LOUISIANA PAROLE PROJECT, INC.

DECEMBER 31, 2023 AND 2022

BATON ROUGE, LOUISIANA

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Audited Financial Statements:

HANNIS T. BOURGEOIS
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Independent Auditor's Report

To the Board of Directors
Louisiana Parole Project, Inc.
Baton Rouge, Louisiana

Report on the Audit of Financial Statements

We have audited the accompanying financial statements of Louisiana Parole Project, Inc. (the Organization), (a nonprofit organization), which comprise the Statements of Financial Position as of December 31, 2023 and 2022, and the related Statements of Activities, Functional Expenses, and Cash Flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 the Organization's ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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 GAAS, 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 the Organization'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 the Organization'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.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Baton Rouge, Louisiana
August 19, 2024

LOUISIANA PAROLE PROJECT, INC.

STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2023 AND 2022

ASSETS

	2023	2022
Current Assets:		
Cash and Cash Equivalents	$ 987,833	$ 1,257,111
Investments	220,138	-
Grants Receivable	216,853	71,137
Prepaid Expenses	27,029	16,684
Total Current Assets	1,451,853	1,344,932
Right of Use Asset - Operating Lease	194,384	73,565
Property and Equipment, Net	2,120,419	1,653,040
Total Assets	$ 3,766,656	$ 3,071,537

LIABILITIES AND NET ASSETS

	2023	2022
Current Liabilities:		
Accounts Payable	$ 13,265	$ 3,974
Tenant Deposit Payable	6,925	5,425
Accrued Expenses	29,679	20,057
Current Portion of Operating Lease Liability	84,343	73,565
Deferred Revenue	5,833	-
Total Current Liabilities	140,045	103,021
Operating Lease Liability	110,041	-
Net Assets:		
Without Donor Restrictions	3,436,570	2,826,947
With Donor Restrictions	80,000	141,569
Total Net Assets	3,516,570	2,968,516
Total Liabilities and Net Assets	$ 3,766,656	$ 3,071,537

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

LOUISIANA PAROLE PROJECT, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Contributions	$ 321,720	$ -	$ 321,720
Grants	378,874	1,842,145	2,221,019
Fundraising	222,689	-	222,689
Lease Income	116,350	-	116,350
Fees for Services	134,392	-	134,392
Employer Retention Tax Credit Income	32,365	-	32,365
	1,206,390	1,842,145	3,048,535
Net Assets Released From Restriction	1,903,714	(1,903,714)	-
Total Revenues and Other Support	3,110,104	(61,569)	3,048,535
Expenses:			
Program Expenses	2,284,457	-	2,284,457
Supporting Services:			
Fundraising	57,776	-	57,776
General and Administrative	223,555	-	223,555
Total Expenses	2,565,788	-	2,565,788
Other Income:			
Dividends and Interest	65,198	-	65,198
Gain on Investments	109	-	109
	65,307	-	65,307
Change in Net Assets	609,623	(61,569)	548,054
Net Assets - Beginning of Year	2,826,947	141,569	2,968,516
Net Assets - End of Year	$ 3,436,570	$ 80,000	$ 3,516,570

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

LOUISIANA PAROLE PROJECT, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Contributions	$ 248,180	$ 60,000	$ 308,180
Grants	926,591	1,146,141	2,072,732
Fundraising	174,485	-	174,485
Lease Income	73,675	-	73,675
Fees for Services	18,575	-	18,575
Net Assets Released From Restriction	1,064,572	(1,064,572)	-
Total Revenues and Other Support	2,506,078	141,569	2,647,647
Expenses:			
Program Expenses	1,481,376	-	1,481,376
Supporting Services:			
Fundraising	40,821	-	40,821
General and Administrative	122,223	-	122,223
Total Expenses	1,644,420	-	1,644,420
Other Income:			
Interest Income	818	-	818
Change in Net Assets	862,476	141,569	1,004,045
Net Assets - Beginning of Year	1,964,471	-	1,964,471
Net Assets - End of Year	$ 2,826,947	$ 141,569	$ 2,968,516

