

**CAPITAL  
DEFENSE  
PROJECT**  

---

**OF SOUTHEAST LOUISIANA**

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA**

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION  
(AUDIT REPORT)**

**YEARS ENDED JUNE 30, 2022 AND 2021**



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Capital Defense Project of Southeast Louisiana  
New Orleans, LA

We have audited the accompanying financial statements of Capital Defense Project of Southeast Louisiana (a Louisiana Not-for-Profit Corporation), which comprise the statements of financial position as of June 30, 2022 and 2021, 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 financial statements referred to above present fairly, in all material respects, the financial position of Capital Defense Project of Southeast Louisiana as of June 30, 2022 and 2021 and the results of its operations 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 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 Capital Defense Project of Southeast Louisiana 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 Capital Defense Project of Southeast Louisiana' 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 Capital Defense Project of Southeast Louisiana'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 Capital Defense Project of Southeast Louisiana'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.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompany Schedule of Compensation, Benefits, and Other Payments to the Director is presented for purposes of additional analysis and is not a required part of the financial statements. Such

information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2022, on our consideration of Capital Defense Project of Southeast Louisiana's internal control over financial reporting and 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 the 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 Capital Defense Project of Southeast Louisiana's internal control over financial reporting and compliance.

*HMS Schafer Group, LLC*

**HMS Schafer Group, LLC**

December 16, 2022

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2022 AND 2021**

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
<u>Current Assets</u>		
Cash	\$ 147,132	\$ 136,671
Certificates of Deposit	578,975	575,494
Contract Receivable	105,379	107,955
Reimbursements Receivable	42,023	25,825
Rent Receivable	-	476
Prepaid Expenses	59,648	33,228
Total Current Assets	933,157	879,649
<u>Property and Equipment</u>		
Leasehold Improvements	23,392	23,392
Equipment	120,334	120,334
Furniture and Fixtures	35,128	35,128
	178,854	178,854
Less: Accumulated Depreciation	(158,051)	(147,607)
Net Property and Equipment	20,803	31,247
<u>Other Assets</u>		
Deposit	6,491	6,491
Total Other Assets	6,491	6,491
TOTAL ASSETS	\$ 960,451	\$ 917,387

See Independent Auditor's Report and Notes to the Financial Statements.

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 9,469	\$ 16,118
Payroll Liabilities	-	777
Compensated Absences Liability	82,697	61,016
Total Current Liabilities	<u>92,166</u>	<u>77,911</u>
<u>Long-Term Liabilities</u>		
Total Long-Term Liabilities	<u>-</u>	<u>-</u>
Total Liabilities	<u>92,166</u>	<u>77,911</u>
<u>Net Assets</u>		
Net Assets without Donor Restrictions	868,285	839,476
Net Assets with Donor Restrictions	-	-
Total Net Assets	<u>868,285</u>	<u>839,476</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 960,451</u>	<u>\$ 917,387</u>

See Independent Auditor's Report and Notes to the Financial Statements.

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<i><u>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</u></i>		
<u>Revenue</u>		
Contract Revenue	\$ 1,280,000	\$ 1,280,000
Expert Expenditure Reimbursement	77,851	46,945
Rental Income	5,706	5,718
Interest Income	4,241	5,125
SBA Payroll Protection Program Forgiveness	-	115,900
Other Income	-	1,714
Net Assets Released from Restrictions	-	-
Total Revenue	1,367,798	1,455,402
<u>Expenses</u>		
Program Services	1,102,822	1,154,615
Management and General	236,167	213,191
Fundraising	-	-
Total Expenses	1,338,989	1,367,806
Change in Net Assets Without Donor Restrictions	\$ 28,809	\$ 87,596
<i><u>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</u></i>		
<u>Revenue</u>		
Total Revenue	-	-
Change in Net Assets With Donor Restrictions	\$ -	\$ -
<b>CHANGES IN NET ASSETS</b>	<b>\$ 28,809</b>	<b>\$ 87,596</b>
Net Assets, Beginning of Year	\$ 839,476	\$ 751,880
Change in Net Assets without Donor Restrictions	28,809	87,596
Change in Net Assets with Donor Restrictions	-	-
Net Assets, End of Year	\$ 868,285	\$ 839,476

See Independent Auditor's Report and Notes to the Financial Statements.



