



Certified Public Accountants, LLP

**A. MILTON MILLER MEMORIAL FUND, INC.
dba DISABILITY RIGHTS LEGAL CENTER**

**FINANCIAL STATEMENTS
and
ADDITIONAL INFORMATION**

DECEMBER 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
A. Milton Miller Memorial Fund, Inc.
dba Disability Rights Legal Center

Report on the Financial Statements

We have audited the accompanying financial statements of A. Milton Miller Memorial Fund, Inc. dba Disability Rights Legal Center (a nonprofit organization), which comprise of the Statement of Financial Position as of December 31, 2015, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended and the related notes to the financial statements.

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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

INDEPENDENT AUDITORS' REPORT

continued

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of A. Miller Memorial Fund, Inc. dba Disability Rights Legal Center as of December 31, 2015, 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 Matter

Summarized Comparative Information

We have previously audited A. Miller Memorial Fund, Inc. dba Disability Rights Legal Center's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 7, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2016 on our consideration of A. Miller Memorial Fund, Inc. dba Disability Rights Legal Centers 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 A. Miller Memorial Fund, Inc. dba Disability Rights Legal Center's internal control over financial reporting and compliance.

Harrington Group

Pasadena, California
June 20, 2016

A. MILTON MILLER MEMORIAL FUND, INC.
dba DISABILITY RIGHTS LEGAL CENTER

STATEMENT OF FINANCIAL POSITION

December 31, 2015

With comparative totals at December 31, 2014

	2015	2014 (Restated)
ASSETS		
Cash	\$ 407,034	\$ 108,154
Accounts and grants receivable	16,178	712,889
Prepaid expenses	-	152
Investments (Note 3)	62,178	161,951
Property and equipment (Note 5)	75,983	15,501
TOTAL ASSETS	\$ 561,373	\$ 998,647
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 13,964	\$ 134,640
Accrued liabilities (Note 6)	66,490	116,309
Line of credit (Note 7)	-	454,058
TOTAL LIABILITIES	80,454	705,007
NET ASSETS		
Unrestricted	21,936	(128,544)
Temporarily restricted (Note 8)	458,983	422,184
TOTAL NET ASSETS	480,919	293,640
TOTAL LIABILITIES AND NET ASSETS	\$ 561,373	\$ 998,647

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

A. MILTON MILLER MEMORIAL FUND, INC.
dba DISABILITY RIGHTS LEGAL CENTER

STATEMENT OF ACTIVITIES
For the year ended December 31, 2015
With comparative totals for the year ended December 31, 2014

	Unrestricted	Temporarily Restricted	2015	2014
REVENUE AND SUPPORT				
Legal fees	\$ 967,211	\$ -	\$ 967,211	\$ 276,951
Contributions	199,104	312,645	511,749	253,260
Grants	128,600	127,905	256,505	442,147
Special events, net of expenses of \$49,123	84,132		84,132	139,524
In-kind donations (Note 9)	71,359		71,359	177,025
Fellowships	30,135		30,135	100,271
Other income	73,974		73,974	79,423
Investment income	444		444	18,712
Net assets released from purpose and time restrictions	403,751	(403,751)	-	-
TOTAL REVENUE AND SUPPORT	1,958,710	36,799	1,995,509	1,487,313
EXPENSES				
Program services	1,216,888		1,216,888	1,188,684
Management and general	443,789		443,789	446,618
Fundraising	147,553		147,553	188,424
TOTAL EXPENSES	1,808,230	-	1,808,230	1,823,726
CHANGE IN NET ASSETS	150,480	36,799	187,279	(336,413)
NET ASSETS, BEGINNING OF YEAR AS RESTATED (NOTE 12)	(128,544)	422,184	293,640	630,053
NET ASSETS, END OF YEAR	\$ 21,936	\$ 458,983	\$ 480,919	\$ 293,640

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

A. MILTON MILLER MEMORIAL FUND, INC.
dba DISABILITY RIGHTS LEGAL CENTER

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2015
With comparative totals for the year ended December 31, 2014