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

LOUISIANA PAROLE PROJECT, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2023

		Supporting Services		
	Program Expenses	Fundraising	General and Administrative	Total Expenses
Salaries and Wages	$ 1,278,106	$ 29,048	$ 145,239	$ 1,452,393
Payroll Taxes	96,740	2,199	10,993	109,932
Employee Benefits	139,360	3,168	15,836	158,364
Advertising	18,798	-	2,089	20,887
Bank Fees	-	-	133	133
Legal & Professional Fees	77,726	-	8,636	86,362
Office Expenses	56,291	-	6,254	62,545
Rental Housing	68,091	-	-	68,091
Transitional Housing	66,405	-	-	66,405
Meetings and Events	-	23,361	-	23,361
Client Expenses	172,258	-	-	172,258
Lease Expense	89,523	-	9,947	99,470
Property Taxes	1,305	-	-	1,305
Insurance	63,877	-	7,097	70,974
Meals and Entertainment	13,957	-	1,551	15,508
Auto Expense	49,957	-	5,551	55,508
Depreciation	73,522	-	8,169	81,691
Travel	18,541	-	2,060	20,601
Total Expenses	$ 2,284,457	$ 57,776	$ 223,555	$ 2,565,788

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

LOUISIANA PAROLE PROJECT, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2022

		Supporting Services		
	Program Expenses	Fundraising	General and Administrative	Total Expenses
Salaries and Wages	$ 826,132	$ 18,358	$ 73,434	$ 917,924
Payroll Taxes	74,001	1,644	6,578	82,223
Employee Benefits	103,275	2,295	9,180	114,750
Advertising	24,035	-	2,671	26,706
Bank Fees	-	-	45	45
Legal & Professional Fees	46,585	-	5,176	51,761
Office Expenses	27,959	-	3,106	31,065
Rental Housing	27,896	-	-	27,896
Transitional Housing	52,702	-	-	52,702
Meetings and Events	-	18,524	-	18,524
Client Expenses	78,213	-	-	78,213
Lease Expense	57,780	-	6,420	64,200
Property Taxes	1,322	-	-	1,322
Insurance	40,537	-	4,504	45,041
Meals and Entertainment	7,608	-	845	8,453
Auto Expense	28,697	-	3,188	31,885
Depreciation	51,196	-	5,688	56,884
Travel	12,490	-	1,388	13,878
LSU - Blue Latitudes	20,948	-	-	20,948
Total Expenses	$ 1,481,376	$ 40,821	$ 122,223	$ 1,644,420

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

LOUISIANA PAROLE PROJECT, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Cash Flows from Operating Activities:		
Change in Net Assets	$ 548,054	$ 1,004,045
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	81,691	56,884
Realized Gain on Investments	(109)	-
Amortization - Right of Use Asset	85,950	24,600
Changes in Assets and Liabilities:		
(Increase) Decrease in Grants Receivable	(145,716)	(32,279)
(Increase) Decrease in Prepaid Expenses	(10,345)	(3,665)
Increase (Decrease) in Accounts Payable	9,291	3,974
Increase (Decrease) in Accrued Expenses	9,622	11,587
Increase (Decrease) in Tenant Deposit Payable	1,500	3,250
Increase (Decrease) in Deferred Revenue	5,833	-
Increase (Decrease) in Operating Lease Liability	(85,950)	(24,600)
Net Cash Provided by Operating Activities	499,821	1,043,796
Cash Flows from Investing Activities:		
Purchase of Property and Equipment	(549,070)	(358,334)
Net Proceeds (Purchases) of Investments	(220,029)	-
Net Cash Used In Investing Activities	(769,099)	(358,334)
Net Increase (Decrease) in Cash and Cash Equivalents	(269,278)	685,462
Cash and Cash Equivalents at Beginning of Year	1,257,111	571,649
Cash and Cash Equivalents at End of Year	$ 987,833	$ 1,257,111
Non-Cash Financing Activities:		
Right-of-Use Asset Obtained in Exchange of Lease Liability	$ 200,354	$ 97,990

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

Note 1 - Nature of Activities and Summary of Significant Accounting Policies -

Nature of Activities

Louisiana Parole Project, Inc. (the Organization) opened in 2016. The mission of the Organization is to enhance public safety through effective advocacy, programming, and services for incarcerated and formerly incarcerated persons so that they may reach their full potential.

