



Equip for Equality, Inc.

Single Audit
September 30, 2021

Sassetti



CERTIFIED PUBLIC ACCOUNTANTS

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Board of Directors
Equip for Equality, Inc.
Chicago, Illinois

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Equip for Equality, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' 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.

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 Equip for Equality, Inc. as of September 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Other information

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* (CFR) 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 April 7, 2022, on our consideration of Equip for Equality, 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 Equip for Equality, Inc.'s internal control over financial reporting and compliance.

Sassetti LLC

Oak Park, Illinois
April 7, 2022

EQUIP FOR EQUALITY, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2021

| | |
|--|----------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 2,334,782 |
| Receivables: | |
| Federal and state grants | 687,571 |
| Private grants | 310,268 |
| Prepaid expenses | 220,100 |
| Security deposits | 50,480 |
| Property and equipment, net | <u>119,292</u> |
| Total Assets | <u><u>\$ 3,722,493</u></u> |
| LIABILITIES | |
| Accounts payable | \$ 73,714 |
| Accrued salaries, wages and other compensation | 926,607 |
| Notes payable | 20,884 |
| Deferred revenue | <u>127,491</u> |
| Total Liabilities | <u>1,148,696</u> |
| NET ASSETS | |
| Without Donor Restrictions | |
| Undesignated | 2,201,082 |
| Net investment in property and equipment | <u>119,292</u> |
| Total Unrestricted Net Assets | 2,320,374 |
| With Donor Restrictions | <u>253,423</u> |
| Total Net Assets | <u>2,573,797</u> |
| Total Liabilities and Net Assets | <u><u>\$ 3,722,493</u></u> |

The accompanying notes are an integral part of these financial statements.

EQUIP FOR EQUALITY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2021

| | Without Donor Restrictions | With Donor Restriction | Total |
|---------------------------------------|-------------------------------|---------------------------|--------------|
| REVENUES AND OTHER SUPPORT | | | |
| Government Funds and Support: | | | |
| Government grants and contracts | \$ 5,909,280 | \$ - | \$ 5,909,280 |
| Private Funds and Support: | | | |
| Private foundation grants | 299,083 | 467,594 | 766,677 |
| Corporations and law firms | 128,921 | - | 128,921 |
| Individual contributions | 86,050 | - | 86,050 |
| Donated services | 24,244 | - | 24,244 |
| Earned and Program Income: | | | |
| Program income | 201,994 | - | 201,994 |
| Earned income | 22,925 | - | 22,925 |
| Interest | 6,718 | - | 6,718 |
| Miscellaneous income | 23,245 | - | 23,245 |
| Net assets released from restrictions | 465,613 | (465,613) | - |
| | 7,168,073 | 1,981 | 7,170,054 |
| EXPENSES | | | |
| Program services | 6,046,660 | - | 6,046,660 |
| Administrative and general | 1,768,250 | - | 1,768,250 |
| Fundraising | 73,844 | - | 73,844 |
| | 7,888,754 | - | 7,888,754 |
| CHANGE IN NET ASSETS | (720,681) | 1,981 | (718,700) |
| NET ASSETS | | | |
| Beginning of year | 3,041,055 | 251,442 | 3,292,497 |
| End of year | \$ 2,320,374 | \$ 253,423 | \$ 2,573,797 |

The accompanying notes are an integral part of these financial statements.