	<u>Program Services</u>			<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>	
	<u>AID Programs</u>	<u>Cancer Legal Resource Center</u>	<u>Civil Rights Programs</u>				<u>2015</u>	<u>2014</u>
Salaries	\$ 61,558	\$ 210,026	\$ 515,686	\$ 787,270	\$ 288,128	\$ 102,572	\$ 1,177,970	\$ 1,058,749
Payroll taxes	4,799	18,660	44,896	68,355	30,437	9,030	107,822	99,734
Employee benefits	6,521	25,388	62,336	94,245	36,442	12,399	143,086	170,915
Total personnel costs	<u>72,878</u>	<u>254,074</u>	<u>622,918</u>	<u>949,870</u>	<u>355,007</u>	<u>124,001</u>	<u>1,428,878</u>	<u>1,329,398</u>
Office expense	3,207	18,613	45,635	67,455	26,985	9,084	103,524	118,435
Litigation support	14,885		31,957	46,842			46,842	83,096
Offsite rental	2,347	7,714	18,913	28,974	11,184	3,765	43,923	44,323
In-kind facility support	1,947	6,400	15,691	24,038	9,278	3,123	36,439	91,482
In-kind rent	1,865	6,133	15,037	23,035	8,892	2,993	34,920	85,543
Professional services	1,125	1,443	9,384	11,952	16,148		28,100	11,747
Depreciation	931	3,061	7,505	11,497	4,438	1,494	17,429	8,455
Telephones	3,192	2,427	5,949	11,568	3,518	1,184	16,270	6,649
Outreach		6,799	8,250	15,049			15,049	14,740
Travel	3,220		501	3,721	5,937	1,460	11,118	2,690
Insurance	877	2,883	7,069	10,829			10,829	15,293
Memberships	671	2,117	5,190	7,978			7,978	7,874
Other	631		2,253	2,884	1,332	449	4,665	-
Repairs and maintenance				-	1,070		1,070	429
Education and training			821	821			821	1,469
Printing		375		375			375	2,103
TOTAL 2015 FUNCTIONAL EXPENSES	<u>\$ 107,776</u>	<u>\$ 312,039</u>	<u>\$ 797,073</u>	<u>\$ 1,216,888</u>	<u>\$ 443,789</u>	<u>\$ 147,553</u>	<u>\$ 1,808,230</u>	
TOTAL 2014 FUNCTIONAL EXPENSES	<u>\$ 45,733</u>	<u>\$ 443,993</u>	<u>\$ 698,958</u>	<u>\$ 1,188,684</u>	<u>\$ 446,618</u>	<u>\$ 188,424</u>		<u>\$ 1,823,726</u>

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

A. MILTON MILLER MEMORIAL FUND, INC.
dba DISABILITY RIGHTS LEGAL CENTER

STATEMENT OF CASH FLOWS
For the year ended December 31, 2015
With comparative totals for the year ended December 31, 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 187,279	\$ (336,413)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	17,429	8,455
Loss (gain) on Investments	728	(14,082)
Reinvested interest and dividends, net	(955)	(4,732)
(Increase) decrease in operating assets:		
Accounts receivable	696,711	85,977
Prepaid expenses	152	-
Increase (decrease) in operating liabilities:		
Accounts payable	(120,676)	(20,333)
Accrued liabilities	(49,819)	18,945
	730,849	(262,183)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property & equipment	(77,911)	-
Proceeds from sale of investments	100,000	228,320
	22,089	228,320
NET CASH PROVIDED BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings from line of credit	-	-
Payments on line of credit	(454,058)	(5,938)
	(454,058)	(5,938)
NET CASH (USED) BY FINANCING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH	298,880	(39,801)
CASH, BEGINNING OF YEAR	108,154	147,955
CASH, END OF YEAR	\$ 407,034	\$ 108,154
SUPPLEMENTAL DISCLOSURE:		
Operating activities reflect interest paid:	\$ 17,794	\$ 19,414

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

A. MILTON MILLER MEMORIAL FUND, INC. DBA DISABILITY RIGHTS LEGAL CENTER

NOTES TO FINANCIAL STATEMENTS

1. Organization

A. Milton Miller Memorial Fund, Inc. dba Disability Rights Legal Center (“DRLC”) is a 40 year old cross-disability civil rights organization advocating for the rights of people with disabilities. DRLC strives to eliminate discrimination and other legal barriers that force people with disabilities into poverty and prohibit them from participating inclusively in society. DRLC advocates for the rights of all people to make informed autonomous choices about their bodies and their medical care. DRLC is the first national disability advocacy organization to openly advocate to expand choices available to mentally competent, terminally ill persons to choose aid in dying. DRLC’s work seeks to promote change through impact litigation, and by educating the disability, business, government, education, cancer, healthcare, and legal communities to combat discrimination. DRLC partners with other public interest law offices and private law firms to litigate systemic discrimination issues and to advance legislative advocacy efforts.

