



Equip for Equality, Inc.

Single Audit
September 30, 2022

Sassetti



CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Equip for Equality, Inc. as of September 30, 2022, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Equip for Equality, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Equip for Equality, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Equip for Equality, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Equip for Equality, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards 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 12, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Equip for Equality, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Equip for Equality, Inc.'s internal control over financial reporting and compliance.

Sassetti LLC

Oak Brook, Illinois
April 12, 2023

EQUIP FOR EQUALITY, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2022

ASSETS	
Cash and cash equivalents	\$ 2,726,892
Receivables:	
Federal and state grants	427,839
Private grants	287,146
Prepaid expenses	222,490
Security deposits	50,780
Property and equipment, net	<u>70,002</u>
Total Assets	<u><u>\$ 3,785,149</u></u>
LIABILITIES	
Accounts payable	\$ 64,617
Accrued salaries, wages and other compensation	321,039
Capital lease obligation	11,937
Deferred revenue	<u>151,914</u>
Total Liabilities	<u>549,507</u>
NET ASSETS	
Without Donor Restrictions	
Undesignated	2,902,153
Net investment in property and equipment	<u>70,002</u>
Total Unrestricted Net Assets	2,972,155
With Donor Restrictions	<u>263,487</u>
Total Net Assets	<u>3,235,642</u>
Total Liabilities and Net Assets	<u><u>\$ 3,785,149</u></u>

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

EQUIP FOR EQUALITY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2022

	Without Donor Restrictions	With Donor Restriction	Total
REVENUES AND OTHER SUPPORT			
Government Funds and Support:			
Government grants and contracts	\$ 6,492,114	\$ -	\$ 6,492,114
Private Funds and Support:			
Private foundation grants	380,527	373,847	754,374
Corporations and law firms	178,305	-	178,305
Individual contributions	89,657	-	89,657
Donated services	15,187	-	15,187
Earned and Program Income:			
Program income	388,237	-	388,237
Earned unrestricted attorney's fees/Cy Pres award	838,703	-	838,703
Interest	5,395	-	5,395
Miscellaneous income	4,212	-	4,212
Loss on disposal of fixed assets	(1,845)	-	(1,845)
Net assets released from restrictions	363,783	(363,783)	-
	8,754,275	10,064	8,764,339
EXPENSES			
Program services	6,164,393	-	6,164,393
Administrative and general	1,839,409	-	1,839,409
Fundraising	98,692	-	98,692
	8,102,494	-	8,102,494
CHANGE IN NET ASSETS	651,781	10,064	661,845
NET ASSETS			
Beginning of year	2,320,374	253,423	2,573,797
End of year	\$ 2,972,155	\$ 263,487	\$ 3,235,642

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

EQUIP FOR EQUALITY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2022

Program Services

	DD P&A	MI P&A	PAIR	AT P&A	TBI P&A	PABSS	PABSS REP P&A
Salaries	\$ 838,107	\$ 605,763	\$ 415,586	\$ 98,234	\$ 72,593	\$ 80,719	\$ 396,655
Payroll taxes	64,446	44,426	30,535	7,205	5,717	6,438	29,843
Employee insurance	170,030	116,658	91,193	20,246	16,480	17,380	104,236
Other employee benefits	37,008	27,257	18,207	4,501	4,436	4,660	9,816
Total salaries and fringe benefits	1,109,591	794,104	555,521	130,186	99,226	109,197	540,550
Professional fees - case related	7,670	1,083	16,599	-	-	-	-
Resource and research fees	15,549	11,436	9,050	3,641	1,607	1,984	5,853
Consultants and professional fees	-	-	2,048	-	-	-	-
Donated services	-	-	-	-	-	-	-
Occupancy costs	153,455	106,817	85,125	19,313	11,770	14,602	66,456
Other contractual	34,568	24,787	18,179	4,336	3,182	2,993	18,977
Office supplies and expenses	11,014	8,481	7,576	1,359	1,295	1,003	6,463
Staff travel and development	13,900	12,260	4,382	2,060	2,178	1,573	24,700
Design and printing	-	42	-	-	-	115	-
Equipment and computer expenses	14,056	13,890	8,626	1,954	1,774	1,881	9,962
Depreciation and amortization	9,810	7,020	5,101	1,177	844	926	4,811
Total expenses	\$ 1,369,613	\$ 979,920	\$ 712,207	\$ 164,026	\$ 121,876	\$ 134,274	\$ 677,772

