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**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION
AND
NEW ORLEANS LEGAL ASSISTANCE CORPORATION
COMBINED FINANCIAL STATEMENTS AND
AUDITOR'S REPORT
DECEMBER 31, 2003**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 5.12.04

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION
AND
NEW ORLEANS LEGAL ASSISTANCE CORPORATION**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Southeast Louisiana Legal Services Corporation and
New Orleans Legal Assistance Corporation

I have audited the accompanying combined statement of financial position of Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation (non-profit corporations), as of December 31, 2003, and the related combined statements of activities and cash flows for the year then ended. These financial statements are the responsibility the organization's management. My responsibility is to express an opinion on these financial statements based on my audit. The financial statements of Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation, for the year ended December 31, 2002, were audited by other auditors whose reports were dated February 15, 2003 and April 25, 2003, respectively. The prior auditors expressed an unqualified opinion on those financial statements.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation as of December 31, 2003, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated April 1, 2004, on my consideration of Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

My audit was performed for the purpose of forming an opinion on the combined basic financial statements of Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation taken as a whole. The supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the combined basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the combined basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the combined basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the combined basic financial statements taken as a whole.

Justin J. Scanlan, CPA

New Orleans, Louisiana
April 1, 2004

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION
AND
NEW ORLEANS LEGAL ASSISTANCE CORPORATION
COMBINED STATEMENT OF FINANCIAL POSITION**

DECEMBER 31, 2003

ASSETS

**TOTAL
MEMORANDUM ONLY
DECEMBER 31, 2002**

CURRENT ASSETS

Cash	\$ 305,324	\$ 337,610
Cash in escrow-client deposits	31,948	29,477
Certificates of deposit	117,725	212,563
Receivables		
Pledges, less reserve for uncollected pledges of \$1,205	19,170	22,475
Grants	95,709	67,165
Other	24,445	8,098
Prepaid expenses and deposits	<u>37,779</u>	<u>46,190</u>
Total current assets	632,100	723,578
Property and equipment-at-cost (Notes A4 and B)	<u>42,592</u>	<u>112,399</u>
Total assets	<u>\$ 674,692</u>	<u>\$ 835,977</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 82,728	\$ 55,017
Accrued taxes and expenses (Note C)	212,515	101,566
Client court costs advanced	<u>31,948</u>	<u>29,446</u>
Total current liabilities	327,191	186,029
Commitments (Note D)	-	-
Net assets		
Unrestricted	262,464	187,725
Temporarily restricted (Note E)	<u>85,037</u>	<u>462,223</u>
Total net assets	<u>347,501</u>	<u>649,948</u>
Total liabilities and net assets	<u>\$ 674,692</u>	<u>\$ 835,977</u>

The accompanying notes are an integral part of this financial statement.

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION
AND
NEW ORLEANS LEGAL ASSISTANCE CORPORATION**

COMBINED STATEMENT OF ACTIVITIES

For the year ended December 31, 2003

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL MEMORANDUM ONLY</u>	
			For the year ended	
			<u>2003</u>	<u>2002</u>
REVENUE				
Grants and fees	\$ 81,016	\$ 3,321,692	\$ 3,402,708	\$ 3,602,342
Fundraising, net of expenses	-	-	-	49,454
Interest	232	6,904	7,136	7,904
Donations	-	150	150	-
Other	-	2,540	2,540	54,625
Net assets released from restrictions	<u>3,708,472</u>	<u>< 3,708,472 ></u>	<u>-</u>	<u>-</u>
Total revenues	3,789,720	< 377,186 >	3,412,534	3,714,325
EXPENSES				
Personnel:				
Salaries -- lawyers	1,412,494	-	1,412,494	1,392,738
Salaries -- non-lawyers	895,475	-	895,475	766,923
Fringe benefits	<u>540,714</u>	<u>-</u>	<u>540,714</u>	<u>445,925</u>
Total personnel expenses	2,848,683	-	2,848,683	2,605,586
Contract services	270,156	-	270,156	316,486
Travel and training	53,063	-	53,063	21,739
Space costs	201,764	-	201,764	236,122
Supplies	51,636	-	51,636	128,440
Equipment	69,264	-	69,264	19,503
Depreciation	60,444	-	60,444	37,272
Litigation	9,536	-	9,536	11,000
Other	<u>150,435</u>	<u>-</u>	<u>150,435</u>	<u>148,696</u>
Total expenses	<u>3,714,981</u>	<u>-</u>	<u>3,714,981</u>	<u>3,524,844</u>
Increase <decrease> in net assets	74,739	< 377,186 >	<302,447 >	189,481
Net assets, beginning of year	<u>187,725</u>	<u>462,223</u>	<u>649,948</u>	<u>460,467</u>
Net assets, end of year	<u>\$ 262,464</u>	<u>\$ 85,037</u>	<u>\$ 347,501</u>	<u>\$ 649,948</u>