**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2022**

	Program Service	Management & General	Fundraising	Total
Audit Expense	\$ -	\$ 15,000	\$ -	\$ 15,000
Capital Representation	12,047	-	-	12,047
Contract Attorney	226,404	-	-	226,404
Contract Labor - Office	-	1,228	-	1,228
Depreciation	5,222	5,222	-	10,444
Dues, Seminars, and Subscriptions	43,870	-	-	43,870
Experts	24,793	-	-	24,793
Insurance	54,669	33,669	-	88,338
Interest	-	-	-	-
Investigators	464	-	-	464
Miscellaneous	819	819	-	1,638
Office Expense	14,666	14,666	-	29,332
Payroll	495,677	92,132	-	587,809
Payroll Taxes	34,963	7,103	-	42,066
Professional Services	-	10,725	-	10,725
Reimbursable Expert Expenditures	77,852	-	-	77,852
Rent	29,340	32,023	-	61,363
Repairs and Maintenance	-	-	-	-
Simple IRA Contributions	40,940	7,323	-	48,263
Technical Support	1,471	1,470	-	2,941
Travel	24,838	-	-	24,838
Utilities and Internet	14,787	14,787	-	29,574
Total Expenses	<u>\$ 1,102,822</u>	<u>\$ 236,167</u>	<u>\$ -</u>	<u>\$ 1,338,989</u>

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2021**

	Program Service	Management & General	Fundraising	Total
Audit Expense	\$ -	\$ 15,000	\$ -	\$ 15,000
Capital Representation	10,611	-	-	10,611
Contract Attorney	118,094	-	-	118,094
Contract Labor - Office	-	2,035	-	2,035
Depreciation	5,803	5,803	-	11,606
Dues, Seminars, and Subscriptions	30,728	-	-	30,728
Experts	3,719	-	-	3,719
Insurance	108,841	20,987	-	129,828
Interest	-	40	-	40
Investigators	11,597	-	-	11,597
Miscellaneous	-	-	-	-
Office Expense	7,811	7,811	-	15,622
Payroll	643,985	88,381	-	732,366
Payroll Taxes	52,959	7,278	-	60,237
Professional Services	-	11,041	-	11,041
Reimbursable Expert Expenditures	46,945	-	-	46,945
Rent	29,115	31,762	-	60,877
Repairs and Maintenance	394	393	-	787
Simple IRA Contributions	35,989	3,750	-	39,739
Technical Support	5,690	5,689	-	11,379
Travel	29,112	-	-	29,112
Utilities and Internet	13,222	13,221	-	26,443
	<u>1,154,615</u>	<u>213,191</u>	<u>-</u>	<u>1,367,806</u>
Total Expenses	<u>\$ 1,154,615</u>	<u>\$ 213,191</u>	<u>\$ -</u>	<u>\$ 1,367,806</u>

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in Net Assets	\$ 28,809	\$ 87,596
Non Cash items Included in Change in Net Assets:		
Depreciation	10,444	11,606
SBA Payroll Protection Program Forgiveness	-	(115,900)
Interest Income on Certificates of Deposit	(3,481)	(4,409)
Decrease (Increase) in Assets:		
Contract Receivable	2,576	-
Reimbursement Receivable	(16,198)	(22,927)
Rent Receivable	476	477
Prepaid Expenses	(26,420)	26,896
Increase (Decrease) in Liabilities:		
Accounts Payable	(6,649)	5,984
Payroll Liabilities	(777)	(189)
Compensated Absences Liability	21,681	(79,769)
Net Cash Provided by (Used in) Operating Activities	<u>10,461</u>	<u>(90,635)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Net Cash Provided by (Used in) Investing Activities	<u>-</u>	<u>-</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Payments on Capital Lease Payable	<u>-</u>	<u>(1,258)</u>
Net Cash Provided by (Used in) Financing Activities	<u>-</u>	<u>(1,258)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 10,461	\$ (91,893)
Cash and Cash Equivalents, Beginning of Year	\$ 136,671	\$ 228,564
Cash and Cash Equivalents, End of Year	<u>\$ 147,132</u>	<u>\$ 136,671</u>
 <u>SUPPLEMENTARY CASH FLOW INFORMATION</u>		
Cash Paid During the Year for:		
Interest	<u>\$ -</u>	<u>\$ 40</u>
Income Taxes	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditor's Report and Notes to the Financial Statements.

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 1.**      **NATURE OF BUSINESS**

The Capital Defense Project of Southeast Louisiana (Project) is a non-profit 501(c)(3) law office funded by the State of Louisiana Public Defender Board (LPDB) to provide legal representation in the form of "criminal defense services at trial" in capital cases where there exists an ethical conflict in the representation of indigents by the 22nd Judicial District Public Defenders Office, where the Public Defender's Office lacks the capacity to accept an additional capital case, and where the representation of indigents in capital cases in Orleans Parish indicted after August 29, 2005, and in pre-indictment cases, as funding permits, and in other capital cases in parishes statewide, as needed; in cases remanded on appeal for further hearings or retrial statewide subject to agreement with the local District Defender's office; and in any case, statewide, where appointed counsel has sought consultation services and provision of those services has been approved by the State Public Defender or Capital Case Coordinator and the Capital Defense Project. The Project's viability is dependent on funding from LPDB.