Basis of Accounting

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

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

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

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

Revenue Recognition

The significant revenues of the Organization are contributions, grant income, fee for services, lease income, and event proceeds and sponsorships. Contributions are discussed in detail below. Grants which represent exchange transactions are recorded as a receivable as the grant dollars are spent. Grants which represent contributed support are recognized in the same manner as contributions. Fee for services are recognized in the appropriate accounting period when earned. Lease income is recognized over time in the period in which the service is provided. Event proceeds and sponsorships are received from individuals, businesses, and other entities who participate in the Organization’s events which are typically for raising awareness of the Organization’s purpose and mission. The Organization generally conducts similar events each year however participation and financial support for these events is at the discretion of the attendees and can vary from year to year. Any payments received in advance from these sources are deferred and recognized as revenues in the period when the underlying performance obligation is satisfied.

Contributions

All contributions are considered available for use without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as donor restricted support, either for time or purpose or in perpetuity, that increases net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends, or purpose of restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Accounts Receivable

The Organization assesses the collectability of its accounts receivable using the direct write-off method. Under this method, accounts receivable are charged directly against earnings when they are determined by management to be uncollectible. Use of this method does not result in a material difference from the current expected credit loss (CECL) method (ASC Topic 326) for 2023 and the incurred loss method for 2022 as required by US generally accepted accounting principles. There was no bad debt expense for the years ended December 31, 2023 and 2022.

In accordance with ASC Topic 606, *Revenue from Contracts with Customers*, Accounts Receivable totaled $38,858 as of December 31, 2021.

Contributed and Volunteer Services

A substantial number of unpaid volunteers have made a significant contribution of service to develop the Organization's programs, principally in fundraising activities, operations, and board participation. The value of this service is not reflected in these statements since it does not meet the criteria for recognition.

Donated Property and Equipment

Donated materials and equipment are reflected as contribution income and expense (if the capitalization threshold is not met) in the accompanying financial statements at their estimated fair values at the date of receipt.

Property and Equipment

Property and equipment are recorded at cost with depreciation being recorded using the straight-line method over the estimated useful lives of the assets, which range from 5 to 27.5 years. Maintenance and repairs are charged to expense, while additions and improvements are capitalized.

When assets are retired or disposed of, the costs and related accumulated depreciation are removed from the accounts and any resulting gains and losses are recognized in the Organization's yearly operations.

Lease Accounting - Lessee

Effective January 1, 2022, the Organization adopted Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842), and all related amendments retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment, electing not to adjust the comparative period. This guidance requires that right-of-use (ROU) assets and lease liabilities be recorded on the Statement of Financial Position. The Organization elected the practical expedient relief package allowed by the new standard, which does not require the reassessment of (1) whether existing contracts contain a lease, (2) the lease classification or (3) unamortized initial direct costs for existing leases. Additionally, the Organization made accounting policy elections for the exclusion of short-term leases (leases with an initial term of 12 months or less which do not include a purchase option that the Organization is reasonably certain to exercise) from the Statement of Financial Position presentation, the use of the portfolio approach in determination of the discount rate, and accounting for non-lease components in a contract as part of a single lease component for all asset classes.

The Organization determines if an arrangement contains a lease at inception. Leases are then classified as either operating or finance leases depending on the characteristics of the lease. Right-of-use (ROU) assets represent the Organization's right to control the use of a specified asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The ROU asset may also include certain initial direct cost and lease payments made to the lessor at or before lease commencement. In determining the present value of the lease payments, the Organization uses the risk-free discount rate when the discount rate is not implicit in the lease. Lease payments include fixed and variable payments based on an index or a rate. Variable lease payments that are not index or rate based are recorded as expenses when incurred. The operating lease ROU asset also includes any lease payments made, net of lease incentives. The lease term is the non-cancelable period of the lease, including any options to extend, purchase, or terminate the lease depending on whether the Organization is reasonably certain to exercise those options.

