

REPORT

ST. BERNARD PARISH ADULT
DRUG COURT, INC.

JUNE 30, 2020

ST. BERNARD PARISH ADULT DRUG COURT, INC.

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Duplantier Hrapmann Hogan & Maher, LLP

A.J. Duplantier, Jr., CPA
(1919-1985)

Felix J. Hrapmann, Jr., CPA
(1919-1990)

William R. Hogan, Jr., CPA
(1920-1996)

James Maher, Jr., CPA
(1921-1999)

Lindsay J. Calub, CPA, LLC
Guy L. Duplantier, CPA
Michelle H. Cunningham, CPA
Dennis W. Dillon, CPA
Grady C. Lloyd, III CPA

Heather M. Jovanovich, CPA
Terri L. Kitto, CPA

Robynn P. Beck, CPA
John P. Butler, CPA
Jason C. Montegut, CPA
Paul M. Novak, CPA, AVB, CVA
Wesley D. Wade, CPA

Michael J. O' Rourke, CPA
David A. Burgard, CPA
Clifford J. Giffin, Jr., CPA
William G. Stamm, CPA

New Orleans
1615 Poydras Street,
Suite 2100
New Orleans, LA 70112
Phone: (504) 586-8866
Fax: (504) 525-5888

Northshore
1290 Seventh Street
Slidell, LA 70458
Phone: (985) 641-1272
Fax: (985) 781-6497

Houma
247 Corporate Drive
Houma, LA 70360
Phone: (985) 868-2630
Fax: (985) 872-3833

Napoleonville
5047 Highway 1
P.O. Box 830
Napoleonville, LA 70390
Phone: (985) 369-6003
Fax: (985) 369-9941

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

December 28, 2020

To the Board of Directors of
St. Bernard Parish Adult Drug Court, Inc.
Chalmette, Louisiana

Report on the Financial Statements

We have reviewed the accompanying financial statements of St. Bernard Parish Adult Drug Court, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

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Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

The accompanying schedule of compensation, benefits and other payments to agency head on page 12 is presented for purposes of additional analysis and are not a required part of the basic 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 supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Duplantier, Sharpness, Hogan and Oakes, LLP

New Orleans, Louisiana

ST. BERNARD PARISH ADULT DRUG COURT, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

ASSETS

Cash	\$ 15,777
Due from Juvenile Drug Court	<u>13,342</u>
 TOTAL ASSETS	 <u>\$ 29,119</u>

LIABILITIES AND NET ASSETS

LIABILITIES:	
Accounts payable	\$ 10,806
Loan payable	3,932
Payroll liabilities	2,727
Payroll Protection Program (PPP) Loan	<u>21,800</u>
Total liabilities	<u>39,265</u>
 NET ASSETS:	
Without donor restrictions	<u>(10,146)</u>
Total net assets	<u>(10,146)</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 29,119</u>

See accompanying notes.

ST. BERNARD PARISH ADULT DRUG COURT, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

REVENUES AND SUPPORT:

Grant revenue	\$ 253,540
Program fees	16,900
Interest	262
Total revenues and support	270,702

EXPENSES:

Program	282,249
General and administrative	16,793
Total expenses	299,042

Change in net assets without restricitons	(28,340)
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Net assets without restrictions - beginning of year	18,194
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Net assets without restrictions - end of year	\$ (10,146)
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See accompanying notes.

ST. BERNARD PARISH ADULT DRUG COURT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Program</u>	<u>General and Administrative</u>	<u>Total</u>
Accounting and auditing	\$ -	\$ 9,626	\$ 9,626
Insurance	8,532	948	9,480
Membership, dues, and subscriptions	810	-	810
Miscellaneous	2,097	-	2,097
Office expense	1,012	112	1,124
Payroll and payroll taxes	110,313	6,107	116,420
Professional fees	5,200	-	5,200
Testing and laboratory	31,397	-	31,397
Travel and training	907	-	907
Treatment expense	<u>121,981</u>	<u>-</u>	<u>121,981</u>
	<u>\$ 282,249</u>	<u>\$ 16,793</u>	<u>\$ 299,042</u>

See accompanying notes

ST. BERNARD PARISH ADULT DRUG COURT, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (28,340)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Increase in due from St Bernard Juvenile Court	(400)
Increase in loan payable	(2,996)
Decrease in grants receivable	23,594
Increase in accounts payable	(5,505)
Decrease in payroll liabilities	(317)
Net cash used by operating activities	<u>(13,964)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Loan proceeds - PPP	<u>21,800</u>
Net cash provided by financing activities	<u>21,800</u>
NET CHANGE IN CASH	7,836
CASH AT BEGINNING OF YEAR	<u>7,941</u>
CASH AT END OF YEAR	<u><u>\$ 15,777</u></u>

See accompanying notes.