**NOTE 2.**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of the Project is presented to assist in understanding the Project's financial statements. The financial statements and notes are representations of the Project's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and have been consistently applied in the presentation of the financial statements.

A.      **Basis of Accounting**

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

B.      **Financial Statement Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) *Accounting Standards Codification 958, Not-for-Profit Entities*. Under FASB ASC 958, the Project is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the following:

- The nature of the not-for-profit;
- The environment in which the not-for-profit operates;
- The purpose specified in the not-for-profit's articles of incorporation or bylaws; and
- Limits resulting from contractual agreements with suppliers, creditors, and others entered into by the not-for-profit in the course of its business.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed time and/or purpose restrictions.

C. Functional Expense Allocation

The costs of providing the Project's program and supporting services have been reported on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Expenses are charged to each functional classification based on direct expenses incurred. Any program expenses not directly chargeable to the program are allocated based on estimate of time and effort.

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Project considers all unrestricted highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

E. 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 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.

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

F. Contract and Reimbursements Receivable

*Contract Receivable*

Contract Receivable consists of the portion of contract revenues approved by the Louisiana Public Defender Board for the year ending June 30, 2022 that had not been received by the Project as of June 30, 2022. Contract Receivable as of June 30, 2022 was \$105,379.

*Reimbursements Receivable*

Reimbursements Receivable consists of reimbursements approved by the Louisiana Public Defender Board for expenditures incurred by June 30, 2022 that had not been received by the Project by year-end. Reimbursements Receivable as of June 30, 2022 was \$42,023.

The Project considers all Contract and Reimbursements Receivables to be fully collectible. Accordingly, there was no allowance for doubtful accounts recorded.

G. Property and Equipment

Property and Equipment is recorded at cost and is depreciated using the straight-line method over their estimated useful lives. The Project capitalizes property and equipment if its value is greater than \$500 and its useful life is more than a year. Expenditures for additions and betterments that extend the useful life of an asset are capitalized. Repairs and maintenance are expensed as incurred.

As of June 30, 2022, the estimated useful lives are as follows:

Leasehold Improvements	10 years
Equipment	5 – 7 years
Furniture and Fixtures	5 – 7 years

Depreciation expense for the years ended June 30, 2022 and 2021 was \$10,444 and \$11,606, respectively.

The Project did not receive any donations of property and equipment during the year ended June 30, 2022.

Amortization of assets under capital leases is included in depreciation expense.

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

H. Income Tax Status

The Project is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under Section 121(5) of Title 47 of the Louisiana Revised Statutes of 1950. However, income from certain activities not directly related to the Project's tax-exempt purpose would be subject to taxation as unrelated business income. There was no unrelated business income during the year.

The Company's federal and state tax returns are subject to possible examination by taxing authorities generally for a period of three years from the filing of those returns.

I. Contract Revenue Recognition

Contract revenue is comprised of funds received under a contract with the Louisiana Public Defender Board. The contract is a single performance obligation that is satisfied over time. Payments are received monthly. Contract revenue is recorded over the period covered by the original contract. Any amendments to the contract are recorded in the period received. Contract Revenue is reported as an increase in unrestricted net assets since the use of the funds outlined by the Louisiana Public Defender Board pertains to the primary purpose of the Project specified in the Project's Articles of Incorporation.

The contracts for the year ended June 30, 2022 provided \$0 to the Project. Therefore, total contract revenue for the year ended June 30, 2022 was \$0.

Note 3. RESTRICTIONS ON NET ASSETS

There are no restrictions on net assets. However, the board has designated \$505,375 of net assets without restrictions that would be used to cover outstanding expenditures in the event funding from LPDB is lost.

Note 4. CONCENTRATIONS OF CREDIT RISK

Cash and Cash Equivalents

At various times during the year ended June 30, 2022, the Project's cash on deposit with financial institutions exceeded \$250,000. The Federal Deposit Insurance Corporation (FDIC) provides deposit insurance coverage up to \$250,000, per

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

depositor, per bank, for each account ownership category. The amount of uninsured deposits at June 30, 2022, was \$516,655.

Contract Revenue and Receivable

All contract revenue for the years ended June 30, 2022 and 2021 was from the Louisiana Public Defender Board. At June 30, 2022 and 2021, all contract receivable was owed by the Louisiana Public Defender Board.

Reimbursements Receivable

At June 30, 2022 and 2021, all reimbursements receivable were due from the Louisiana Public Defender Board.

Note 5.

COMPENSATED ABSENCES

All full-time or regularly-scheduled part-time employees are eligible to earn sick and vacation leave, depending on length of service and other factors.

Sick leave is not payable upon separation from the Project. Therefore, the Project does not accrue for sick leave since the amount cannot be reasonably estimated. The Project recognizes the cost of sick leave when actually paid to employees.