EQUIP FOR EQUALITY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2021

Program Services

| | DD P&A | MI P&A | PAIR | AT P&A | TBI P&A | PABSS | PABSS REP P&A |
|------------------------------------|--------------|--------------|------------|------------|------------|------------|---------------|
| Salaries | \$ 680,751 | \$ 647,371 | \$ 437,164 | \$ 128,731 | \$ 64,819 | \$ 84,190 | \$ 386,518 |
| Payroll taxes | 50,393 | 47,756 | 32,452 | 9,452 | 4,800 | 6,275 | 28,624 |
| Employee insurance | 127,450 | 108,181 | 79,091 | 20,875 | 10,650 | 14,465 | 96,491 |
| Other employee benefits | 26,887 | 24,407 | 16,239 | 4,855 | 2,538 | 2,976 | 7,532 |
| Total salaries and fringe benefits | 885,481 | 827,715 | 564,946 | 163,913 | 82,807 | 107,906 | 519,165 |
| Professional fees - case related | 21,373 | 16,561 | 46,373 | 1,700 | 122 | 530 | - |
| Resource and research fees | 14,857 | 11,451 | 11,391 | 2,686 | 1,452 | 2,544 | 6,157 |
| Consultants and professional fees | 2,679 | 2,466 | 1,561 | 634 | 321 | 518 | 1,255 |
| Occupancy costs | 139,327 | 113,974 | 92,953 | 26,410 | 11,257 | 19,109 | 69,150 |
| Other contractual | 24,814 | 22,481 | 18,124 | 5,200 | 2,499 | 3,428 | 16,854 |
| Office supplies and expenses | 10,349 | 10,512 | 8,162 | 2,143 | 1,034 | 1,630 | 5,830 |
| Staff travel and development | 3,585 | 4,462 | 2,259 | 226 | 2,205 | 849 | 3,977 |
| Design and printing | 1 | 174 | - | - | - | - | - |
| Equipment and computer expenses | 11,575 | 11,087 | 7,941 | 2,865 | 1,106 | 1,369 | 5,129 |
| Depreciation and amortization | 10,451 | 9,579 | 7,072 | 1,931 | 965 | 1,294 | 5,888 |
| Total expenses | \$ 1,124,492 | \$ 1,030,462 | \$ 760,782 | \$ 207,708 | \$ 103,768 | \$ 139,177 | \$ 633,405 |

The accompanying notes are an integral part of these financial statements.

EQUIP FOR EQUALITY, INC.
STATEMENT OF FUNCTIONAL EXPENSES - CONTINUED
YEAR ENDED SEPTEMBER 30, 2021

| | Program Services | | | Support Services | | Total Expenses |
|------------------------------------|------------------|--------------|------------------------|----------------------------|-------------|----------------|
| | HAVA P&A | Other | Total Program Services | General and Administrative | Fundraising | |
| Salaries | \$ 53,571 | \$ 1,309,020 | \$ 3,792,135 | \$ 1,046,124 | \$ 39,076 | \$ 4,877,335 |
| Payroll taxes | 3,797 | 91,926 | 275,475 | 68,261 | 2,361 | 346,097 |
| Employee insurance | 9,901 | 208,283 | 675,387 | 107,524 | 4,770 | 787,681 |
| Other employee benefits | 1,404 | 37,882 | 124,720 | 38,364 | 1,162 | 164,246 |
| Total salaries and fringe benefits | 68,673 | 1,647,111 | 4,867,717 | 1,260,273 | 47,369 | 6,175,359 |
| Professional fees - case related | - | 10,636 | 97,295 | - | - | 97,295 |
| Resource and research fees | 1,556 | 13,934 | 66,028 | 12,491 | 565 | 79,084 |
| Consultants and professional fees | 255 | 7,404 | 17,093 | 148,867 | 13,964 | 179,924 |
| Occupancy costs | 12,351 | 186,015 | 670,546 | 139,509 | 5,339 | 815,394 |
| Other contractual | 2,037 | 32,184 | 127,621 | 72,884 | 1,898 | 202,403 |
| Office supplies and expenses | 916 | 10,638 | 51,214 | 14,473 | 323 | 66,010 |
| Staff travel and development | 2,825 | 11,994 | 32,382 | 39,400 | 486 | 72,268 |
| Design and printing | - | 31 | 206 | 7,661 | - | 7,867 |
| Equipment and computer expenses | 2,908 | 18,384 | 62,364 | 70,154 | 767 | 133,285 |
| Depreciation and amortization | 859 | 16,155 | 54,194 | 2,538 | 3,133 | 59,865 |
| Total expenses | \$ 92,380 | \$ 1,954,486 | \$ 6,046,660 | \$ 1,768,250 | \$ 73,844 | \$ 7,888,754 |

The accompanying notes are an integral part of these financial statements.