The mission of DRLC is to champion the rights of people with disabilities and terminal illness through education, advocacy and litigation.

Offices, Structure, and Governance

DRLC’s main office is located in downtown Los Angeles. DRLC maintains a satellite office at the University of La Verne, College of Law in Ontario, California to better serve the Inland Empire and its most rural areas. DRLC works extensively with law students and undergraduate, to train the next generation of disability rights advocates. DRLC has a strong volunteer program assisting in achieving the goals of the DRLC. DRLC has a 20 member staff and an engaged board of directors, which includes members of the disability community.

DRLC’s core values are advocacy, education and learning, justice and fairness. DRLC strives to have the greatest societal impact and meet high standard for excellence. DRLC focuses on systemic litigation in the areas of disability rights, special education, patient rights and the provision of related services. The Cancer Legal Resource Center is the nation’s only dedicated center for state specific information about legal issues confronting in the wake of a cancer diagnosis. The HIV Law and Policy Program advocates on behalf of persons living with HIV. DRLC’s internal governance includes a leadership team composed of the Executive/Legal Director, Director of Finance and Administration, Development and Communications Director, Managing Attorney the Director of the Cancer Legal Resource Center and HIV Law and Policy Program, all of whom are involved in organizational and strategic planning as well as managerial decision making.

Clients and Callers

All of DRLC’s clients are people with disabilities or those closely associated with them, including those affected by cancer, HIV, and people with terminal illnesses. In 2014, DRLC directly served over 7,000 through one-on-one telephone assistance. We focus on underserved communities within our client community, within both rural and urban areas, and work with marginalized disability populations such as students living in remote areas or custodial facilities, and people who are experiencing homelessness and/or have mental health conditions. DRLC conducts workshops, clinics and seminars and participates in outreach events. DRLC maintains an electronic intake database and case tracking system that monitors these efforts.

**A. MILTON MILLER MEMORIAL FUND, INC.
DBA DISABILITY RIGHTS LEGAL CENTER**

NOTES TO FINANCIAL STATEMENTS

1. Organization, continued

DRLC provides on-line legal resources, posting free and user-friendly legal resources that may be downloaded from the DRLC website: www.disabilityrightslegalcenter.org. In addition, much of the Cancer Legal Resource Center section of DRLC's website is available in Spanish. DRLC's Education Advocacy Program Manual is available on the website in Spanish as well. DRLC also provides free webinars in both Spanish and English that are also available on-line on demand.

Our Programs

We accomplish our mission through the following programs:

Cancer Legal Resource Center: Since 1997, the Cancer Legal Resource Center ("CLRC") has provided free and confidential information and resources on cancer-related legal issues to people coping with cancer, caregivers, employers, health care professionals, and others. It was established as a direct response to both the frequency of legal problems encountered by many cancer patients in the wake of their diagnosis, and the severe lack of availability to accessible and affordable legal resources to assist in the resolution of legal issues that may pose psychosocial and medical threats to an individual's survivorship. These legal issues relate to insurance, access to quality care, government benefits, genetic discrimination, estate planning, financial management, and employment.

The CLRC offers a comprehensive array of national and state-specific services, free of charge, to individuals coping with cancer. The CLRC provides a Spanish/English bilingual, toll-free, national Telephone Assistance Line (1-866-THE-CLRC), educational sessions, clinics, information on cancer-related public policy issues, national conferences on cancer-related legal issues to patients, survivors, caregivers, and health care professionals, and, as needed, deeper exploration of specific issues by its Professional Panel of volunteer attorneys, insurance agents, and accountants. In 2013, the CLRC handled over 4,685 requests for assistance from individual callers. Additionally, in 2013, the CLRC reached over 100,000 additional cancer survivors, their caregivers and health care providers through an extensive, pro-active program of cancer community outreach, education, and online resources.

The CLRC works closely with law students to staff the Telephone Assistance Line and to research state-specific legal information that is provided to our callers and presented at our educational programs. The CLRC Director is an Adjunct Professor of Law and teaches Cancer Rights Law at Los Angeles area law schools.

Community Outreach Program: Each DRLC program provides disability rights related trainings to the public and private sectors. Areas of expertise include: self-advocacy, disability awareness and etiquette, the Americans with Disabilities Act, California disability rights law, the Fair Housing Act, special education law and other disability rights laws. Trainings are provided to non-profit organizations, consumer groups, businesses, educational institutions, and government agencies.