Accrued unused vacation leave earned by an employee can be carried forward to subsequent years, and the employee can be paid the value of their accrued unused annual leave, up to a maximum of 300 hours, provided that the employee is not dismissed for cause. Therefore, the Project has accrued a liability for these compensated absences, which is included in Compensated Absences Liability on the accompanying Balance Sheets.

Note 6.

NOTE PAYABLE – SBA PAYROLL PROTECTION PROGRAM

The Project received a loan from U.S. Small Business Administration through Crescent Bank & Trust in the amount of \$115,900 under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan was subject to a note dated April 9, 2020. Effective June 14, 2021, the Project received a notice that the loan was forgiven in the amount of \$115,900.



**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

Note 7.      LEASES

The Project leases office space from an unrelated party. Rent expense for the years ended June 30, 2022 and 2021 was \$58,200 and \$57,750, respectively. The lease expires August 31, 2022. The Project also leases miscellaneous office equipment accounted for under operating leases that totaled \$6,202 for the year ended June 30, 2022, of which \$5,722 was included in Telephone expense, and totaled \$6,592 for the year ended June 30, 2021, of which \$6,112 was included in Telephone expense.

Future minimum lease payments are as follows:

<u>Year Ending June 30:</u>		
2023	\$	10,060
2024		-
2025		-
2026		-
2027		-
Thereafter		-
	<u>\$</u>	<u>10,060</u>

The Project also leases storage space from an unrelated party on a month to month basis. Rent expense for the year ended June 30, 2022 and 2021 was \$2,683 and \$2,647, respectively.

Note 8.      SIMPLE- IRA

The Project offers a Simplified Employee Pension plan (SEP-IRA) to its employees after one year of employment. The Project contributes a maximum of 10% of an employee's annual base salary. Contributions for the year ended June 30, 2022 and 2021 were \$48,263 and \$39,739, respectively.

Note 9.      LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Project's financial assets available within one year as of June 30, 2022 to meet cash needs for general expenditures consists of the following:

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

Cash and Cash Equivalents	\$	147,132
Contract Receivable		105,379
Reimbursements Receivable		42,023
	\$	<u>294,534</u>

As part of the Project's liquidity management, it invests any excess cash in long-term Certificates of Deposit.

Note 10.      SUBSEQUENT EVENTS

Management evaluated subsequent events through June 30, 2022, which is the date the financial statements were available to be issued, and determined that other than Note 11, there were no significant events requiring disclosure.

Note 11.      COVID-19

On March 11, 2020, COVID-19 was declared a pandemic by the World Health Organization and on March 13, 2020 a national emergency was declared in the United States concerning the COVID-19 outbreak. Unprecedented actions were taken by governments around the world to curtail the spread of the disease. As such, these actions have resulted in a high level of uncertainty and volatility in the financial markets and have had an enormous impact on business and consumers in all sectors. The outcome and timeframe is highly unpredictable and, as such, the financial impact to the financial statements cannot be estimated.

Note 12.      RECLASSIFICATIONS

Certain reclassifications have been made to the financial statements for the year ended June 30, 2021 in order for them to be in conformity with the current year presentation. There is no effect to previously reported net income.

## **SUPPLEMENTARY INFORMATION**

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO DIRECTOR  
YEARS ENDED JUNE 30, 2022 AND 2021**

DIRECTOR: Kerry P. Cuccia

PURPOSE	<u>2022</u>	<u>2021</u>
<b>Payroll:</b>		
Salary	\$ 127,417	\$ 125,000
Compensatory Time (Earned and Paid in Current Year)	\$ 4,691	\$ 5,704
Compensatory Time (Accrued in Prior Year and Paid in Current Year)	\$ -	\$ 43,131
Vacation Earned but Not Used (Accrued in Current Year)	\$ 12,580	\$ 11,538
Simple IRA Contributions	\$ 12,742	\$ 12,500
Insurance - Health	\$ 17,746	\$ 17,153
Insurance - Disability	\$ 1,398	\$ 1,398
Insurance - Dental/Vision	\$ 681	\$ 651
 <b>Reimbursements</b>		
Travel	\$ 3,815	\$ 5,735
Office Expense	\$ 200	\$ 769
Capital Representation	\$ 400	\$ 107
Repairs and Maintenance	\$ -	\$ 787

See Independent Auditor's Report.



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of  
Capital Defense Project of Southeast Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Capital Defense Project of Southeast Louisiana (a nonprofit organization), which comprise the statement of financial position as of June 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 December 16, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Capital Defense Project of Southeast Louisiana'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 the Capital Defense Project of Southeast Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Capital Defense Project of Southeast Louisiana'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.