EQUIP FOR EQUALITY, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2021

| | |
|---|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Change in net assets | \$ (718,700) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation and amortization | 59,865 |
| (Increase) in operating assets: | |
| Federal and state grants receivable | 55,908 |
| Private grants receivable | (2,115) |
| Prepaid expenses | (17,418) |
| Increase (decrease) in operating liabilities: | |
| Accounts payable | (44,131) |
| Accrued salaries, wages, and other compensation | 691,711 |
| Deferred revenue | 33,348 |
| Deferred rent | (32,963) |
| Net Cash Provided by Operating Activities | <u>25,505</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Capital expenditures | <u>(65,000)</u> |
| Net Cash Used in Investing Activities | <u>(65,000)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | |
| Repayments under notes payable agreement | <u>(9,532)</u> |
| Net Cash Used in Financing Activities | <u>(9,532)</u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (49,027) |
| CASH AND CASH EQUIVALENTS: | |
| Beginning of year | <u>2,383,809</u> |
| End of year | <u>\$ 2,334,782</u> |
| SUPPLEMENTAL DISCLOSURE CASH FLOW INFORMATION | |
| Non-cash transactions | |
| Purchases of equipment under capital lease | <u>\$ 27,506</u> |
| Cash paid for interest | <u>\$ 1,633</u> |
| Cash paid for income taxes | <u>\$ -</u> |

The accompanying notes are an integral part of these financial statements.

EQUIP FOR EQUALITY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization - Equip for Equality, Inc. (the "Agency") is an Illinois not-for-profit corporation. The mission of the corporation is to advance the human and civil rights of individuals with physical and mental disabilities. Through a competitive bid process in 1985, the Agency was designated by the governor as the Protection and Advocacy System for people with disabilities for the state of Illinois, pursuant to federal law. The Agency receives financial support from foundations, businesses, law firms, governmental agencies, and individuals. In addition, corporations, law firms, and individuals donate legal and other professional services to clients with disabilities and to the Agency itself. Offices in Chicago, Carbondale, Moline, Metro East, and Springfield enable the Agency to serve individuals throughout Illinois.

Basis of Presentation - These financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Classification of Net Assets – Net assets of the Agency are classified as with or without donor restrictions depending on the presence and characteristics of donor-imposed restrictions limiting the Agency's ability to use or dispose of contributed assets or the economic benefits embodied in those assets.

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the "Board") and/or management for general operating purposes. From time to time, the Board designates a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion. At September 30, 2021, there is \$119,292 designated for investment in property and equipment by the board.

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Agency reports gifts of cash or other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is fulfilled, the net assets are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Cash and Cash Equivalents - For the purpose of the statement of cash flows, the Agency considers all short-term investments with maturities of three months or less when purchased to be cash equivalents. As of September 30, 2021, cash equivalents include \$1,975,406 in interest-earning accounts, with the remainder included in non-interest bearing accounts.

EQUIP FOR EQUALITY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Property and Equipment - Property and equipment are recorded at cost when purchased or at fair value at the date of donation and are being depreciated on a straight-line basis over their estimated useful lives. Amortization of the cost of leasehold improvements is computed on a straight-line basis over the term of the lease or the estimated service life, depending on circumstances.

Property and equipment purchases and leasehold improvements in excess of \$5,000 per item are capitalized. Purchases below \$5,000 are expensed. Additions to the reference library are expensed as incurred. Assets are depreciated over their useful lives of 3 to 10 years. Costs of maintenance and repairs are charged to expense when incurred.

Deferred Revenue - Program income and interest earned on certain grant funds awarded to the Agency must be expended within the respective program and are recognized as deferred revenue when received and recognized as revenue when earned.

Recently Adopted Accounting Pronouncements - During fiscal year-end September 30, 2021, The Agency adopted Financial Accounting Standards Board's Accounting Standard Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). Topic 606 supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and requires the reporting entity to recognize revenues when control of promised goods or services is transferred to customers and at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

This standard was adopted by the Agency effective October 1, 2020 using the modified retrospective method and elected to apply the standard only to contracts that were not completed as of that date. There were no material changes in the timing of recognition of revenue and therefore there was no adjustment to the opening balance of net assets without donor restrictions.

Revenue Recognition – The Agency has the following types of revenues and support:

Government and private funds and support: The Agency receives grant revenue from federal and state agencies and private organizations and foundations. The Agency recognizes grant revenue from Federal and State agencies as eligible expenditures as defined in each grant, contract, or other allowable cost manual are incurred. Unconditional grant revenue from private organizations and foundations is recognized as revenue and receivable when committed to by the grantor. Conditional contributions are not recognized as revenue until they become unconditional. A conditional contribution is one that has both a barrier that must be overcome and an agreement requiring payments to be returned if the barrier is not overcome.