ST. BERNARD PARISH ADULT DRUG COURT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NATURE OF ORGANIZATION

The St. Bernard Parish Adult Drug Court, Inc. (ADC) is a nonprofit entity established to provide an alternative to the singularly directed, traditional criminal justice case management system of pursuing only punitive based sanctions in response to drug addiction of incarceration and its resultant increased costs in public resources to little or no avail in addressing, diminishing, or reducing criminal activity related to drug addiction and its consequences. This program includes the administration of the St. Bernard Parish Adult Drug Court, Inc. which is a part of the 34th Judicial District Court. At June 30, 2020, the ADC consisted of two full-time and three part-time employees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A summary of the major accounting policies followed in the preparation of the accompanying financial statements is set forth below:

Basis of Accounting and Presentation:

The financial statements are prepared using the accrual basis of accounting. Revenues are recorded when earned and expenses recorded when they are incurred.

The statement of functional expenses charges expenses directly to supporting program services or general and administrative categories based on specific identification. Expenses which cannot be functionally categorized are allocated between functions based upon management's estimate of usage applicable to conducting those functions.

Cash:

Cash includes demand deposits accounts.

Income Taxes:

The ADC qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. However, should the ADC engage in activities unrelated to its exempt purpose, taxable income could be earned.

The ADC's Federal Return of Organization Exempt from Income Tax (Form 990) for 2019, 2018, 2017, and 2016 are subject to examination by the IRS, generally for three years after they were filed.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of support and revenues and expenses during the reporting period. Accordingly, actual results may differ from those estimates.

ST. BERNARD PARISH ADULT DRUG COURT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

New Accounting Pronouncement:

Beginning January 1, 2019, St. Bernard Parish Adult Drug Court, Inc., adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions made*. The update clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for certain exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profits entities.

Statement of Cash Flows:

For the purposes of the statement of cash flows, the ADC considers cash and cash equivalents to be all items designated as cash on the statement of financial position.

Support and Revenue:

The ADC receives as revenue and support grant revenues which management has determined are contributions. The ADC recognizes contributions when cash, securities, or other assets; an unconditional promise to give or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Once the condition is met, contributions are recorded as increases in net assets without donor restrictions or increases in net assets with donor restriction, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose 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 donor restrictions. Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

As the State of Louisiana is the ADC's major source of revenue, all grant receivables are expected to be fully collectible. Therefore, no provision for uncollectible grant income has been recognized in the accompanying financial statements. A significant reduction in the level of support provided by the State of Louisiana could have a significant impact on the ADC's activities.

The ADC charges a \$200 program entry fee to individuals applying for entry into the ADC's Drug Court Program. The fees are used to process the applicant's paperwork (including background check). The program entry fees are non-refundable.

ST. BERNARD PARISH ADULT DRUG COURT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Support and Revenue: (Continued)

In addition, the ADC charges a \$10 drug-testing fee for each test required to be administered to an ADC program participant. The \$10 fee is charged and payable at the time of testing. Failure to pay the \$10 fee results in a sanction against the ADC participant.

Through an agreement with the St. Bernard Parish District Attorney's office, the ADC began servicing pre-plea clients in December, 2015. This program is for first time offenders who have drug charges brought against them and who exhibit high-risk behavior which disqualifies them from participating in the District Attorney's Diversion Program. Each pre-plea client must pay a \$750 non-refundable program entry fee as well as the \$10 drug-testing fee referenced above.

2. CASH:

The ADC's cash balance consists of undeposited funds and interest bearing demand deposits maintained at a local financial institution. Deposits are insured up to \$250,000 per depositor by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2020, undeposited funds were \$310, and the ADC's bank balance totaling \$15,467 was fully covered by FDIC insurance.

Interest bearing demand deposits	\$ 15,467
Undeposited funds	<u>310</u>
	<u>\$ 15,777</u>

3. RELATED PARTY TRANSACTIONS:

The St. Bernard Parish Adult Drug Court (ADC) and St. Bernard Juvenile Drug Court (JDC) share common control as both entities' share an administrator and employees. The ADC makes advances to the JDC to cover general operating expenses. The JDC then reimburses the ADC as funding is received. As of June 30, 2020, the ADC was owed \$13,342 from the JDC.