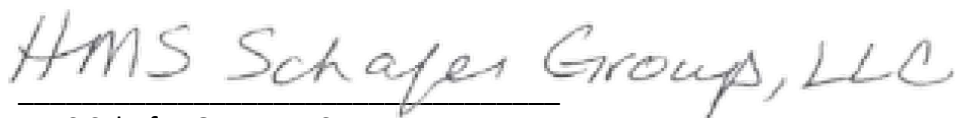
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Capital Defense Project of Southeast Louisiana'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 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.



HMS Schafer Group, LLC

December 16, 2022

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022**

We have audited the financial statements of Capital Defense Project of Southeast Louisiana as of and for the year ended June 30, 2022, and have issued our report thereon dated December 16, 2022. 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.

**Section I - Summary of Auditor's Results**

- Independent Auditor's Report - Our audit of the financial statements as of June 30, 2022, resulted in an unqualified opinion.
- Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Internal Control

Material Weaknesses  Yes  No    Significant Deficiencies  Yes  No

Compliance

Noncompliance Material to Financial Statements  Yes  No

- Federal Awards  Not Applicable
- Was a management letter issued?  Yes  No
- Identification of Major Programs:  Not Applicable

**Section II - Financial Statement Findings**

No Section II Findings.

**Section III - Federal Award Findings and Questioned Costs**

No Section III Findings.

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
SCHEDULE OF PRIOR YEAR FINDINGS  
YEAR ENDED JUNE 30, 2022**

FINDINGS RELATING TO: Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

None.

FINDINGS RELATING TO: Internal Control and Compliance Material to Federal Awards

Not applicable.



**CAPITAL  
DEFENSE  
PROJECT**  

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**OF SOUTHEAST LOUISIANA**

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA**

**STATEWIDE AGREED-UPON PROCEDURES**

**YEAR ENDED JUNE 30, 2022**



**HMS SCHAFFER GROUP | CPAs**  
HUNER · MURRET · SHIPP

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
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JUNE 30, 2022**

- I. Independent Accountant's Report on Applying Agreed-Upon Procedures
  
- II. Schedule of Procedures, Findings, and Management's Response



**HMS SCHAFFER GROUP | CPAs**  
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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Director of Capital Defense Project of Southeast Louisiana and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. Capital Defense Project of Southeast Louisiana's management is responsible for those C/C areas identified in the SAUPs.

Capital Defense Project of Southeast Louisiana has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are documented in the attached Schedule of Procedures, Findings, and management's Response.

We were engaged by Capital Defense Project of Southeast Louisiana to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Capital Defense Project of Southeast Louisiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

*HMS Schafer Group, LLC*

**HMS Schafer Group, LLC**

December 16, 2022

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
SCHEDULE OF PROCEDURES, FINDINGS, AND MANAGEMENT'S RESPONSE  
YEAR-ENDED JUNE 30, 2022**

PROCEDURES	FINDINGS	MANAGEMENT'S RESPONSE <i>(Responses are per Kerry P. Cuccia, Director)</i>
<b>Written Policies and Procedures</b>		
1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:		
a) <b>Budgeting</b> , including preparing, adopting, monitoring, and amending the budget	No exceptions were noted as a result of applying the procedure.	N/A
b) <b>Purchasing</b> , including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.	No exceptions were noted as a result of applying the procedure.	N/A
c) <b>Disbursements</b> , including processing, reviewing, and approving	No exceptions were noted as a result of applying the procedure.	N/A
d) <b>Receipts/Collections</b> , including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).	No exceptions were noted as a result of applying the procedure.	N/A
e) <b>Payroll/Personnel</b> , including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.	No exceptions were noted as a result of applying the procedure.	N/A
f) <b>Contracting</b> , including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process	The Entity's "Business and Financial Operating Policies and Procedures" manual addresses contracting. However, written contracts are not required by the entity.	N/A
g) <b>Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)</b> , including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)	No exceptions were noted as a result of applying the procedure.	N/A
h) <b>Travel and expense reimbursement</b> , including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers	No exceptions were noted as a result of applying the procedure.	N/A

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
SCHEDULE OF PROCEDURES, FINDINGS, AND MANAGEMENT'S RESPONSE  
YEAR-ENDED JUNE 30, 2022**

PROCEDURES	FINDINGS	MANAGEMENT'S RESPONSE <i>(Responses are per Kerry P. Cuccia, Director)</i>
<i>i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.</i>	N/A - Entity is a non-profit 501(c)(3)	N/A
<i>j) Debt Service, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.</i>	N/A - Entity is a non-profit 501(c)(3)	N/A
<b>Board or Finance Committee</b>		
<b>2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:</b>		
<i>a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.</i>	Board met on a frequency sufficient for the Entity's size and structure.	N/A
<i>b) Observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period</i>	Board minutes referenced financial activity related to public funds (Louisiana Public Defender Board Contract).	N/A
<i>c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund</i>	N/A - Entity is a non-profit 501(c)(3)	N/A
<b>Bank Reconciliations</b>		
<b>3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:</b>	The Office Manager provided a listing of Entity bank accounts, and the Director confirmed that the listing was complete.	N/A