Any of the federal and state funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by the Agency with the terms of the grants. Any disallowed claims resulting from noncompliance become a liability of the Agency.

EQUIP FOR EQUALITY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Contributions received, including private grants and unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows. Donor-restricted contributions and promises are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restriction.

The Agency also may have contracts with governmental or other entities that are recognized as exchange transactions. In these instances, the Agency measures exchange revenue based on the amount of consideration the Agency expects to be entitled for the transfer services to a customer, then recognizes this revenue when or as the Agency satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance.

Earned and program income: Earned and program income generally represent attorney fees and result from fee generating cases and are considered an exchange transaction. Attorney fees are determined on a case by case basis during the litigation proceedings. They are recognized as revenue in the year received when the performance obligation of legal representation through the conclusion of the proceedings and the revenue is received are met. Program income earned from activities provided under federal grants may be subject to additional restrictions as noted in those grant contracts.

No earned or program income have a significant financing component.

The following table shows the Agency's revenue disaggregated according to the timing of the transfer of services for the year ending September 30, 2021:

| | |
|---------------------------------------|-------------------|
| Revenue from exchange transactions: | |
| Revenue recognized at a point in time | |
| Earned and program income | \$ 224,919 |
| Revenue recognized over time | |
| Governmental funds and support | <u>116,542</u> |
| | <u>\$ 341,461</u> |

Receivables - Receivables consist of government and state grants, private grants, and other unconditional receivables that are carried at original pledge, invoice, or voucher amount. Management monitors the collection of pledges and grant receivables on a monthly basis and amounts are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. Management believes that no allowance is necessary for the year ended September 30, 2021.

EQUIP FOR EQUALITY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Donated Legal/Professional Services - The Agency records contributions of donated services that create or enhance nonfinancial assets or that require specialized skills that are provided by individuals possessing those skills and that would typically need to be purchased if not provided by donation. When such contributions are received, they are recorded at their fair values in the period received. \$24,244 of in-kind donated legal services have been reflected in the financial statements during the year ended September 30, 2021.

The Agency received 10,836 hours of donated legal and other professional services, which totaled \$1,066,483 for the year ended September 30, 2021. This amount has not been recognized in the statement of activities and changes in net assets because the criteria for recognition of those services has not been satisfied. The donated legal services were utilized across a variety of the Agency's programs.

Federal Income Taxes - The Agency is exempt from income tax under provisions of Internal Revenue Code Section 501(c)(3). Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Agency and recognize a tax liability if the Agency has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Agency and has concluded that as of September 30, 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Agency is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes the Agency is no longer subject to income tax examinations for years prior to 2018.

Use of Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events - Management of the Agency have evaluated subsequent events through April 7, 2022, which is the date the financial statements were available to be issued and have not identified any events that require disclosure.

2. DESCRIPTION OF PROGRAMS AND SUPPORTING SERVICES

Program services are reported by funding source in the statement of functional expenses as follows:

Protection and Advocacy for Development Disabilities (DD P&A)
Protection and Advocacy for Mental Illness (MI P&A)
Protection and Advocacy for Individual Rights (PAIR)

EQUIP FOR EQUALITY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Assistive Technology Protection and Advocacy (AT P&A)
Traumatic Brain Injury Protection and Advocacy (TBI P&A)
Protection and Advocacy for Beneficiaries of Social Security (PABSS)
Protection and Advocacy for Beneficiaries of Social Security – Representative Payee
(PABSS Rep P&A)
Help America Vote Act Protection and Advocacy (HAVA P&A)

The Agency also receives funding from state and local government sources. These amounts are included as “other program services”.

Additionally, other program services are provided by unrestricted sources, including individuals, corporations, and foundations.

For the year ended September 30, 2021, programmatic related expenses make up 77% of total expenses and administrative and general and fundraising expenses make up 22% and 1%, respectively, of total organization expenses.

The following is a description of the Agency's programs and supporting services:

Self-Advocacy and Legal Services Program

The Self-Advocacy and Legal Services Program provides technical assistance in self-advocacy, legal advice, direct representation in negotiations, and administrative hearings in federal and state court.

