAN PROTECTION & ADVOCACY SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - ORGANIZATION STRUCTURE, RISKS AND UNCERTAINTIES (continued)

Voting Access for Individuals with Disabilities - Grants for Protection and Advocacy Systems Program focuses on ensuring full participation in the electoral process for individuals with disabilities by providing education, training and assistance to individuals with disabilities that will promote their participation in the electoral process. The program also participates in advocacy and education efforts related to program implementation efforts in their state, as well as the training and education of election officials, poll workers, and election volunteers regarding the rights of the voters with disabilities and best practices in working with individuals with disabilities.

ACL Assistive Technology State Grants for Protection and Advocacy Program provides protection and advocacy services for the purpose of assisting in the acquisition, utilization, or maintenance of assistive technology or assistive technology services for individuals with disabilities.

ACL National Institute on Disability, Independent Living, and Rehabilitation Research Program works to support and coordinate research and its utilization in order to improve the lives of people of all ages with physical and mental disabilities.

Program of Protection and Advocacy of Individual Rights Program works to provide support systems for protection and advocacy for the rights of individuals with disabilities who are ineligible for advocacy services from the other protection and advocacy programs or whose problems fall outside the scope of services available from the Client Assistance Program.

Rehabilitation Services Client Assistance Program provides assistance in informing and advising clients and client applicants of available benefits under the Rehabilitation Act, to assist and advocate for clients and client applicants in their relationships with projects, programs and services provided under this Act, including assistance and advocacy in pursuing legal, administrative and other appropriate remedies, and to provide information on available services under the Act and Title I of the Americans with Disabilities Act to any individual with disabilities in the state.

Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries Program works to comply with the Ticket-to-Work and Work Incentives Improvement Act legislation passed in December 1999, permitting the SSA to make payments to each state to the protection and advocacy system established for the purpose of providing services to beneficiaries with disabilities who want to work.

Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries - Rep Payee Review Program performs site reviews for individuals receiving Social Security benefits in order to mitigate the risk of fraud, financial misuse, neglect or abuse to the intended beneficiaries by the representative payees.

Advocacy for Developmental Disabilities/Mental Illness Program supplements protection and advocacy services for persons with developmental disabilities and persons labeled as mentally ill.

MICHIGAN PROTECTION & ADVOCACY SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - ORGANIZATION STRUCTURE, RISKS AND UNCERTAINTIES (continued)

The Organization is required to disclose concentrations of credit risk regardless of the degree of such risk. Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist primarily of cash, certain investments, and grants receivable. The Organization's cash is deposited with FDIC insured financial institutions. Although such cash balances may exceed federally insured limits at certain times during the year, and at year-end, they are, in the opinion of management, subject to minimal risk. Credit risk arising from money market fund investments are minimized because of the diverse fund investments. Credit risk with respect to grant receivables is limited because the majority of the accounts are due from governmental units.

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

As of September 30, 2019 and 2018, the Organization received approximately 54% and 67% of its revenues from the U.S. Department of Health and Human Services, approximately 17% and 21% of its revenues from the U.S. Department of Education, and approximately 18% and 5% of its revenues from the U.S. Social Security Administration, respectively. The U.S. Department of Health and Human Services also constitutes approximately 44% and 60% of the Organization's receivable balance as of September 30, 2019 and 2018, respectively.

In the preparation of tax returns, tax positions are taken based on interpretation of federal, state and local income tax laws. Management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been identified, or recorded, as uncertain tax positions. Federal, state and local tax returns generally remain open for examination by the various taxing authorities for a period of 3 to 4 years.

The Organization evaluates events and transactions that occur after year end for potential recognition or disclosure in the financial statements. As of December 20, 2019, which is the date the financial statements were available to be issued, there were no subsequent events which required recognition or disclosure.

MICHIGAN PROTECTION & ADVOCACY SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - LIQUIDITY AND AVAILABILITY

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program service activities as well as the conduct of services undertaken to support those activities to be general expenditures.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following at September 30, 2019.