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

EQUIP FOR EQUALITY, INC.
STATEMENT OF FUNCTIONAL EXPENSES - CONTINUED
YEAR ENDED SEPTEMBER 30, 2022

	Program Services			Support Services		Total Expenses
	HAVA P&A	Other	Total Program Services	General and Administrative	Fundraising	
Salaries	\$ 116,114	\$ 1,204,770	\$ 3,828,541	\$ 999,087	\$ 46,114	\$ 4,873,742
Payroll taxes	8,701	78,583	275,894	72,775	3,161	351,830
Employee insurance	22,707	188,396	747,326	121,327	4,467	873,120
Other employee benefits	3,649	42,158	151,692	48,612	1,699	202,003
Total salaries and fringe benefits	151,171	1,513,907	5,003,453	1,241,801	55,441	6,300,695
Professional fees - case related	-	1,253	26,605	14	-	26,619
Resource and research fees	1,464	21,378	71,962	15,775	1,325	89,062
Consultants and professional fees	-	-	2,048	162,934	26,272	191,254
Contributed services	-	-	-	15,187	-	15,187
Occupancy costs	23,994	167,489	649,021	177,542	6,160	832,723
Other contractual	4,268	31,946	143,236	80,836	3,608	227,680
Office supplies and expenses	916	9,265	47,372	19,552	828	67,752
Staff travel and development	4,525	35,032	100,610	33,850	1,282	135,742
Design and printing	-	2,582	2,739	4,450	-	7,189
Equipment and computer expenses	4,260	18,293	74,696	84,905	1,547	161,148
Depreciation and amortization	1,375	11,587	42,651	2,563	2,229	47,443
Total expenses	\$ 191,973	\$ 1,812,732	\$ 6,164,393	\$ 1,839,409	\$ 98,692	\$ 8,102,494

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

EQUIP FOR EQUALITY, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 661,845
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	47,443
Loss on disposal of fixed assets	1,845
(Increase) in operating assets:	
Federal and state grants receivable	259,732
Private grants receivable	23,124
Prepaid expenses	(2,690)
Increase (decrease) in operating liabilities:	
Accounts payable	(9,097)
Accrued salaries, wages, and other compensation	(605,568)
Deferred revenue	24,423
Net Cash Provided by Operating Activities	<u>401,057</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Repayments under notes payable agreement	(8,947)
Borrowings under line of credit	645,000
Repayments under line of credit	<u>(645,000)</u>
Net Cash Used in Financing Activities	<u>(8,947)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	392,110
CASH AND CASH EQUIVALENTS:	
Beginning of year	<u>2,334,782</u>
End of year	<u><u>\$ 2,726,892</u></u>
SUPPLEMENTAL DISCLOSURE CASH FLOW INFORMATION	
Non-cash transactions	
Cash paid for interest	<u>\$ 12,190</u>
Cash paid for income taxes	<u><u>\$ -</u></u>

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

EQUIP FOR EQUALITY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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 governmental agencies, foundations, businesses, law firms, 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, 2022, there is \$70,002 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, 2022, cash equivalents include \$2,496,120 in interest-earning accounts, with the remainder included in non-interest bearing accounts.

EQUIP FOR EQUALITY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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 the year ended September 30, 2022, the Agency adopted Financial Accounting Standards Board's Accounting Standard Update ASU 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets* (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. Based on the above, contributed nonfinancial assets have been presented separately on the statement of activities for both fiscal years ended 2022 and 2021 and related disclosures have been updated. The guidance did not materially impact the Agency's results of operations.