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
SCHEDULE OF PROCEDURES, FINDINGS, AND MANAGEMENT'S RESPONSE  
YEAR-ENDED JUNE 30, 2022**

PROCEDURES	FINDINGS	MANAGEMENT'S RESPONSE <i>(Responses are per Kerry P. Cuccia, Director)</i>
<i>a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);</i>	All bank statements selected were reconciled within QuickBooks within two months of statement closing date.	N/A
<i>b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and</i>	The Director confirmed that he reviewed each bank reconciliation. There was no handwritten or electronic evidence of review.	<i>The Director will manually document his approval on the bank reconciliations going forward.</i>
<i>c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.</i>	No reconciling items outstanding for longer than 12 months noted on the selected bank reconciliations.	N/A
<b><i>Collections (excluding electronic funds transfers)</i></b>		
<i>4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).</i>	The Office Manager provided a listing of all locations maintained by Entity, noting there was only one location, and the Director confirmed that the listing was complete.	N/A
<i>5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:</i>		
<i>a) Employees that are responsible for cash collections do not share cash drawers/registers.</i>	N/A - There are no cash registers or drawers.	N/A

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
SCHEDULE OF PROCEDURES, FINDINGS, AND MANAGEMENT'S RESPONSE  
YEAR-ENDED JUNE 30, 2022**

PROCEDURES	FINDINGS	MANAGEMENT'S RESPONSE <i>(Responses are per Kerry P. Cuccia, Director)</i>
<p><i>b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.</i></p>	<p>The majority of the funds received by the Entity were from the Louisiana Public Defender Board (LPDB). The Entity was 100% funded by LPDB in accordance with the "FY22 Contract for Criminal Defense Services on Behalf of Indigents Accused of Capital Crimes" and related Amendments. Funds received in accordance with Contract were received by the Entity via EFT. Total Contract Revenue per June 30, 2022 audited Statement of Activities agreed to "FY22 Contract for Criminal Defense Services on Behalf of Indigents Accused of Capital Crimes " and to the Office of Statewide Reporting and Accounting Policy Vendor Search for the year ended June 30, 2022.</p> <p>In addition, the Entity receives funding from LPDB to cover the cost of services incurred for expert witnesses. These reimbursements from LPDB are received via check and deposited by the Office Manager. The Office Manager maintains a spreadsheet of expert expenditures that is used to track the expenditure, reimbursement request, and reimbursement. Total Expert Expenditure Reimbursement per June 30, 2022 audited Statement of Activities agreed to Reimbursable Expert Expenditures per June 30, 2022 audited Statement of Functional Expenses.</p>	<p>N/A</p>
<p><i>c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit</i></p>	<p>No exceptions were noted as a result of applying the procedure.</p>	<p>N/A</p>
<p><i>d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.</i></p>	<p>No exceptions were noted as a result of applying the procedure.</p>	<p>N/A</p>
<p><i>6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.</i></p>	<p>The Entity's Crime Policy covers employee theft.</p>	<p>N/A</p>



**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
SCHEDULE OF PROCEDURES, FINDINGS, AND MANAGEMENT'S RESPONSE  
YEAR-ENDED JUNE 30, 2022**

PROCEDURES	FINDINGS	MANAGEMENT'S RESPONSE <i>(Responses are per Kerry P. Cuccia, Director)</i>
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day) . Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:		
a) Observe that receipts are sequentially pre-numbered.	N/A - No receipts.	N/A
b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.	N/A - No receipts.	N/A
c) Trace the deposit slip total to the actual deposit per the bank statement.	No exceptions were noted as a result of applying the procedure.	N/A
d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).	No exceptions were noted as a result of applying the procedure.	N/A
e) Trace the actual deposit per the bank statement to the general ledger.	No exceptions were noted as a result of applying the procedure.	N/A
<b>Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)</b>		
8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).	The Office Manager provided a listing of all locations maintained by Entity, noting there was only one location, and the Director confirmed that the listing was complete.	N/A
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:		
a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.	Purchases made by Director are not approved by another employee.	<i>Due to entity size and structure, purchases made by the Director are not subject to approval by another employee.</i>
b) At least two employees are involved in processing and approving payments to vendors.	No exceptions were noted as a result of applying the procedure.	N/A
c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.	No exceptions were noted as a result of applying the procedure.	N/A

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
SCHEDULE OF PROCEDURES, FINDINGS, AND MANAGEMENT'S RESPONSE  
YEAR-ENDED JUNE 30, 2022**