	2019
Cash and cash equivalents	\$ 354,679
Investments	908,000
Grants and contracts receivable	517,979
Total financial assets	1,780,658
Contractual or donor- imposed restrictions	
Less purpose restricted funds	(47,796)
Board designated	
Less reserves and board designations	(55,804)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,677,058

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

NOTE 4 - GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable at September 30 consisted of the following:

	2019	2018
U.S. Department of Human Services	\$ 246,338	\$ 217,930
U.S. Department of Education	87,716	6,386
Social Security Administration	172,562	80,047
Total federal	506,616	304,363
Michigan Department of Community Health	11,363	25,098
Other	-	191
Total state and other	11,363	25,289
Total receivables	\$ 517,979	\$ 329,652

MICHIGAN PROTECTION & ADVOCACY SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - EQUIPMENT

The cost of equipment at September 30 consists of the following:

	<u>2019</u>	<u>2018</u>
Equipment	\$ 198,817	\$ 187,780
Less accumulated depreciation	<u>(167,155)</u>	<u>(141,682)</u>
	<u>\$ 31,662</u>	<u>\$ 46,098</u>
Depreciation expense	<u>\$ 25,473</u>	<u>\$ 25,642</u>

NOTE 6 - DEFERRED REVENUE

Deferred revenue at September 30 consisted of the following:

	<u>2019</u>	<u>2018</u>
Developmental Disabilities Basic Support and Advocacy Grants	\$ 303,784	\$ 297,267
Protection and Advocacy for Individuals with Mental Illness	150,854	147,509
Client Assistance Program	34,178	34,178
Assistive Technology	68,223	68,223
ACL Assistive Technology	81,105	-
Skadden Fellowship Foundation	<u>20,558</u>	<u>19,128</u>
Total	<u>\$ 658,702</u>	<u>\$ 566,305</u>

NOTE 7 - LEASES

Operating Leases

The Organization rents office space in Lansing and Marquette, Michigan. The leases are operating lease agreements with varying terms that expire through December 31, 2026. Occupancy expense, including utilities, for the years ended September 30, 2019 and 2018 were \$347,996 and \$275,847, respectively. Future operating lease commitments are as follows:

<u>Year Ending September 30,</u>	
2020	\$ 317,988
2021	317,988
2022	317,988
2023	317,988
2024	317,988
2025 - 2026	<u>397,484</u>
Total	<u>\$ 1,987,424</u>

MICHIGAN PROTECTION & ADVOCACY SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - RETIREMENT PLAN

The Organization has adopted a defined contribution retirement plan for its employees. It is authorized under Internal Revenue Code Section 403(b). Contributions are applied to individual annuity contracts.

All employees meeting certain age and length of service requirements are eligible to participate in the plan. The employees enter into salary reduction agreements, which determine the amount of their contribution to the plan. The Organization also contributes to the plan an amount equal to 5% of the gross wages of the participants.

Employer contributions to the 403(b) plan were \$94,303 and \$82,117 for the years ended September 30, 2019 and 2018, respectively.

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at September 30:

	<u>2019</u>
Subject to the expenditure for specified purpose	
Special education and website redesign	<u>\$ 47,796</u>
Total net assets with donor restrictions	<u><u>\$ 47,796</u></u>

NOTE 10 - SUBSEQUENT EVENT NOTE

As of September 30, 2019, the Organization intends to purchase the office space in which they are currently leasing in Lansing, Michigan. The current proposal for the purchase of the building is in the amount of \$2,000,000 and requires a 20% down payment of \$400,000. The remaining balance of \$1,600,000 will be financed over a term of 20 years with an estimated interest rate of 4.75%. As of the financial statement report date, the transaction is not finalized.