Two teams make up the Legal Services Program:

Civil Rights

The Civil Rights team focuses on four major legal areas for people with disabilities: (1) challenging discrimination, (2) promoting community integration, (3) preserving the fundamental right to self-determination, and (4) protecting the rights and safety of individuals living in institutions and those receiving in-home and community services. Under anti-discrimination, the Agency handles cases in which people with disabilities have been treated differently because of their disabilities in such areas as employment, transportation, voting, state and local government programs, access to private businesses, and housing. Under community integration, the Agency works with people with disabilities seeking to live in more integrated settings with the support they need to be successful. The Agency successfully represented people with developmental disabilities, mental illnesses, and physical disabilities living in private institutions (nursing homes and similar settings), so they have the choice to return to the community with supportive housing and services. This groundbreaking systems reform was accomplished through settlement of three community integration class action lawsuits brought under the Americans with Disabilities Act in collaboration with pro bono law firm co-counsel. Under self-determination, the Agency

EQUIP FOR EQUALITY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

represents people with disabilities to help them achieve their goals and limit any unnecessary restrictions on their ability to make choices, particularly within the context of adult guardianship.

Special Education Clinic

The Agency's Special Education Clinic (the "Clinic"), in partnership with 24 of Chicago's leading law firms and corporations, helps fill the unmet need of low-income Illinoisans grappling with education issues that go without legal assistance. With 197 trained pro bono attorneys and a small in-house legal staff, the Clinic operates a toll-free Parent Helpline, special education training seminars for parents and students, and legal representation in select cases where negotiation is unsuccessful.

Other Equip for Equality Programs and Initiatives:

Independent Monitoring Unit

The Independent Monitoring Unit (the "Unit") is an interdisciplinary team that serves as an independent monitor of public and private institutions and community-based facilities and programs serving people with disabilities and conducts investigations of abuse and neglect and suspicious deaths. The Unit was initially launched with a direct Congressional appropriation to the Agency (as sole recipient) to establish this initiative as a national model. The Unit has been instrumental in uncovering and publicizing both dangerous practices and troubled facilities and securing the amelioration of the practices and closure of the facilities. The Unit has also been monitoring the transition of individuals from institutions to the community to enhance their chances of success.

The Unit is also responsible for the newest P&A program which was enacted into law in 2018 and known as the "Strengthening Protections for Social Security Beneficiaries Act." This Act provides many new protections for Beneficiaries of the Social Security Administration's (SSA) Representative Payee Program and improves oversight of Payee management of benefits. The Act also lessens the burden on families. The Act directs the Protection and Advocacy (P&A) system in each state to conduct performance reviews of Representative Payees to determine if Beneficiary funds are properly safeguarded and their needs met, along with additional discretionary reviews. The Act also directs P&As to conduct outreach and educational trainings to ensure that Payees understand their duties and responsibilities.

Training Institute on Disability Rights

The Training Institute provides seminars for people with disabilities and their families on a range of topics, including employment protections, Americans with Disabilities Act, special education, and guardianship.

EQUIP FOR EQUALITY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Public Policy Program

The Public Policy Program promotes organizational goals by educating policymakers and through community organizing. In-depth policy research projects are also conducted, culminating in public reports and recommendations for reform.

General and Administration

General and Administration includes the functions necessary to maintain an equitable employment program; to ensure an adequate working environment; to provide coordination and articulation of the Agency's program strategy through the office of the president and chief executive officer; to secure administrative functioning of the board of directors; and to manage the financial and budgetary responsibilities of the Agency.

Fundraising

Fundraising provides the structure necessary to encourage and secure financial support from foundations, businesses, law firms and individuals.

3. PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows:

| | <u>Amount</u> | <u>Depreciable Life</u> |
|-------------------------------|-------------------|-------------------------|
| Furniture and fixtures - Cost | \$ 792,673 | 3-5 |
| Leasehold improvements - Cost | 44,330 | 10 |
| Less accumulated depreciation | <u>(717,711)</u> | - |
| | <u>\$ 119,292</u> | |

Depreciation expense for the year ended September 30, 2021 was \$59,865.

4. LINE OF CREDIT

The Agency has a line of credit agreement with Busey Bank which renews automatically annually in July until either the lender or the Agency give written notice to terminate the agreement. The loan allows for maximum borrowing of \$1,000,000. Amounts drawn against the line of credit are payable on demand and bear interest at a per annum rate equal to .25 percent above the Wall Street Journal Prime Rate. The loan is collateralized by all the Agency's business assets. There were no borrowings and no amounts outstanding on the line of credit as of and for the year ended September 30, 2021.