PROCEDURES	FINDINGS	MANAGEMENT'S RESPONSE <i>(Responses are per Kerry P. Cuccia, Director)</i>
d) <i>Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.</i>	The employee responsible for processing checks also mails checks.	<i>Due to entity size and structure, segregation of these duties is not feasible.</i>
10. <i>For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:</i>	The Office Manager provided the general ledger, and the Director confirmed that the general ledger was complete.	N/A
a) <i>Observe that the disbursement matched the related original invoice/billing statement.</i>	No exceptions were noted as a result of applying the procedure.	N/A
b) <i>Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.</i>	No exceptions were noted as a result of applying the procedure.	N/A
<b><i>Credit Cards/Debit Cards/Fuel Cards/P-Cards</i></b>		
11. <i>Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.</i>	The Office Manager provided a listing of all active credit cards, bank debit cards, fuel cards, and P-cards, noting there were only two cards, and the Director confirmed that the listing was complete.	N/A
12. <i>Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:</i>		
a) <i>Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]</i>	For the selected credit card statements, there was supporting document for each transaction. The Office Manager and Director are the two card holders. The Director reviewed the statements. No review or approval of the statements was performed by a non-cardholder. The selected credit card statements were paid in full, thus no late fees or finance charges were assessed.	<i>Due to size and structure of the Entity, review and approval of transactions by a non-cardholder is not feasible.</i>
b) <i>Observe that finance charges and late fees were not assessed on the selected statements.</i>		
13. <i>Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing).</i>		

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
SCHEDULE OF PROCEDURES, FINDINGS, AND MANAGEMENT'S RESPONSE  
YEAR-ENDED JUNE 30, 2022**

PROCEDURES	FINDINGS	MANAGEMENT'S RESPONSE <i>(Responses are per Kerry P. Cuccia, Director)</i>
<i>a) For each transaction, observe that it is supported by:</i>		
<i>∅ An original itemized receipt that identifies precisely what was purchased</i>	For each transaction selected from the credit card statements, there was an itemized receipt present.	N/A
<i>∅ Written documentation of the business/public purpose</i>	For each transaction from the selected credit card statements, there was documentation of the business/public purpose.	N/A
<i>∅ Documentation of the individuals participating in meals (for meal charges only).</i>	N/A - No meal charges were selected from credit card statements.	N/A
<b>Travel and Expense Reimbursement (excluding card transactions)</b>		
<b>14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:</b>	The Office Manager provided the general ledger, and the Director confirmed that the general ledger was complete.	N/A
<i>a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).</i>	Each transaction reimbursed using a per diem was equal to or less than rates published by the U.S. General Services Administration. Transactions reimbursed for actual costs were supported by an itemized receipt. Each transaction tested had a documented business purpose and was approved by the Director.  Reimbursements to the Director are not approved by someone other than the Director.	<i>The Office Manager reviews and reconciles all expense reimbursement reports, including the Director's, to the related supporting documentation. The expense reimbursement reports and supporting documentation are forwarded to the Director for his review. Due to Entity's size and structure, additional approval of expenditures incurred by the Director is not required.</i>
<i>b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.</i>		
<i>c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).</i>		
<i>d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.</i>		
<b>Contracts</b>		
<b>15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:</b>	The Office Manager provided the general ledger, and the Director confirmed that the general ledger was complete.	N/A
<i>a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.</i>	No transactions subject to Louisiana Public Bid Law or Procurement Code found.	N/A

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
SCHEDULE OF PROCEDURES, FINDINGS, AND MANAGEMENT'S RESPONSE  
YEAR-ENDED JUNE 30, 2022**

PROCEDURES	FINDINGS	MANAGEMENT'S RESPONSE <i>(Responses are per Kerry P. Cuccia, Director)</i>
b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).	N/A - Not required by policy or law.	N/A
c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.	No contract amendments noted.	N/A
d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.	For those selected payments with a formal/written contract, a supporting invoice was obtained and agreed to the related payment.	N/A
<b>Payroll and Personnel</b>		
16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.	<p>The Office Manager provided a listing of employees with their related salaries, and the Director confirmed that the listing was complete.</p> <p>The Entity's annual budget and staffing plan that is completed and submitted to Louisiana Public Defender Board prior to start of annual Contract requires an annual salary breakdown by position. The Entity's annual "Contract For Criminal Defense Services on Behalf of Indigents Accused of Capital Crimes" (Contract) requires remuneration of staff for services performed under the Contract to be consistent with the wage schedule accompanying the Contract unless a variance is agreed to by the State Public Defender or Trial Level Compliance Officer upon a showing of good cause. Categories of staff positions include: Director, Senior Attorney, Associate Attorney, Junior Attorney, Mitigation Worker, Fact investigator, and Paralegal.</p> <p>Employees selected for testing that were included in the above staff positions were in agreement with the wage schedule in the Contract.</p> <p>The Contract does not address salaries of administrative office staff.</p>	<p><i>The Director uses the "Wage Schedule" included in the entity's annual "Contract For Criminal Defense Services on Behalf of Indigents Accused of Capital Crimes" (Contract) to determine the appropriate salary range for the following positions: Director, Lead Counsel, Associate Counsel, Junior Attorney, Mitigation Worker, Fact Investigator, and Paralegal. Hourly pay rate/salary adjustments are approved by the Director (by email) who notifies the Office Manager who notifies the Outside Certified Public Accountant who is responsible for payroll processing. The Director is responsible for signing all payroll checks.</i></p>