**A. MILTON MILLER MEMORIAL FUND, INC.
DBA DISABILITY RIGHTS LEGAL CENTER**

NOTES TO FINANCIAL STATEMENTS

1. Organization, continued

DRLC holds a contract with the Disability Technical Assistance (DBTAC)-Pacific ADA Center. The DBTAC-Pacific ADA Center allows DRLC to conduct outreach and provide dozens of free or low-cost trainings to the business community and public and private entities that need to know how to better accommodate their employees and customers with disabilities, in accordance with the Americans with Disabilities Act, and other federal and state civil rights laws, in the area of employment rights/responsibilities, and Title III compliance in the hospitality sector.

Disability Rights Program: The original program of the organization, the Disability Rights Program provides free legal representation to underserved populations of people with disabilities who are encountering discrimination in violation of their civil rights. The program also takes on representation in impact cases, often through class action lawsuits, that will establish legal principles or will benefit large groups of people with disabilities, as well as cases of high visibility that raise public awareness of both the disability rights at issue and DRLC's commitment to the enforcement of those rights.

Education Advocacy Program: The Education Advocacy Program ("EAP") litigates systemic reform cases on behalf of students with disabilities to ensure that they receive the special education and related services to which they are entitled under federal and state law. The EAP also offers a range of services including direct representation, pro bono referrals, brief service consultations, outreach and self-advocacy training to low-income parents of students with disabilities entitled to special education services under the Individuals with Disabilities Education Act (IDEA) and related laws. Staff attorneys supervise law students representing students and their families in administrative hearings including Individualized Education Plan (IEP) meetings, mediations and due process hearings; refer children and student clients for adequate assessments; advocate for the appropriate integration of students with and without disabilities in the classroom; train parents and others to advocate for students; and provide information sessions to judges and other court personnel on issues confronting students with disabilities. All of the aforementioned services are provided in both English and Spanish.

**A. MILTON MILLER MEMORIAL FUND, INC.
DBA DISABILITY RIGHTS LEGAL CENTER**

NOTES TO FINANCIAL STATEMENTS

1. **Organization**, continued

Representative cases of the DRLC (including the Disability Rights Program, Education Advocacy Program) include:

- A federal law suit alleging that a local psychiatric hospital engaged in health care fraud and the abuse of dependant adults through the provision of substandard care.
- A California lawsuit against a school district arguing that the government should not be permitted to prevent students from being accompanied by a service animal at school.
- A federal class action lawsuit against the City and the County of Los Angeles in to address failure to adequately plan to meet the needs of all people with disabilities during emergencies.
- A federal class action lawsuit to address the failure to provide any special education and related services for youth who are entitled to receive these services while detained at the Los Angeles County Jail. These include youth with mental health conditions and learning disabilities.
- A federal class action lawsuit to ensure access to the courts for people with disabilities in the County of San Bernardino and Superior Court of the State Of California, County of San Bernardino.
- A federal class action lawsuit against the Los Angeles County Jail system challenging jail conditions and programs for all detainees and inmates with physical disabilities and disabling mental conditions who, because of those disabilities, need modifications, services, and/or physical access.
- A federal class action lawsuit against Los Angeles to address violations of state and federal anti-discrimination laws that require public rights of way be accessible to people with disabilities. The lawsuit alleges that systematic barriers along the more than 10,000 miles of sidewalk and 40,000 intersections in the City create systemic barriers for people with disabilities who try to travel along the public rights of way.

Community Advocacy Program: DRLC's Community Advocacy Program ("CAP utilizes students and volunteers to provide legal information to callers with disability-related issues or disputes so that they may explore all available options. The CAP's phone line is also the intake mechanism for DRLC, which utilizes a software intake database and case tracking system. CAP accepts cases for handling by DRLC, provides information on disability issues to callers, and makes referrals to other public interest and social service organizations.

HIV Law and Policy Program: HIVLLP is a joint project between DRLC, the Los Angeles County Bar Association, the Williams Institute at UCLA School of Law, and the Inner City Law Center. This project works to reduce the impact of HIV on vulnerable and marginalized communities, and to secure the civil rights of people affected by HIV. DRLC handles a wide range of civil rights matters including protecting the privacy of confidential medical information and the rights of people with HIV/AIDS to proper medical information and treatment.