The accompanying notes are an integral part of this financial statement.

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION
AND
NEW ORLEANS LEGAL ASSISTANCE CORPORATION**

COMBINED STATEMENT OF CASH FLOWS

For the year ended December 31, 2003

**TOTAL
MEMORANDUM ONLY
DECEMBER 31, 2002**

Increase <decrease> in cash and cash equivalents		
Cash flows from operating activities:		
Increase <Decrease> in net assets	\$ <302,447>	\$ 189,481
Adjustments to reconcile increase <decrease> in net assets to net assets used in operating activities:		
Depreciation	60,444	37,272
Write down of property and equipment	10,374	-
Changes in assets and liabilities:		
<Increase> decrease in client deposits	<2,471>	<1,565>
<Increase> decrease in pledges receivable	3,305	22,475
<Increase> decrease in grants receivable	<28,544>	<52,810>
<Increase> decrease in other receivables	<16,347>	-
<Increase> decrease in prepaid expenses and deposits	8,411	<45,645>
Increase <decrease> in accounts payable	27,711	<22,821>
Increase <decrease> in accrued liabilities	110,949	<215,068>
Increase <decrease> in client court costs advanced	<u>2,502</u>	<u>646</u>
Net cash used in operating activities	<u><126,113></u>	<u><88,035></u>
Cash flows from investing activities:		
Acquisition of property and equipment	<1,011>	<42,851>
Proceeds from maturity of certificates of deposit	95,000	-
Purchase of certificates of deposit	<u><162></u>	<u><563></u>
Net cash provided by <used in> investing activities	<u>93,827</u>	<u><43,414></u>
Net increase <decrease> in cash and cash equivalents	<32,286>	<131,449>
Cash and cash equivalents, beginning of year	<u>337,610</u>	<u>469,059</u>
Cash and cash equivalents, end of year	<u>\$ 305,324</u>	<u>\$ 337,610</u>

The accompanying notes are an integral part of this financial statement.

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION
AND
NEW ORLEANS LEGAL ASSISTANCE CORPORATION**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Nature of Activities

Southeast Louisiana Legal Services Corporation is a nonprofit corporation organized for the purpose of providing legal assistance in noncriminal proceedings or matters to persons financially unable to afford legal assistance in a ten parish area: Tangipahoa, Livingston, St. Helena, St. Tammany, Washington, Orleans, Jefferson, St. Bernard, St. Charles and Plaquemines. Southeast Louisiana Legal Services Corporation is principally funded through grants from Legal Services Corporation, a nonprofit corporation established by Congress to administer a nationwide legal assistance program. Legal Services Corporation's funding constituted 75% of the total funding for the corporation.

New Orleans Legal Assistance Corporation is a nonprofit corporation organized for the purpose of providing legal assistance in non-criminal proceedings or matters to persons residing in Orleans, Jefferson, St. Bernard, St. Charles, and Plaquemines Parishes who are financially unable to afford legal assistance.