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
SCHEDULE OF PROCEDURES, FINDINGS, AND MANAGEMENT'S RESPONSE  
YEAR-ENDED JUNE 30, 2022**

PROCEDURES	FINDINGS	MANAGEMENT'S RESPONSE <i>(Responses are per Kerry P. Cuccia, Director)</i>
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:	Attendance and leave records for the week of 09/16/2021-09/30/2021 obtained.	
a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)	Selected employees documented their daily attendance and leave.	N/A
b) Observe that supervisors approved the attendance and leave of the selected employees/officials.	For each employee selected, management's approval was noted.	N/A
c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.	For each employee selected, leave balances were recorded.	N/A
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.	The Office Manager provided a listing of employees terminated during the fiscal year, and the Director confirmed that the listing was complete. The calculation of final pay for the one terminated employee was obtained, and it was noted that the employee was paid out appropriately in accordance with the Entity's "Employment Policies and Procedures" manual.	N/A
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.	The Director provided confirmation that all payroll related liabilities were paid and that all associated forms were filed timely.	N/A
<b>Ethics (excluding nonprofits)</b>		
20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:	N/A - Entity is a non-profit 501(c)(3)	N/A
a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period. b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.		

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
SCHEDULE OF PROCEDURES, FINDINGS, AND MANAGEMENT'S RESPONSE  
YEAR-ENDED JUNE 30, 2022**

PROCEDURES	FINDINGS	MANAGEMENT'S RESPONSE <i>(Responses are per Kerry P. Cuccia, Director)</i>
<b><i>Debt Service (excluding nonprofits)</i></b>		
21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.		
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).	N/A - Entity is a non-profit 501(c)(3)	N/A
<b><i>Fraud Notice</i></b>		
23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.	The Director provided confirmation that there were no misappropriations of public funds or assets.	N/A
24. Observe the entity has posted, on its premises (observation may be limited to those premises that are visited during the performance of other procedures under the AUPs) and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds. (This notice is available for download or print at <a href="http://www.la.la.gov/hotline">www.la.la.gov/hotline</a> .)	The Notice was posted in the office of Capital Defense Project of Southeast Louisiana.  Capital Defense Project of Southeast Louisiana does not have a website.	N/A

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
SCHEDULE OF PROCEDURES, FINDINGS, AND MANAGEMENT'S RESPONSE  
YEAR-ENDED JUNE 30, 2022**

PROCEDURES	FINDINGS	MANAGEMENT'S RESPONSE <i>(Responses are per Kerry P. Cuccia, Director)</i>
<b>Information Technology Disaster Recovery/Business Continuity</b>		
25. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."		
a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.	We performed the procedure and discussed the results with management.	N/A
b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.	We performed the procedure and discussed the results with management.	N/A
c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.	We performed the procedure and discussed the results with management.	N/A
<b>Sexual Harassment (A private non-profit that is subject to audit by virtue of the receipt of public funds does not appear to be subject to the sexual harassment law, R.S. 42:341, et seq. However, the non-profit</b>		
26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.	N/A - Entity is a non-profit 501(c)(3)	N/A
27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).	N/A - Entity is a non-profit 501(c)(3)	N/A
28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:	N/A - Entity is a non-profit 501(c)(3)	N/A
a) Number and percentage of public servants in the agency who have completed the training requirements;	N/A - Entity is a non-profit 501(c)(3)	N/A
b) Number of sexual harassment complaints received by the agency;	N/A - Entity is a non-profit 501(c)(3)	N/A

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
SCHEDULE OF PROCEDURES, FINDINGS, AND MANAGEMENT'S RESPONSE  
YEAR-ENDED JUNE 30, 2022**

PROCEDURES	FINDINGS	MANAGEMENT'S RESPONSE <i>(Responses are per Kerry P. Cuccia, Director)</i>
<i>c) Number of complaints which resulted in a finding that sexual harassment occurred;</i>	N/A - Entity is a non-profit 501(c)(3)	N/A
<i>d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and</i>	N/A - Entity is a non-profit 501(c)(3)	N/A
<i>e) Amount of time it took to resolve each complaint.</i>	N/A - Entity is a non-profit 501(c)(3)	N/A

*Note: Outside CPA referenced herein is not HMS Schafer Group, LLC.*