The ADC shares office expenses with the JDC. Shared office expenses that are allocated between the ADC and JDC include telephone, internet charges, supplies and health insurance expenses. During the year ended June 30, 2020, shared expenses paid for by ADC was \$10,602 and shared expenses paid for by JDC was \$11,555.

ST. BERNARD PARISH ADULT DRUG COURT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

4. LOAN PAYABLE:

As of June 30, 2020, the ADC owes St. Bernard Parish Pre-Trial Drug Testing (PTDT) \$3,392. The PTDT is used for individuals for drug screening but who are not in the Adult Drug Court program. ADC obtained a loan from PTDT to cover operating expenses. The loan has no interest and is due on demand. The ADC will reimburse the PTDT as funding is received.

5. PAYROLL PROTECTION PROGRAM LOAN:

ADC received \$21,800 from Small Business Administration (SBA) Payroll Protection Program (PPP). The funds were received from a bank through a loan dated May 10, 2020. The note is unsecured and can be forgiven if certain criteria as promulgated by the SBA are met. If any or all of the PPP loan is not forgiven, the portion of the loan not forgiven will be paid in twelve installments starting June 10, 2021 with interest at 1% per annum. The ADC believes it used all of the proceeds from the note for qualifying expenses and thus expects to receive approval of its application for the loan to be forgiven in the future, at which time the ADC will recognize a gain on forgiveness of the loan.

6. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following reflects the drug court'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. Amounts available include donor-restricted amounts that are available for general expenditure in the following year.

Financial assets, at year end:	
Cash and cash equivalents	\$ 15,777
Due from Juvenile Drug Court	13,342
Grant receivable	-
Total financial assets at year end	29,119
Current Liabilities, at year end:	
Accounts payable	10,806
Loan payable	3,932
Refundable Advance	21,800
Payroll Liabilities	2,727
Total Current Liabilites at year end	39,265
Less contracted or donor-imposed restrictions:	
Total contractual or donor-imposed restrictions	-
Financial assets available to meet cash needs for general expenditures within one year	\$ (10,146)

ST. BERNARD PARISH ADULT DRUG COURT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

7. UNCERTAINTIES:

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which could possibly impact the ADC. Management of the ADC has evaluated these events and the financial impact and duration cannot be reasonably estimated at this time.

8. DATE OF MANAGEMENT'S REVIEW:

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 28, 2020, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in the financial statements.

ST. BERNARD PARISH ADULT DRUG COURT, INC.
SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2020

Agency Head Name: Nicolle Tourdot

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 56,900
Benefits - insurance	8,483
Reimbursements - miscellaneous	81
Reimbursements - travel and training	<u>461</u>
	<u>\$ 65,925</u>

ST. BERNARD PARISH ADULT DRUG COURT, INC.
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

CURRENT YEAR AUDIT FINDINGS:

NONE

PRIOR YEAR AUDIT FINDINGS:

NONE

ST. BERNARD PARISH ADULT DRUG COURT, INC.

AGREED UPON PROCEDURES

JUNE 30, 2020



Duplantier Hrapmann Hogan & Maher, LLP

A.J. Duplantier, Jr., CPA
(1919-1985)

Felix J. Hrapmann, Jr., CPA
(1919-1990)

William R. Hogan, Jr., CPA
(1920-1996)

James Maher, Jr., CPA
(1921-1999)

INDEPENDENT ACCCOUNTANT'S REPORT ON APPLYING AGREED-UPON-PROCEDURES

Lindsay J. Calub, CPA, LLC
Guy L. Duplantier, CPA
Michelle H. Cunningham, CPA
Dennis W. Dillon, CPA
Grady C. Lloyd, III CPA

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New Orleans
1615 Poydras Street,
Suite 2100
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1290 Seventh Street
Slidell, LA 70458
Phone: (985) 641-1272
Fax: (985) 781-6497

Houma
247 Corporate Drive
Houma, LA 70360
Phone: (985) 868-2630
Fax: (985) 872-3833

Napoleonville
5047 Highway 1
P.O. Box 830
Napoleonville, LA 70390
Phone: (985) 369-6003
Fax: (985) 369-9941

December 21, 2020

To the Board of Directors of
St. Bernard Parish Adult Drug Court, Inc.
Chalmette, Louisiana