2. Financial Statement Presentation

The financial statements are presented in accordance with the disclosure and reporting requirements of the Financial Accounting Standards Board (FASB) as set forth in the Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-For-Profit Organizations," dated June 1993. Accordingly, the net assets of the corporation are reclassified to present the following classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) *permanently restricted net assets*. There are no permanently restricted net assets.

Net assets of the restricted class are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class.

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION
AND
NEW ORLEANS LEGAL ASSISTANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED**

December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3. Revenue Recognition

Southeast Louisiana Legal Services Corporation recognizes annualized grant funds from Legal Services Corporation as support on a straight-line basis over the grant period. Funds remaining unexpended at the end of an accounting period are recorded as temporarily restricted net assets. Subject to the provisions of Legal Services Corporation's Fund Balance Regulations, Southeast Louisiana Legal Services Corporation may use unspent funds in future periods as long as expenses incurred are in compliance with the specified terms of the Legal Services grant as defined. Legal Services Corporation may, at its discretion, request reimbursement for expenses or return of funds, or both as a result of noncompliance by Southeast Louisiana Legal Services Corporation with the terms of the grant. In addition, if Southeast Louisiana Legal Services Corporation terminates its Legal Services grant activities, all unexpended funds are to be returned to Legal Service Corporation.

Contributed support is reported as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activity as "net assets released from restrictions". Non-Legal Services Corporation grant revenue is recognized as it is earned in accordance with approved contracts.

4. Property and equipment

Property and equipment are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets.

Property and equipment acquired with Legal Services Corporation funds are considered to be owned by Southeast Louisiana Legal Services Corporation while used in the program or future authorized programs. However, Legal Services Corporation has a reversionary interest in those assets and has a right to determine the use of any proceeds from the sale of assets purchased with its funds. Therefore, assets used to acquire property and equipment are reported as temporarily restricted support.

It is the policy of the corporation to capitalize all property, furniture, and equipment with an acquisition cost in excess of \$1,000. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the results of operations. Depreciation expense for the year ended December 31, 2003 totaled \$60,444.

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION
AND
NEW ORLEANS LEGAL ASSISTANCE CORPORATION**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Cash equivalents

The Corporation considers demand deposits and short-term investments with an original maturity of three months or less to be cash equivalents.

6. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

7. Fair Values of Financial Instruments

Generally accepted accounting principles require disclosure of fair value information about financial instruments for which it is practicable to estimate fair value, whether or not recognized in the statement of financial position. Cash and cash equivalents carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

8. Total Columns of Combined Statements

Total columns are captioned "Memorandum Only" to indicate that they are presented only to assist with financial analysis. Data in these columns do not present financial position or changes in net assets in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NOTE B - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2003 consists of the following:

Property and equipment	\$ 142,888
Less accumulated depreciation	<u>< 100,296 ></u> 42,592
Law library, less accumulated depreciation of \$27,972	<u>-</u> <u>\$ 42,592</u>

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION
AND
NEW ORLEANS LEGAL ASSISTANCE CORPORATION**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2003

NOTE C – ACCRUED TAXES AND EXPENSES

Accrued taxes and expenses consist of the following:

Accrued salaries	\$ 64,359
Accrued annual leave	129,996
Accrued payroll liabilities	<u>18,160</u>
	<u>\$ 212,515</u>

NOTE D – COMMITMENTS

Southeast Louisiana Legal Services Corporation has operating lease agreements for the rental of office space for its operations. Rental expense charged to operations totaled \$166,517 for the year ended December 31, 2003.

The operating lease for the corporation's Hammond office expires on April 30, 2004; Covington, Louisiana expired January 30, 2004; Marrero, Louisiana expires November 30, 2004; and New Orleans, Louisiana expires January 31, 2008. The office located in Chalmette, Louisiana is on a month-to-month basis. Management expects to renew its operating leases that expire during 2004.