EQUIP FOR EQUALITY, INC.
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021

5. ACCRUED SALARIES, WAGES AND OTHER COMPENSATION

During 2021, the Agency engaged outside consultants to perform a compensation study. As a result of this study, the Agency evaluated and increased salaries based on recommendations from the consultants and market comparisons. Salary adjustments were done retroactively effective December 2020 and were paid in November 2021. Approximately \$550,000 is included within accrued salaries, wages and other compensation related to retroactive salary adjustments payable to employees as of September 30, 2021.

6. NOTES PAYABLE

During fiscal year 2021, the Agency purchased a server under capital lease for \$27,506. The note is payable in monthly installments of \$872 over 36 months. The note is collateralized by the related equipment. The note is to expire in fiscal year 2024. Total amount outstanding on the note as of September 30, 2021 is \$20,884. The future minimum payments required under the capital lease are as follows for the years ending September 30,:

| | | |
|------|----|---------------|
| 2022 | \$ | 8,947 |
| 2023 | | 9,766 |
| 2024 | | <u>2,171</u> |
| | \$ | <u>20,884</u> |

7. DEFERRED REVENUE

As of September 30, 2021, the following grants and programs had unexpended program income, which is included in deferred revenue on the statement of financial position:

| | | |
|---|----|----------------|
| Protection and Advocacy for Persons with Developmental Disabilities | \$ | 95,602 |
| Protection and Advocacy for Beneficiaries of Social Security | | <u>31,889</u> |
| Total | \$ | <u>127,491</u> |

8. CONDITIONAL GRANTS

Conditional grants are grants that include a specific condition in order to earn the revenue. Conditional grants are not recorded in revenue until the condition of the grant is met (generally, when the service is provided).

EQUIP FOR EQUALITY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

The Organization has conditional grants to provide protection and advocacy services from the following agencies that are available to be used during fiscal year 2022 on qualifying expenses:

| | |
|---|---------------------|
| City of Chicago - Board of Election Commissioners | \$ 300,000 |
| Department of Health & Human Services | 477,326 |
| Department of Justice | 46,135 |
| Illinois Department of Human Services | 528,520 |
| Social Security Administration | 1,216,708 |
| Other | <u>166,188</u> |
| Total | <u>\$ 2,734,877</u> |

9. RETIREMENT PLAN

The Agency sponsors a defined contribution plan under Internal Revenue Code Section 401(k) that covers all employees with 975 hours of service within six consecutive months from the employee's employment commencement date and who have reached 21 years of age.

The employee and the Agency make Contributions to the 401(k) plan: The Agency's mandatory matching contribution is 35 percent of the employee elective deferral up to a maximum of 7 percent of employees' annual salaries. The Agency may also make discretionary employer contributions to the 401(k) plan as determined each year. It is the board's intention that at the end of each fiscal year, as part of its year-end budgeting process, the amount of the annual employer contribution, if any, would be determined and approved. There would be no obligation or liability for the Agency to provide a discretionary contribution in any fiscal year. Expenses recognized by the Agency for employer-matching contributions amounted to \$129,448 for the year ended September 30, 2021.

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at September 30, 2021 are restricted for the following:

| | |
|--|-------------------|
| Purpose restriction | \$ 99,446 |
| Fellowship program | <u>153,977</u> |
| Total net assets with donor restrictions | <u>\$ 253,423</u> |

11. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Agency operates on a consistent annual cycle, with known recurring expenditures that include payroll, travel and other expenditures incurred as a result of fulfilling the Agency's mission.

EQUIP FOR EQUALITY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Because of the cyclical predictability of its annual operations, the Agency is able to maximize the resources applied to mission-based programs. For the purposes of analyzing resources available to meet general expenditures over the next twelve-month period, the Agency considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

The Agency's financial assets available within one year of the statements of financial position date for general expenditure are as follows:

| | |
|--|---------------------|
| Cash and cash equivalents | \$ 2,334,782 |
| Accounts receivable | <u>997,839</u> |
| Total financial assets available within one year | <u>\$ 3,332,621</u> |

The Agency also has access to a \$1,000,000 line of credit that is not included in total financial assets available within one year. See Note 4 for details.