We have performed the procedures enumerated below, which were agreed to by the St. Bernard Parish Adult Drug Court, Inc. (Drug Court) and the Louisiana Legislative Auditor (LLA), solely with respect to the control and compliance areas identified in the Louisiana Legislative Auditor's Agreed Upon Procedures for the year ended June 30, 2020. St. Bernard Parish Adult Drug Court's management is responsible for the agreed-upon procedures.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and findings are as follow:

Public Bid Law

1. Obtain documentation for all expenditures made during the year for material and supplies exceeding \$30,000, and public works exceeding \$250,000. Compare the documentation for these expenditures to Louisiana Revised Statute (L.R.S.) 39:1551-39:1755 (the state procurement code) or L.R.S. 38:2211-2296 (the public bid law), whichever is applicable; and report whether the expenditures were made in accordance with these laws.

There were no expenditures that exceeded \$30,000.

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Code of Ethics for Public Officials and Public Employees

2. Obtain a list of immediate family members of each board member as defined by L.R.S. 42:1101-1124 (ethics law)

St. Bernard Adult Drug Court, Inc. does not have any board members. The Drug Court reports directly to their funding agency, the Supreme Court.

3. Obtain a list of all employees paid during the fiscal year.

No findings were noted.

4. Report whether any employees' names appear on both lists obtained in procedures 2 and 3.

No findings were noted.

5. Obtain a list of all disbursements made during the year and a list of outside business interests of board members, employees, and board members' immediate families. Report whether any appear on both lists.

No findings were noted.

Budgeting:

6. Obtain a copy of the legally adopted budget and all amendments.

The Drug Court submits a budget to their funding agency, the Supreme Court on how they will spend the grant from the Supreme Court.

7. Trace documentation for the adoption of the budget and approval of any amendments to the minute book, and report whether there were any exceptions.

Agreed budget to approval by the funding agency, the Supreme Court.

8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures. Report whether actual revenues failed to meet budgeted revenues by 5% or more, and whether actual expenditures exceeded budgeted amounts by 5% or more.

All funds from the funding agency, the Supreme Court were spent. Any excess monies spent were funded by program fees.

Accounting and Reporting

9. Obtain a list of all disbursements made during the year. Randomly select six expenditures and obtain documentation from management for the expenditures. Compare the selected disbursements to the supporting documentation and perform the following:
 - a. agree to the amount and payee in the supporting documentation
 - b. determine if disbursement was coded to the correct fund and general ledger account
 - c. determine if the disbursement was approved in accordance with management's policies

No findings were noted

Meetings

10. Obtain evidence from management to support that agendas for meetings recorded in the minute book were posted or advertised as required by L.R.S. 42:11 through 42:28 (open meetings law); and report whether there were any exceptions.

There were no open meetings held by the Drug Court. The Drug Court reports directly to their sole funding source, the Supreme Court.

Debt

11. Obtain bank deposit slips for the fiscal year; and scan the deposit slips in order to identify and report whether there are any deposits that appear to be proceeds of bank loans, bonds, or like indebtedness. If any such proceeds are identified, obtain from management evidence of approval by the state Bond Commission and report any exceptions.

No findings were noted.

Advances and Bonuses

12. Obtain a list of payroll disbursements and meeting minutes of the governing board, if applicable. Scan these documents to identify and report whether there are any payments or approval of payments to employees that may constitute bonuses, advances, or gifts.

No findings were noted.

State Audit Law

13. Report whether the St. Bernard Parish Adult Drug Court, Inc. provided for a timely report in accordance with L.R.S. 24:513.

No findings were noted.

14. Inquire of management and report whether the agency entered into any contracts that utilized state funds as defined in L.R.S. 39:72.1A(2) and that were subject to the public bid law (L.R.S. 38:2211, et seq.), while the agency was not in compliance with L.R.S. 24:513 (the audit law)

No findings were noted.

15. Obtain and report management's representation as to whether any prior-year suggestions, recommendation, and/or comments have been resolved.

There were no findings in the prior year.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the control and compliance areas identified in the agreed upon procedures. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention.

The purpose of this report is solely to describe the scope of testing performed on the control and compliance areas identified in the agreed upon procedures, and the results of that testing and not to provide an opinion on control or compliance. Accordingly, this report is intended solely for the information and use of the St. Bernard Parish Adult Drug Court and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the LLA as a public document.

Duplantier, Sharpness, Hogan and Oakes, LLP

New Orleans, Louisiana