MICHIGAN PROTECTION & ADVOCACY SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 11 - NEW ACCOUNTING STANDARD

In August 2016, the FASB issued ASU No. 2016-14, "*Presentation of Financial Statement of Not-for-Profit Entities*" (*Topic 958*). The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. In addition, ASU 2016-14 removes the requirement that not-for-profit entities that chose to prepare the statements of cash flows using the direct method must also present a reconciliation (the indirect method). The Organization adopted ASU No. 2016-14 for the year ending September 30, 2019. The September 30, 2018 comparative information has been reclassified to conform to the current year presentation.

SUPPLEMENTARY INFORMATION

MICHIGAN PROTECTION & ADVOCACY SERVICE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Award or Pass- Through Grantor's Number	Approved Grant Award Amount	Accrued (Deferred) Revenue at 10/1/2018	Prior Cumulative Expenditures (Memo Only)	Current Year Cash Receipts	Current Year Expenditures	Accrued (Deferred) Revenue at 9/30/2019
U.S. Department of Health and Human Services								
Direct program								
Basic Support and Advocacy Grants								
Developmental Disabilities Basic Support and Advocacy Grants	93.630	1801-MIPADD 1901MIPADD-01 Program Income	\$ 1,093,387 1,019,343 -	\$ 107,087 - (297,267)	\$ 683,865 - -	\$ 516,609 718,666 180,603	\$ 409,522 770,851 174,086	\$ - 52,185 (303,784)
Total Basic Support and Advocacy Grants				(190,180)	683,865	1,415,878	1,354,459	(251,599)
Protection and Advocacy for Individuals with Mental Illness	93.138	3X98SM002697-17S2 3X98SM002697-18S2 5X98SM002697-19 Program Income	887,795 878,974 872,164 -	34,661 33,674 - (147,509)	887,795 33,674 - -	34,661 878,974 8,727 3,345	- 845,300 151,453 -	- - 142,726 (150,854)
				(79,174)	921,469	925,707	996,753	(8,128)
State Grants for Protection and Advocacy Services	93.873	1801MIPATB 1901MIPATB-01	95,103 94,202	7,766 -	57,603 -	45,266 4,411	37,500 10,969	- 6,558
				7,766	57,603	49,677	48,469	6,558
Voting Access for Individuals with Disabilities - Grants for Protection and Advocacy Systems	93.618	1703MIVOTP 1803MIVOTP	86,947 123,015	14,146 -	18,263 -	82,830 31,471	68,684 58,003	- 26,532
				14,146	18,263	114,301	126,687	26,532
ACL Assistive Technology State Grants for Protection and Advocacy	93.843	1801MIPAAT 1901MIPAAT Program Income	119,968 118,702 -	10,662 - -	88,662 - -	41,968 32,540 110,136	31,306 42,173 29,031	- 9,633 (81,105)
				10,662	88,662	184,644	102,510	(71,472)
				(236,780)	1,769,862	2,690,207	2,628,878	(298,109)
Passed through University of Illinois - Chicago								
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433	90DP0091-02-00 90DP0091-03-00	20,000 20,000	9,934 -	20,000 -	9,934 11,296	- 20,000	- 8,704
				9,934	20,000	21,230	20,000	8,704
Total U.S. Department of Health and Human Services				(226,846)	1,789,862	2,711,437	2,648,878	(289,405)

The accompanying notes are an integral part of this schedule.