12. CONCENTRATIONS

As of September 30, 2021, contracts with government agencies comprised 73% of total receivables. For the year ended September 30, 2021, 82% of the total revenues and other support was from governmental sources. Cuts to government funding for the Agency's programs could result in a reduction of funding to the Agency.

The Agency maintains its cash balances in various financial institutions. The balances may, at times, exceed federally insured limits.

13. LEASE COMMITMENTS

The Agency's central office in Chicago is rented pursuant to an extended lease expiring in August 2022. In addition, the Agency leases satellite offices in Carbondale and Springfield. The Carbondale lease leased on a month-to-month basis. The Springfield lease was also on a month-to-month agreement through November 2021 when it was renewed for an additional one year period. The Agency is responsible for insurance and its pro-rata share of operating expenses and security under the provisions of certain of these leases. The Agency also has various copiers leased under operating leases set to expire September 30, 2021 through September 30, 2023. Rent expense, recognized on a straight-line basis, was \$661,804 for the year ended September 30, 2021 for office rental and \$18,800 for equipment rental.

EQUIP FOR EQUALITY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

The following is a schedule by year of future minimum rent payments required under the operating leases for the years ended September 30:

| | |
|-------|-------------------|
| 2022 | \$ 477,993 |
| 2023 | <u>1,521</u> |
| Total | <u>\$ 479,514</u> |

14. UNCERTAINTIES AND COVID-19

On March 10, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic, and on March 13, 2020, the President of the United States declared the COVID-19 pandemic a national emergency, invoking powers under the Stafford Act, the Legislation that directs federal emergency disaster response. The Agency cannot predict how legal and regulatory responses to concerns about COVID-19 or other major public health issues will continue to impact the Organization. The total magnitude, timing, and duration of such potential financial impacts cannot be reasonably estimated at this time.

15. NEW ACCOUNTING PRONOUNCEMENTS

The FASB has issued ASU 2020-07, Not-for-Profit Entities (Topic 958), which clarified the current standard and requires a not-for-profit to present contributed nonfinancial assets (in-kind contributions) as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also requires a not-for-profit to disclose contributed nonfinancial assets recognized within the statement of activities, disaggregated by category that depicts the type of nonfinancial assets. The standard also requires additional disclosures. The standard is effective for the fiscal year ending September 30, 2022.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which will supersede the current lease recording requirements in Topic 842. The ASU looks to increase transparency and comparability by conforming US GAAP with International Accounting Standards as it relates to leases. The new standard will require that all leases, including operating leases, be included on the balance sheet as a "right of use" asset with an offsetting liability for the payments remaining on the lease. The new guidance will be effective for the Agency's year ending September 30, 2023, with early application permitted.

The Agency is assessing the potential impact of the new pronouncements on its operations and financial statements.

EQUIP FOR EQUALITY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2021

| <u>Federal Grantor/Pass-Through Grantor/Program Title</u> | <u>Federal CDFA Number</u> | <u>Pass Through Number</u> | <u>Federal Expenditures</u> |
|--|------------------------------------|------------------------------------|---------------------------------|
| U.S. Department of Health and Human Services: | | | |
| Direct Programs: | | | |
| Developmental Disabilities Basic Support and Advocacy Grants | * 93.630 | N/A | \$ 1,393,242 |
| Protection and Advocacy for Individuals with Mental Illness | 93.138 | N/A | 1,032,735 |
| State Grants for Protection and Advocacy Services | 93.873 | N/A | 125,343 |
| Voting Access for Individuals with Disabilities- Grants for Protection and Advocacy Systems | 93.618 | N/A | 111,932 |
| ACL Assistive Technology State Grants for Protection and Advocacy | 93.843 | N/A | 150,798 |
| Pass-through University of Illinois at Chicago: | | | |
| ACL National Institute on Disability, Independent Living, and Rehabilitation Research | 93.433 | N/A | <u>63,000</u> |
| Total U.S. Department of Health and Human Services | | | 2,877,050 |
| U.S. Department of Education: | | | |
| Direct Program: | | | |
| Program of Protection and Advocacy of Individual Rights | 84.240A | N/A | <u>657,679</u> |
| Total U.S. Department of Education | | | 657,679 |
| Social Security Administration: | | | |
| Direct Program: | | | |
| Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries | 96.009 | N/A | <u>933,216</u> |
| Total Social Security Administration | | | 933,216 |
| U.S. Department of Justice: | | | |
| Passed-through Equal Justice Works | | | |
| Crime Victim Assistance/Discretionary Grants | 16.582 | N/A | <u>57,584</u> |
| Total U.S. Department of Justice | | | <u>57,584</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 4,525,529</u> |