The costs associated with operating leases are recognized on a straight-line basis, within operating expenses, over the period of the leases. The finance lease ROU assets are amortized on a straight-line basis within, operating expenses, over the shorter of their estimated useful lives or the lease terms, and interest expense incurred on the lease liabilities is included in interest expense. If the lease transfers ownership to the Organization or the Organization is reasonably certain to exercise an option to purchase the underlying asset, the ROU asset is amortized to the end of the useful life of the underlying asset. Assumptions made by the Organization at the commencement date are re-evaluated upon occurrence of certain events, including a lease modification when that modification is not accounted for as a separate contract.

The Organization does not recognize ROU assets and lease liabilities on short-term leases but recognizes lease expense for these leases on a straight-line basis over the lease terms and any variable lease payments in the period in which the obligation for those payments is incurred.

See Note 9 to these financial statements for additional information and disclosures related to operating leases, including qualitative and quantitative disclosures required by Topic 842. The Organization had no finance leases as of December 31, 2023 and 2022.

Lease Accounting - Lessor

The Organization leases housing space to program participants as operating leases. The lease terms range from one to six months and lease revenue is earned on a monthly basis. Building and improvements subject to the operating leases is recorded at costs and depreciated using a straight-line method over estimated useful lives ranging from 5 to 27.5 years for financial statement purposes. Depreciation expense relating to the assets subject to the operating leases was $29,764 and $20,137, respectively, for the years ended December 31, 2023 and 2022.

Assets subject to the operating leases consist of the following as of December 31, 2023 and 2022:

	2023	2022
Buildings	$ 1,113,382	$ 682,703
Less: Accumulated Depreciation	(58,666)	(28,902)
	$ 1,054,716	$ 653,801

Income Taxes

The Organization has been recognized by the Internal Revenue Service as a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes. Accordingly, no provision for income taxes on related income has been included in the financial statements.

The Organization files an income tax return in the U.S. federal jurisdiction. With few exceptions, the Organization is no longer subject to federal tax examinations by tax authorities for years before 2020. Any interest and penalties assessed by income taxing authorities are not significant and are included in general and administrative expenses in these financial statements, if applicable.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. There were no unrecognized tax benefits identified or recorded as liabilities for the years ended December 31, 2023 and 2022.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents excluding Mutual Funds and Marketable Securities.

Concentration of Credit Risk

At various times during the year, cash on deposit with one banking institution may exceed the Federal Deposit Insurance Corporation limit. Management believes the risk is limited.

Investments

Investments in marketable securities with readily determined fair values are reported at their fair value. Realized and unrealized gains and losses, along with interest and dividends, are reflected in the Statement of Activities.

Dividend, interest, and other investment income is recorded as an increase in net assets with or without donor restrictions depending on donor stipulations.

Prepaid

Insurance and similar services which extend over more than one accounting period have been recorded as prepaid and are amortized.

Functional Allocation of Expenses

The costs of providing for the various programs and other activities of the Organization have been summarized on their functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and the supporting services benefited based on management's estimates of time and effort. Program services expenses are the direct and indirect costs related to accomplishing the Organization's objectives. All other expenses are classified as fundraising and general and administrative.

Advertising

The Organization incurred advertising expenses of $20,887 and $26,706, respectively, for the years ended December 31, 2023 and 2022. The Organization expenses advertising costs as incurred.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and such differences may be material.

Reclassifications

Certain items in the 2022 report may have been reclassified to conform to the presentation in the current year financial statements. Such reclassifications had no effect on previously reported change in net assets.

Subsequent Events

The Organization evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through August 19, 2024, the date which the financial statements were available to be issued.