**A. MILTON MILLER MEMORIAL FUND, INC.
DBA DISABILITY RIGHTS LEGAL CENTER**

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

Accounting

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of DRLC are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

Unrestricted. These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving interest from investments less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Temporarily Restricted. DRLC reports gifts of cash and other assets as temporarily restricted support 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 the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from program or capital restrictions.

Permanently Restricted. These net assets are restricted by donors who stipulate that resources are to be maintained permanently, but permit DRLC to expend all of the income (or other economic benefits) derived from the donated assets. DRLC has no permanently restricted net assets at December 31, 2015.

Accounts and Grants Receivable

Receivables are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of receivables represents their estimated net realizable value. The allowance for doubtful accounts is estimated based on historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past due receivable balances are written off when internal collection efforts have been unsuccessful in collecting the amount due. DRLC assessed the collectability of accounts and grants receivable as of December 31, 2015 and no allowance was considered necessary. All accounts and grants receivables are due within one year.

**A. MILTON MILLER MEMORIAL FUND, INC.
DBA DISABILITY RIGHTS LEGAL CENTER**

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Investments

DRLC values its investments at fair value unrealized gains or losses (including investments bought, sold and held during the year) are reflected in the Statement of Activities as gain on investments. Short-term highly liquid certificate of deposits and money market deposits that are not used for operations are treated as investments.

Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs - quoted prices in active markets for identical assets

Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs - estimates using the best information available when there is little or no market

DRLC is required to measure certain investments and non-cash contributions at fair value. The specific techniques used to measure fair value for each financial statement element is described in the notes below that relate to each element.

Property and Equipment

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to one thousand dollars and the useful life is equal or greater than one year.

Concentration of Credit Risks

DRLC places its temporary cash investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. DRLC has not incurred losses related to these investments.

DRLC holds investments in the form of short-term money market investments, certificates of deposit, and preferred securities. DRLC's decisions on its investment portfolio are governed by its investment policy and the performance is periodically reviewed by management. The investment policy is reviewed periodically and approved by the Board of Directors.

**A. MILTON MILLER MEMORIAL FUND, INC.
DBA DISABILITY RIGHTS LEGAL CENTER**

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Contributions

Unconditional contributions, including pledges recorded at fair value, are recognized as revenues in the period received or pledged.

Revenue

DRLC receives substantial grants and contract revenue from state and country agencies as well as private foundations and trusts. DRLC recognizes contract revenue as earned over the service period. Any of the funding sources may, at its discretion, request reimbursement for expenses or return of funds, or both, as a result of non-compliance by DRLC with the terms of the grants or contracts. In accordance with the Americans with Disabilities Act and the Individual with Disabilities Education Act, attorney's fees are awarded to prevailing plaintiffs. Legal fees are recognized as revenue upon the court's final approval of the settlement.

Donated Materials and Services

Contributions of donated non-cash assets are measured on a non-recurring basis and recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received (see Note 4).

Income Taxes

DRLC is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by DRLC in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. DRLC's returns are subject to examination by federal and state taxing authorities, generally for three or four years, respectively, after they are filed.

**A. MILTON MILLER MEMORIAL FUND, INC.
DBA DISABILITY RIGHTS LEGAL CENTER**

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Functional Allocation of Expenses

Costs of providing DRLC's programs and other activities have been presented in the Statement of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. DRLC uses time and usage to allocate indirect costs.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with DRLC's financial statements for the year ended December 31, 2015 from which the summarized information was derived.

Reclassification

For comparability, certain December 31, 2014 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used at December 31, 2015.

Subsequent Events

Management has evaluated subsequent events through June 20, 2016, the date the financial statements were available to be issued. No events or transactions have occurred during this period that appear to require recognition or disclosure in the financial statements.

**A. MILTON MILLER MEMORIAL FUND, INC.
DBA DISABILITY RIGHTS LEGAL CENTER**

NOTES TO FINANCIAL STATEMENTS

3. Investments

Significant information about investments is summarized as follows:

Mutual funds	\$ 76,569
Equities	37,748
Cash	<u>(52,139)</u>
	<u>\$ 62,178</u>

4. Fair Value Measurements

The table below presents the balances of assets measured at fair value for the year ended December 31, 2015 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:				
Blend	\$ 69,116	\$ -	\$ -	\$ 69,116
Bond inflation strategy	<u>7,453</u>	<u> </u>	<u> </u>	<u>7,453</u>
	76,569			76,569
Equities:				
Growth	20,576			20,576
Value	<u>17,172</u>	<u> </u>	<u> </u>	<u>17,172</u>
	<u>37,748</u>	<u> </u>	<u> </u>	<u>37,748</u>
Fair value at December 31, 2015	<u>\$114,317</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$114,317</u>

The fair value of mutual funds and equities has been measured on a recurring basis using quoted prices for identical assets in active markets (Level 1 inputs).