MICHIGAN PROTECTION & ADVOCACY SERVICE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Award or Pass- Through Grantor's Number	Approved Grant Award Amount	Accrued (Deferred) Revenue at 10/1/2018	Prior Cumulative Expenditures (Memo Only)	Current Year Cash Receipts	Current Year Expenditures	Accrued (Deferred) Revenue at 9/30/2019
U.S. Department of Education								
Direct program								
Program of Protection and Advocacy of Individual Rights	84.240A	H240A180023	\$ 449,532	\$ 4,272	\$ 265,455	\$ 188,349	\$ 184,077	\$ -
		H240A190023	447,326	-	-	73,995	115,314	41,319
				4,272	265,455	262,344	299,391	41,319
Rehabilitation Services Client Assistance Program	84.161A	H161A180010	334,997	2,114	163,021	174,090	171,976	-
		H161A190010	333,340	-	-	136,016	182,413	46,397
				2,114	163,021	310,106	354,389	46,397
Passed through the State of Michigan								
Michigan Jobs Commission - Client Assistance Program	84.161A			(34,178)	-	-	-	(34,178)
Total CFDA #84.161A				(32,064)	163,021	310,106	354,389	12,219
Michigan Disability Rights Coalition - Assistive Technology	84.224A			(68,223)	-	-	-	(68,223)
Total U.S. Department of Education				(96,015)	428,476	572,450	653,780	(14,685)
Social Security Administration								
Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries	96.009	PAB13020266-01-07	163,605	21,044	108,366	76,283	55,239	-
		PAB19020358-01-00	163,605	-	-	85,917	98,645	12,728
		SPS18000027-01-00	872,427	59,003	59,003	508,248	609,079	159,834
Total Social Security Administration				80,047	167,369	670,448	762,963	172,562
Total Federal Expenditures				\$ (242,814)	\$ 2,385,707	\$ 3,954,335	\$ 4,065,621	\$ (131,528)

The accompanying notes are an integral part of this schedule.

MICHIGAN PROTECTION & ADVOCACY SERVICE, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Michigan Protection & Advocacy Service, Inc. under programs of the federal government for the year ended September 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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 Michigan Protection & Advocacy Service, Inc. it is not intended to and does not present the financial position, changes in net assets or cash flows of Michigan Protection & Advocacy Service, Inc.

NOTE 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 principals contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass through entity identifying numbers are presented where available. Michigan Protection & Advocacy Service, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. The Organization does not pass through federal funds.

**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
Michigan Protection & Advocacy Service, Inc.

We have audited, 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, the financial statements of Michigan Protection & Advocacy Service, Inc. (a nonprofit corporation), which comprise the statement of financial position as of September 30, 2019, and the related statements of activities and changes in net assets, 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 December 20, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Michigan Protection & Advocacy Service, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Michigan Protection & Advocacy Service, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Michigan Protection & Advocacy Service, Inc.'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 the 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 Michigan Protection & Advocacy Service, Inc.'s financial statements are free from 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Manes Costeiran PC

December 20, 2019

**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
Michigan Protection & Advocacy Service, Inc.

Report on Compliance for Each Major Federal Program

We have audited Michigan Protection & Advocacy Service, Inc.'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 Michigan Protection & Advocacy Service, Inc.'s major federal programs for the year ended September 30, 2019. Michigan Protection & Advocacy Service, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Michigan Protection & Advocacy Service, Inc.'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 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 Michigan Protection & Advocacy Service, Inc.'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 Michigan Protection & Advocacy Service, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Michigan Protection & Advocacy Service, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.

Report on Internal Control Over Compliance

Management of Michigan Protection & Advocacy Service, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Michigan Protection & Advocacy Service, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Michigan Protection & Advocacy Service, Inc.'s internal control over compliance.

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

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.

Maney Costeiran PC

December 20, 2019

**MICHIGAN PROTECTION & ADVOCACY SERVICE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2019**

Section I - 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(ies) identified? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

➤ Material weakness(es) identified? _____ Yes X No

➤ Significant deficiency(ies) identified? _____ Yes X None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings that are required to be reported in accordance with Title 2 CFR Section 200.516(a)? _____ Yes X No

Identification of major programs:

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

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

\$ 750,000

Auditee qualified as low-risk auditee? X Yes _____ No

Section II - Financial Statement Findings

None noted

Section III - Federal Award Findings and Questioned Costs

None noted

**MICHIGAN PROTECTION & ADVOCACY SERVICE, INC.
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2019**

There were no audit findings in the prior year.