Note 2 - Liquidity and Availability -

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The following reflects the Organization’s financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Financial Assets at Year-end:	
Cash and Cash Equivalents	$ 987,833
Investments	220,138
Grants Receivable	216,853
	1,424,824
Less Amounts Not Available for General Expenditures Within One Year Due to:	
Net Assets with Donor Restrictions	(80,000)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 1,344,824

At December 31, 2022, the Organization had $1,186,679 of financial assets available within one year of the statement of financial positions date to meet its liquidity needs. All of these funds were available for general expenditure within one year of the Statement of Financial Position date.

Note 3 - Investments -

Investments at fair value as of December 31, 2023 and 2022 are as follows:

	2023	2022
Mutual Funds	$ 220,138	$ -

Realized gains of $109 were recognized for the year ended December 31, 2023. There were no investments as of December 31, 2022.

Note 4 - Fair Value Measurements -

The Organization has determined the fair value of its investments through a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. Level 1 inputs to the valuation methodology are based on unadjusted quoted prices for identical assets in active markets that the Organization has the ability to access. Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets and/or based on inputs that are derived principally from or corroborated by observable market data. Level 3 inputs are unobservable and are based on assumptions market participants would utilize in pricing the asset.

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. When available, valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Mutual Funds are valued at the closing price reported on the active or observable market on which the individual securities are traded.

These methods used to measure the fair value of the investments may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value, which are measured on a recurring basis, as of December 31, 2023:

	Assets at Fair Value as of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Mutual Funds	$ 220,138	$ -	$ -	$ 220,138

There were no investments at December 31, 2022.

Note 5 - Restrictions of Net Assets -

Net Assets with Donor Restrictions are available for the following purposes at December 31, 2023 and 2022:

	2023	2022
Second Chances Initiative	$ 80,000	$ -
Capital - Housing & Automobiles	-	75,000
Redemption Initiative	-	66,569
	$ 80,000	$ 141,569

Note 6 - Net Assets Released from Restrictions -

Net assets were released from restrictions for the years ended December 31, 2023 and 2022 for incurring expenses satisfying their restricted purposes as follows:

	2023	2022
Case Management Services	$ -	$ 25,000
Client Advocacy	-	35,000
Second Chances Initiative	80,000	-
Leadership Development	15,000	-
Clemency	500,000	85,000
Capital - Housing & Automobiles	75,000	121,500
Redemption Initiative	455,495	322,418
Women's Reentry	-	100,000
Grants	778,219	375,654
	$ 1,903,714	$ 1,064,572

Note 7 - Property and Equipment -

A summary of property and equipment, and accumulated depreciation at December 31, 2023 and 2022 is as follows:

	2023	2022
Automobiles	$ 147,069	$ 60,724
Building	2,148,674	1,717,995
Furniture and Fixtures	4,379	4,379
	2,300,122	1,783,098
Less: Accumulated Depreciation	(211,749)	(130,058)
	2,088,373	1,653,040
Land	32,046	-
	$ 2,120,419	$ 1,653,040

Note 8 - Retirement Contributions -

The Organization has a Simple-IRA Plan and matches 100% of the employee contributions up to the first 3% of eligible employees' annual salary. The Organization's contributions for the years ended December 31, 2023 and 2022 totaled $34,191 and $20,195, respectively, and are included in employee benefits in the statement of functional expenses.

Note 9 - Leases -

The Organization has a facility operating lease agreement for office space in Baton Rouge, Louisiana extending beyond a 12-month period. The initial lease term is 36 months and commenced on April 1, 2023. The prior year agreement was amended during the current year. The lease does not contain an option to purchase the leased asset at the end of the term. The Organization's lease agreement does not contain any material residual value guarantees or material restrictive covenants.

The Organization also has short-term lease expense related to office equipment and additional office space. Leases with initial terms of 12 months or less are not recorded on the Statement of Financial Position, and the Organization recognizes lease expense for these leases on a straight-line basis over the lease terms.