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, 2022

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, 2022:

Revenue from exchange transactions:	
Revenue recognized at a point in time	
Earned and program income	\$ 1,226,940
Revenue recognized over time	
Governmental fee for service	<u>15,297</u>
	<u>\$ 1,242,237</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, 2022.

EQUIP FOR EQUALITY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

Donated 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. A total of \$15,187 of in-kind donated legal services have been reflected in the financial statements during the year ended September 30, 2022. These services were used in general administration activities and there were no associated donor-imposed restrictions.

The Agency received approximately 15,500 hours of donated legal and other professional services, which totaled approximately \$1,437,000 for the year ended September 30, 2022. 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 as the Agency would have not otherwise paid for the services. The donated legal services were utilized across a variety of the Agency's programs.

The valuation of donated professional services is based on current published rates for similar services in the marketplace.

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, 2022, 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 12, 2023, which is the date the financial statements were available to be issued and have not identified any events that require disclosure.

Subsequent to year end, the Agency signed a new long-term lease for a smaller footprint at its Chicago office.

EQUIP FOR EQUALITY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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)
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, 2022, programmatic related expenses make up 76% of total expenses and administrative and general and fundraising expenses make up 23% 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

EQUIP FOR EQUALITY, INC.
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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 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

EQUIP FOR EQUALITY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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.

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	\$ 316,211	3-5
Leasehold improvements - Cost	44,330	10
Less accumulated depreciation	<u>(290,539)</u>	
	<u>\$ 70,002</u>	

Depreciation expense for the year ended September 30, 2022 was \$47,443.

EQUIP FOR EQUALITY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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. The Agency borrowed and repaid \$645,000 during the year ended September 30, 2022 and no amounts were outstanding on the line of credit as of September 30, 2022.

5. CAPITAL LEASE OBLIGATION

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, 2022 is \$11,937. The future minimum payments required under the capital lease are as follows for the years ending September 30,:

2023	\$	9,766
2024		<u>2,171</u>
	\$	<u><u>11,937</u></u>

6. DEFERRED REVENUE

As of September 30, 2022, the following 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	\$	87,304
Traumatic Brain Injury	\$	10,500
Protection and Advocacy for Beneficiaries of Social Security		<u>54,110</u>
Total	\$	<u><u>151,914</u></u>

7. 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, 2022

The Organization has conditional grants to provide protection and advocacy services from the following agencies that are available to be used during fiscal year 2023 on qualifying expenses:

City of Chicago - Board of Election Commissioners	\$ 75,000
Department of Health & Human Services	174,247
Department of Justice	24,229
Illinois Department of Human Services	666,247
Social Security Administration	1,412,788
Other	<u>439,424</u>
Total	<u><u>\$ 2,791,935</u></u>

8. 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 \$154,088 for the year ended September 30, 2022.

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at September 30, 2022 are restricted for the following:

Purpose restriction	\$ 57,849
Fellowship program	<u>205,639</u>
Total net assets with donor restrictions	<u><u>\$ 263,487</u></u>

10. 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, 2022

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	\$ 2,726,892
Accounts receivable	<u>714,985</u>
Total financial assets available within one year	<u>\$ 3,441,877</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.

11. CONCENTRATIONS

As of September 30, 2022, contracts with government agencies comprised 60% of total receivables. For the year ended September 30, 2022, 74% 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.

12. LEASE COMMITMENTS

Through November 30, 2022, the Agency's central office in Chicago was rented under short term extensions while the Agency evaluated its space needs. In addition, the Agency leases satellite offices in Carbondale, Springfield, and Rockford. The Carbondale office was leased on a month-to-month basis. The Springfield lease was leased on a month-to-month agreement through November 2021, until it was renewed for an additional one-year period through October 2022. The Rockford lease was signed for the period beginning in August 2022.

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 \$554,331 for the year ended September 30, 2022 for office rental and \$20,251 for equipment rental.