The fair value of contributed services and materials of \$71,359 has been measured on a non-recurring basis using quoted prices for similar assets in inactive markets (Level 2 inputs).

5. Property and Equipment

Property and equipment at December 31, 2015 consist of the following:

Furniture and equipment	\$103,276
Less: accumulated depreciation	<u>(27,293)</u>
	<u>\$ 75,983</u>

Depreciation expense for the year ended December 31, 2015 was \$17,429.

**A. MILTON MILLER MEMORIAL FUND, INC.
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NOTES TO FINANCIAL STATEMENTS

6. Accrued Liabilities

Accrued liabilities at December 31, 2015 consist of the following:

Accrued vacation	\$59,557
Other accrued expenses	<u>6,933</u>
	<u>\$66,490</u>

7. Line of Credit

DRLC has a revolving line of credit with a bank in the amount of \$500,000. The line of credit bears interest at the greater of prime rate plus 1% or 5% per annum. The line of credit is secured by DRLC's accounts receivable. There was no outstanding balance at December 31, 2015.

8. Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2015 consist of the following:

Kirkland and Ellis Fellows	\$298,675
End of Life Liberty Project (ELLP)	158,490
City of West Hollywood	<u>1,818</u>
	<u>\$458,983</u>

For the year ended December 31, 2015, net assets released from purpose restrictions were \$403,751.

9. In-Kind Donations

During the year ended December 31, 2015, DRLC received the following in-kind donations:

Donated services from Loyola Law School including computer support, maintenance, postage, utilities and storage	\$36,439
Donated facility from Loyola Law School	<u>34,920</u>
	<u>\$71,359</u>

DRLC is the recipient of hours of donated services, which are not included in revenues since they do not meet the criteria for recognition. In 2015, law students and graduates primarily from Loyola Law School as well as other prominent law schools served as legal interns in the DRLC Externship Program and as volunteers to work in DRLC office. These volunteer hours were approximately 7,622 in 2015.

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NOTES TO FINANCIAL STATEMENTS

10. Pension Plan

DRLC offers its employees the opportunity for participation in a 401(k) contributory retirement plan with numerous investment options. The employees may contribute up to 20% of their annual earnings up to the annual Internal Revenue Service limit. There is no required matching amount from the employer, however, total contributions were \$2,466 in 2015.

11. Commitments and Contingencies

Obligation Under an Operating Lease

DRLC entered into a lease for office space in August 2015, under a non-cancelable operating lease expiring in July 2016. Rent expense under the operating lease for the year ended December 31, 2015 was \$5,000, which is included in Office Rental in the Statement of Functional Expenses.

12. Prior Period Adjustment

Unrestricted net assets as of December 31, 2014 have been restated to correct \$234,980 in unrestricted net assets which was not properly released, and therefore, incorrectly reported as temporary net assets in the prior period. The comparative totals for December 31, 2014 presented in these financial statements have been restated to reflect the corrected balances as follows:

	<u>As previously Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
<u>Statement of Financial Position and and Activities:</u>			
Unrestricted net assets, beginning December 31, 2014	(\$363,524)	\$234,980	(\$128,544)
Temporary restricted net assets, beginning December 31, 2014	<u>\$657,164</u>	<u>(\$234,980)</u>	<u>\$422,184</u>
	<u>\$293,640</u>	<u>\$ -</u>	<u>\$293,640</u>

ADDITIONAL INFORMATION

**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***

To the Board of Directors
A. Milton Miller Memorial Fund, Inc.
dba Disability Rights Legal Center

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 A. Milton Miller Memorial Fund, Inc. dba Disability Rights Legal Center ("DRLC"), which comprise the Statement of Financial Position as of December 31, 2015, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 20, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered DRLC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of DRLC's internal control. Accordingly, we do not express an opinion on the effectiveness of DRLC'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 DRLC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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***
continued

Purpose of this Report

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

Harrington Group

Pasadena, California
June 20, 2016