The following information provides details of the lease contracts for the years ended December 31, 2023 and 2022:

	2023	2022
Lease Expense		
Operating lease expense	$ 85,950	$ 24,600
Short term operating lease expense	13,520	39,600
	$ 99,470	$ 64,200
Supplemental Cash Flow Information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 85,950	$ 24,600
ROU assets obtained in exchange for new operating lease liabilities	$ 200,354	$ 97,990
Other Information		
Weighted-average remaining lease term in years for operating leases	2.25	1.00
Weighted-average discount rate for operating leases	3.81%	0.59%

As of December 31, 2023 and 2022, operating lease liabilities consisted of the following:

	2023	2022
Current Portion	$ 84,343	$ 73,565
Long-Term Portion	110,041	-
	$ 194,384	$ 73,565

The maturities of the operating lease liabilities are as follows:

December 31, 2024	$ 90,000
December 31, 2025	90,000
December 31, 2026	22,500
Total Undiscounted Cash Flows	202,500
Less: Present Value Discount	(8,116)
Total Lease Liability	$ 194,384

Note 10 - Commitments and Contingencies -

The Paycheck Protection Program (PPP) loans are subject to audit for six years from the date of forgiveness. Department of Treasury guidance states that loans over $2 million will be fully audited and loans under $2 million are subject to random audits. If audited, the SBA could redetermine the amount of forgiveness. The Organization received two PPP loans (which were both forgiven in 2021) in the amounts of $42,196 and $59,925.

Note 11 - Concentrations -

The Organization received approximately 26% and 37% of its revenues from two and three organizations as of December 31, 2023 and 2022, respectively. If these organizations have significant declines in revenues or changes in their operating environment, revenues received from these organizations could be significantly reduced and the effect of such reduction could have a significant impact to the operations of the Organization.

The Organization entered into a contractor agreement with the State of Louisiana. The Organization received approximately 16% and 13%, respectively, of its funding for the years ended December 31, 2023 and 2022 from this agreement. The continuation of the agreement is contingent upon the appropriation of funds by the Louisiana Legislature. If the legislature fails to appropriate sufficient funds or if the appropriation is reduced to provide insufficient monies for the continuation of the contract, the contract shall terminate on the date of the beginning of the fiscal year for which funds are not appropriated. The Organization is unaware of any modifications or reductions to the current appropriations that fund this agreement.

Note 12 - Functional Expenses -

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applicable. Salaries and the majority of expenses are allocated based on management’s best estimate of time and effort spent on program or supporting activities. Other expenses are allocated directly to either program or supporting services.

Note 13 - Employee Retention Credits -

In addition to PPP funds, The Economic Aid Act also allowed for organizations who received original funds under the CARES Act in 2020 to also retroactively claim employee retention credits if certain eligibility requirements were met. The credits allowed in 2020 equal 50% of wages up to $10,000 or a maximum credit per employee of $5,000 per applicable quarter.

The Taxpayer Certainty and Disaster Tax Relief Act of 2020 (Relief Act), enacted December 27, 2020, amended and extended the employee retention credit under the CARES Act to the first and second calendar quarters of 2021. The provisions of the Relief Act were subsequently extended to include the third calendar quarter of 2021. The 2021 credits equal 70% of wages up to $10,000 or a maximum credit per employee of $7,000 per applicable quarter.

The Organization met the eligibility requirements for the third calendar quarter in 2020. The Organization has recognized $32,365 for these employee retention credits. This amount is included in the Statement of Activities for the year ended December 31, 2023 as the funds were received during the year.

Note 14 - Related Party -

The Organization utilized the services of a real estate company (whose owner is directly related to the Treasurer of the Board) with Board approval and oversight. Several properties were purchased utilizing the real estate company during the fiscal years. All fees were paid directly by the property sellers. Payments made directly to this company totaled $-0- for the years ended December 31, 2023 and 2022.