EQUIP FOR EQUALITY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

2023	\$ 60,370
2024	<u>2,171</u>
	<u>\$ 62,541</u>

Subsequent to year end, the Agency entered into a long-term operating lease for a smaller space in the Chicago office building it currently occupies. The new lease is for seven years starting December 1, 2022 through November 30, 2029, with a termination option after five years if certain conditions are met, and subject to an early termination fee. The additional operating lease exposure related to this lease through 2029 is approximately \$1,900,000.

13. NEW ACCOUNTING PRONOUNCEMENTS

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 pronouncement on its operations and financial statements.

EQUIP FOR EQUALITY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2022

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing 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	\$ 1,741,765
Pass-through Illinois Council on Development Disabilities			
Developmental Disabilities Basic Support and Advocacy Grants	93.630	9002	<u>47,926</u>
			1,789,691
Direct Programs:			
Protection and Advocacy for Individuals with Mental Illness	93.138	N/A	1,070,480
State Grants for Protection and Advocacy Services	93.873	N/A	149,119
Voting Access for Individuals with Disabilities- Grants for Protection and Advocacy Systems	*	93.618	N/A
ACL Assistive Technology State Grants for Protection and Advocacy	93.843	N/A	234,830
			158,298
Pass-through University of Illinois at Chicago:			
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433	19109	<u>65,000</u>
Total U.S. Department of Health and Human Services			3,467,418
U.S. Department of Education:			
Direct Program:			
Program of Protection and Advocacy of Individual Rights	84.240	N/A	606,328
Rehabilitation Services Client Assistance Program	84.161A	N/A	<u>47,385</u>
Total U.S. Department of Education			653,713
Social Security Administration:			
Direct Program:			
Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries	*	96.009	N/A
			<u>993,427</u>
Total Social Security Administration			993,427
U.S. Department of Justice:			
Passed-through Equal Justice Works			
Crime Victim Assistance/Discretionary Grants	16.582	N/A	<u>58,522</u>
Total U.S. Department of Justice			<u>58,522</u>
Total Expenditures of Federal Awards			<u>\$ 5,173,080</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, 2022

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, 2022. 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, 2022.

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, 2022.

Insurance, Loans, and Loan Guarantees

During the year ended September 30, 2022, 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, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 12, 2023.

Report on 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 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 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 or significant deficiencies may exist that were not identified.

Report on 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 organization’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sassetti LLC

April 12, 2023
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

Opinion on Each Major Federal Program

We have audited Equip for Equality, Inc.'s compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Equip for Equality, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Equip for Equality, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Equip for Equality, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Equip for Equality, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect

material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Equip for Equality, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Equip for Equality, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Equip for Equality, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Equip for Equality, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Government Auditing Standards requires the auditor to perform limited procedures on Equip for Equality, Inc.'s response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Equip for Equality, Inc.'s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.



Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 12, 2023
Oak Brook, Illinois

EQUIP FOR EQUALITY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2022

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?	<u> </u> Yes	<u> X </u> No	
Significant deficiency (ies) identified?	<u> </u> Yes	<u> X </u> No	
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No	

Federal Awards Section

Dollar threshold used to determine Type A programs:		\$750,000	
<hr/>			
Auditee qualified as low-risk auditee?	<u> X </u> Yes	<u> </u> No	
Type of auditor's report on compliance for major programs:		Unmodified	
<hr/>			
Internal control over major programs:			
Material weakness (es) identified?	<u> </u> Yes	<u> X </u> No	
Significant deficiency (ies) identified?	<u> </u> Yes	<u> X </u> No	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	<u> </u> Yes	<u> X </u> No	

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
96.009	Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries
93.618	Voting Access for Individuals with Disabilities – Grants for Protection and Advocacy Systems

EQUIP FOR EQUALITY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2022

PART II - FINANCIAL STATEMENT AUDIT FINDINGS

NONE

PART III - FEDERAL PROGRAM AUDIT FINDINGS

NONE

PART IV - SUMMARY OF PRIOR AUDIT FINDINGS

NONE