* Audited as a major program

See Notes to Schedule of Expenditures of Federal Awards

EQUIP FOR EQUALITY, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2021

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Equip for Equality, Inc. under programs of the federal government for the year ended September 30, 2021. 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. Therefore, some amounts presented in this Schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Because the Schedule presents only a selected portion of the operations of Equip for Equality, Inc., it is not intended to, and does not, present the financial position, changes in net assets, or cash flows, if applicable, of Equip for Equality, Inc. Pass-through entity identifying numbers are presented where available.

The Agency elected not to use the option of the 10% de minimis indirect cost rate.

Basis of Accounting

The accompanying schedule of expenditures of Federal awards is presented on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles 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.

Payments to Subrecipients

Equip for Equality, Inc. provided no Federal awards to sub-recipients during the year ended September 30, 2021.

Non - Cash Assistance

Equip for Equality, Inc. neither received nor disbursed Federal awards in the form of non-monetary assistance during the year ended September 30, 2021.

Insurance, Loans, and Loan Guarantees

During the year ended September 30, 2021, Equip for Equality, Inc. received no insurance, loans, loan guarantees or other Federal assistance for the purpose of administering Federal programs.

INDEPENDENT AUDITORS' 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*

Board of Directors
Equip for Equality, Inc.
Chicago, Illinois

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 Equip for Equality, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2021, 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 April 7, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Equip for Equality, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 Equip for Equality, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Equip for Equality, 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 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 Equip for Equality, 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 financial statements. 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 Equip for Equality, Inc.'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 Equip for Equality, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sassetti LLC

April 7, 2022
Oak Brook, Illinois

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

Board of Directors
Equip for Equality, Inc.
Chicago, Illinois

Report on Compliance for Each Major Federal Program

We have audited Equip for Equality, 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 Equip for Equality, Inc.'s major federal programs for the year ended September 30, 2021. Equip for Equality, 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Equip for Equality, 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 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 Equip for Equality, 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 Equip for Equality, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Equip for Equality, 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, 2021.

Report on Internal Control Over Compliance

Management of Equip for Equality, 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 Equip for Equality, 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 Equip for Equality, 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.

Sassetti LLC

April 7, 2022
Oak Brook, Illinois

EQUIP FOR EQUALITY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2021

PART I - SUMMARY OF AUDITOR'S RESULTS

Financial Statement Section

| | | | |
|---|-----------|---------------|----|
| Type of auditors' report issued: | | Unmodified | |
| <hr/> | | | |
| Internal control over financial reporting: | | | |
| Material weakness (es) identified? | _____ Yes | _____ X _____ | No |
| Significant deficiency (ies) identified? | _____ Yes | _____ X _____ | No |
| Noncompliance material to financial statements noted? | _____ Yes | _____ X _____ | No |

Federal Awards Section

| | | | |
|--|-------------------|---------------|----|
| Dollar threshold used to determine Type A programs: | | \$750,000 | |
| <hr/> | | | |
| Auditee qualified as low-risk auditee? | _____ X _____ Yes | _____ _____ | No |
| Type of auditor's report on compliance for major programs: | | Unmodified | |
| <hr/> | | | |
| Internal control over major programs: | | | |
| Material weakness (es) identified? | _____ Yes | _____ X _____ | No |
| Significant deficiency (ies) identified? | _____ Yes | _____ X _____ | No |
| 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 Numbers | Name of Federal Program or Cluster |
|--------------|--|
| 93.630 | Developmental Disabilities Basic Support and Advocacy Grants |

EQUIP FOR EQUALITY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2021

PART II - FINANCIAL STATEMENT AUDIT FINDINGS

NONE

PART III - FEDERAL PROGRAM AUDIT FINDINGS

NONE

PART IV - SUMMARY OF PRIOR AUDIT FINDINGS

NONE