Note 15 - Compensation, Benefits and Other Payments to Agency Head -

R.S. 24:513 (A) (3) requires reporting of the total compensation, reimbursements, and benefits paid to the agency head or chief executive officer. This law was further amended by Act 642 of the 2015 Regular Session which clarified that nongovernmental or not for profit local auditees are required to report only the compensation, reimbursements, and benefits paid to the agency head or chief executive officer paid from public funds.

The Executive Director, Andrew Hundley, did not receive any compensation that was paid from public funds.

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August 19, 2024

To the Board of Directors
Louisiana Parole Project, Inc.
Baton Rouge, Louisiana

In planning and performing our audit of the financial statements of Louisiana Parole Project, Inc. (the ‘‘Organization’’) as of and for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated August 19, 2024 on the financial statements of the Organization.

Timely Filing of Audit Report

Current Year:

Louisiana Revised Statute 24:513 requires that an annual financial report or other type report be submitted to the Louisiana Legislative Auditor (LLA) within six months of the close of the fiscal/calendar year. The Organization’s management was unaware it had a reporting requirement since this was the first year public funding was received whereby the organization was a subrecipient. The audit was not scheduled to start until after June 30, 2024, therefore the reporting requirement was not known by the statutory deadline. The Organization will continue to make every effort to comply with this deadline in the future.

Management’s Response:

Management will review grant reporting requirements with independent auditor before audit fieldwork start date which will give independent auditor time to complete the audit by the statutory deadline.

Bank Reconciliations

Prior Year Comments:

During the prior year audit, we noted that bank reconciliations for the Organization's various accounts were performed manually each month throughout the year. We recommended that all the Organization's bank accounts be reconciled monthly to the general ledger within the QuickBooks function and that approval by the Executive Director is noted on the reconciliation. We also recommended that periodically, during the year, the Executive Director review the vendor master file for new vendors added to the system.

Current Year Update:

During our 2023 audit, we noted bank reconciliations for various accounts were performed within QuickBooks and the vendor master file was reviewed by the Executive Director.

General Ledger Cost Center

Prior Year Comments:

We noted in the prior year, that a single general ledger cost center is used to track the various sources of federal and state funding. This practice makes it difficult to determine the funds expended for each of the separate grants and contracts. With the increased amount of funding the Organization has received and to reflect activity on a grant-by-grant basis, we recommended that the Organization maintain separate cost centers for each major federal and state funding source. This practice will also facilitate the reporting requirements for grants and contracts.

Current Year Update:

The Organization is now tracking the federal and state funding sources in separate cost centers. This will assist with grant reporting to the various funders.

Grant and Contribution Classification

Prior Year Comments:

During the prior year audit, we noted that income received as grants and contributions were not classified as with or without donor restrictions. If they are not classified, there is increased risk of restricted grants or contributions being used for purposes other than their specified purpose. We recommended management review the receipts and properly classify income as with or without donor restrictions, upon recording of these amounts. This would assist the Organization to identify any restrictions by donors and also allow proper handling of grants and contributions. We further recommended that the Organization maintain a schedule of restricted contributions and grants and uses of these funds during the year. This will assist in determining the amount of restrictions remaining at the end of the year.

Current Year Update:

During our 2023 audit, the Organization began tracking the grants and contributions as with or without restrictions. This tracking will assist the Organization in determining it is meeting donor restrictions.

Accounts Payable

Prior Year Comments:

As the Organization continues to grow, we recommended that as a best practice that the accounts payable module be utilized in the QuickBooks accounting software. This module will facilitate the tracking of accounts payable as the Organization continues to transition to the accrual basis of accounting.

Current Year Update:

During our 2023 audit, we noted the accounts payable module within QuickBooks accounting software was utilized.

We believe that the implementation of these recommendations will provide the Organization with a stronger system of internal control while also making its operations more efficient. We will be happy to discuss the details of these recommendations with you at your convenience.

This communication is intended solely for the information and use of management, and the Board of Directors, Office of the Louisiana Legislative Auditor and any cognizant agency and is not intended to be and should not be used by anyone other than these specified parties. However, under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document and its distribution is not limited.

Respectfully,

Hannis T. Bourgeois, LLP