Future minimum lease payments are as follows:

Year ending December 31,	
2004	\$ 122,764
2005	101,740
2006	114,031
2007	116,385
2008	<u>10,598</u>
	<u>\$ 465,518</u>

NOTE E – NET ASSETS – TEMPORARILY RESTRICTED

Temporarily restricted net assets are available for the following purposes as of December 31, 2003:

Legal Services Corporation	\$ 31,155
Agencies on Aging	< 120 >
Administration on Agency	5,561
Violence Against Women Act	5,848
Property and equipment	<u>42,593</u>
	<u>\$ 85,037</u>

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION
AND
NEW ORLEANS LEGAL ASSISTANCE CORPORATION**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2003

NOTE F – DEFERRED COMPENSATION PLAN

Southeast Louisiana Legal Services Corporation maintains a deferred compensation plan pursuant to Section 403(B) of the Internal Revenue Code. Employees are eligible to participate in the plan upon employment, but the employee participant accounts are not allocated for any of the employer's contribution until after one year of service. Also full vesting of benefits occurs after four years of employment. Covered employees may voluntarily contribute up to the lesser of (1) 20% of compensation, less 3% employer contribution, or (2) \$13,000 (\$16,000 over 50 years of age) less 3% employer contribution. The employer contribution for the year ended December 31, 2003 totaled \$61,043.

NOTE G – INCOME TAXES

Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE H - BOARD OF DIRECTORS COMPENSATION

The board of directors is a voluntary board; therefore, no compensation was paid to any board member during the year ended December 31, 2003.

NOTE I – CONTRACT SERVICES

One of the general grant conditions of the Legal Services Corporation grant is that the recipient shall allocate a substantial amount of its annualized basic field grant award to provide the opportunity for the involvement of private attorneys in the delivery of legal assistance to eligible clients. A substantial amount has been defined as twelve and one-half percent (12 ½%) of the recipient's annualized basic field grant award. Southeast Louisiana Legal Services Corporation is in compliance with this grant condition for 2003.

NOTE J – CONCENTRATION OF CREDIT RISK

The corporation's cash balances as of December 31, 2003, before deducting outstanding checks, consists of the following:

Financial institutions	\$ 477,934
Less: FDIC insurance	<u><427,669></u>
Unsecured balance	<u>\$ 50,265</u>

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION
AND
NEW ORLEANS LEGAL ASSISTANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED**

December 31, 2003

NOTE K – CORPORATE REORGANIZATION

On January 1, 2003, New Orleans Legal Assistance Corporation merged with Southeast Louisiana Legal Services Corporation. New Orleans Legal Assistance Corporation transferred the majority of its assets and liabilities, while maintaining a few assets to conduct fund-raising activities.

SUPPLEMENTAL INFORMATION

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION
AND
NEW ORLEANS LEGAL ASSISTANCE CORPORATION**

COMBINING STATEMENT OF ACTIVITIES

For the year ended December 31, 2003

	<u>SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION</u>	<u>NEW ORLEANS LEGAL ASSISTANCE CORPORATION</u>	<u>TOTAL</u>
REVENUE			
Grants and fees	\$ 3,391,130	\$ 11,578	\$ 3,402,708
Interest income	6,904	232	7,136
Donations	150	-	150
Other	<u>2,540</u>	<u>-</u>	<u>2,540</u>
Total revenues	3,400,724	11,810	3,412,534
EXPENSES			
Personnel:			
Salaries – lawyers	1,412,494	-	1,412,494
Salaries – non-lawyers	895,475	-	895,475
Fringe benefits	<u>540,714</u>	<u>-</u>	<u>540,714</u>
Total personnel expenses	2,848,683	-	2,848,683
Contract services	262,495	7,661	270,156
Travel and training	52,371	692	53,063
Space costs	201,764	-	201,764
Supplies	51,636	-	51,636
Equipment	69,264	-	69,264
Depreciation	60,444	-	60,444
Litigation	9,536	-	9,536
Other	<u>150,218</u>	<u>217</u>	<u>150,435</u>
Total expenses	3,706,411	8,570	3,714,981
Increase <decrease> in net assets	< 305,687 >	3,240	< 302,447 >
Net assets, beginning of year	193,363	456,585	649,948
Net assets transferred to <from> corporations	<u>402,700</u>	<u>< 402,700 ></u>	<u>-</u>
Net assets, end of year	<u>\$ 290,376</u>	<u>\$ 57,125</u>	<u>\$ 347,501</u>

SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION

STATEMENT OF ACTIVITIES

For the year ended December 31, 2003

	LEGAL SERVICES CORPORATION					
	BASIC FIELD GRANT	PRIVATE ATTORNEY INVOLVEMENT	TOTAL	TECHNICAL INITIATIVE GRANT	TECHNICAL ASSISTANCE GRANT-NOLAC	GILLIS LONG LAW CENTER
REVENUE						
Grants and fees	\$ 2,188,637	\$ 312,663	\$ 2,501,300	\$ 50,000	\$ -	\$ 32,000
Interest income	6,904	-	6,904	-	-	-
Donations	150	-	150	-	-	-
Other	40	-	40	-	-	-
Total revenues	2,195,731	312,663	2,508,394	50,000	-	32,000
EXPENSES						
Personnel:						
Salaries - lawyers	934,519	41,209	975,728	600	19,399	-
Salaries - non-lawyers	683,653	42,847	726,500	42,075	-	32,000
Fringe benefits	397,288	53,174	450,462	4,582	-	-
Total personnel expenses	2,015,460	137,230	2,152,690	47,257	19,399	32,000
Contract services	46,157	137,453	183,610	400	-	-
Travel and training	32,785	4,390	37,175	2,343	300	-
Space costs	164,259	16,514	180,773	-	-	-
Supplies	37,411	3,733	41,144	-	-	-
Equipment	39,713	4,640	44,353	-	5,000	-
Depreciation	-	-	-	-	-	-
Litigation	9,536	-	9,536	-	-	-
Other	99,005	14,343	113,348	-	71	-
Total expenses	2,444,326	318,303	2,762,629	50,000	24,770	32,000
Increase <decrease> in net assets	\$ <248,595>	\$ <5,640>	<254,235>	-	<24,770>	-
Net assets, beginning of year			86,920			
Acquisition of property			<1,011>			
Net assets transferred from New Orleans Legal Assistance Corporation			224,251			
Net assets, end of year			\$ 55,925	\$ -	\$ <24,770>	\$ -

SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION

STATEMENT OF ACTIVITIES

For the year ended December 31, 2003

	LOUISIANA BAR FOUNDATION <u>IOLTA</u>	CAPITAL AREA <u>AGING ON AGING</u>	ST. TAMMANY COUNCIL ON <u>AGING</u>	LIVINGSTON PARISH COUNCIL <u>ON AGING</u>	GOVERNORS OFFICE OF <u>ELDERLY AFFAIRS</u>	ADMINISTRATION <u>ON AGING</u>
REVENUE						
Grants and fees	\$ 218,573	\$ 4,792	\$ 818	\$ 1,957	\$ 1,300	\$ 10,000
Interest income	-	-	-	-	-	-
Donations	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>218,573</u>	<u>4,792</u>	<u>818</u>	<u>1,957</u>	<u>1,300</u>	<u>10,000</u>
EXPENSES						
Personnel:						
Salaries – lawyers	130,812	4,311	948	1,641	808	2,264
Salaries – non-lawyers	22,015	420	180	248	-	-
Fringe benefits	30,409	605	48	116	62	1,768
Total personnel expenses	<u>183,236</u>	<u>5,336</u>	<u>1,176</u>	<u>2,005</u>	<u>870</u>	<u>4,032</u>
Contract services	9,514	113	120	100	-	-
Travel and training	1,000	60	-	-	-	107
Space costs	8,152	300	180	360	230	-
Supplies	2,146	570	150	330	200	300
Equipment	3,125	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Litigation	-	-	-	-	-	-
Other	11,400	300	150	150	-	-
Total expenses	<u>218,573</u>	<u>6,672</u>	<u>1,776</u>	<u>2,945</u>	<u>1,300</u>	<u>4,439</u>
Increase <decrease> in net assets	-	< 1,887 >	< 958 >	< 988 >	-	5,561
Net assets, beginning of year	-	1,752	1,152	809	-	-
Acquisition of property	-	-	-	-	-	-
Net assets transferred from New Orleans Legal Assistance Corporation	-	-	-	-	-	-
Net assets, end of year	<u>\$ -</u>	<u>\$ < 135 ></u>	<u>\$ 194</u>	<u>\$ < 179 ></u>	<u>\$ -</u>	<u>\$ 5,561</u>

SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION

STATEMENT OF ACTIVITIES

For the year ended December 31, 2003

	VIOLENCE AGAINST WOMEN ACT	BAPTIST COMMUNITY MINISTRIES	LOUISIANA STATE BAR ASSOCIATION - VISITATION GRANT	UNITY FOR THE HOMELESS, INC.	CITY OF NEW ORLEANS ESG GRANT	INTERNAL REVENUE SERVICE GRANT
REVENUE						
Grants and fees	\$ 132,733	\$ 125,000	\$ 52,298	\$ 90,064	\$ 38,000	\$ 8,279
Interest income	-	-	-	-	-	-
Donations	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>132,733</u>	<u>125,000</u>	<u>52,298</u>	<u>90,064</u>	<u>38,000</u>	<u>8,279</u>
EXPENSES						
Personnel:						
Salaries - lawyers	48,900	71,943	24,868	53,320	35,162	6,192
Salaries - non-lawyers	16,326	3,519	23,076	21,175	-	125
Fringe benefits	17,764	7,039	805	15,569	2,835	1,109
Total personnel expenses	<u>82,990</u>	<u>82,501</u>	<u>48,749</u>	<u>90,064</u>	<u>37,997</u>	<u>7,426</u>
Contract services	30,506	32,000	2,400	-	-	-
Travel and training	8,325	1,150	202	-	3	836
Space costs	5,292	6,000	477	-	-	-
Supplies	2,239	2,800	82	-	-	17
Equipment	1,343	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Litigation	-	-	-	-	-	-
Other	3,916	2,550	388	-	-	-
Total expenses	<u>134,611</u>	<u>127,001</u>	<u>52,298</u>	<u>90,064</u>	<u>38,000</u>	<u>8,279</u>
Increase <decrease> in net assets	< 1,878 >	< 2,001 >	-	-	-	-
Net assets, beginning of year	4,502	-	-	-	-	-
Acquisition of property	-	-	-	-	-	-
Net assets transferred from New Orleans Legal Assistance Corporation	-	-	-	-	-	-
Net assets, end of year	<u>\$ 2,624</u>	<u>\$ < 2,001 ></u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION

STATEMENT OF ACTIVITIES

For the year ended December 31, 2003

	<u>STATE OF LOUISIANA DEPARTMENT OF JUSTICE</u>	<u>OTHER NON-FEDERAL</u>	<u>PROPERTY AND EQUIPMENT</u>	<u>GENERAL</u>	<u>TOTAL</u>
REVENUE					
Grants and fees	\$ 37,500	\$ 5,500	\$ -	\$ 81,016	\$ 3,391,130
Interest income	-	-	-	-	6,904
Donations	-	-	-	-	150
Other	-	2,500	-	-	2,540
Total revenues	<u>37,500</u>	<u>8,000</u>	<u>-</u>	<u>81,016</u>	<u>3,400,724</u>
EXPENSES					
Personnel:					
Salaries – lawyers	29,568	1,875	-	4,155	1,412,494
Salaries – non-lawyers	-	1,499	-	6,317	895,475
Fringe benefits	6,432	-	-	1,109	540,714
Total personnel expenses	<u>36,000</u>	<u>3,374</u>	<u>-</u>	<u>11,581</u>	<u>2,848,683</u>
Contract services	-	1,232	-	2,500	262,495
Travel and training	-	-	-	870	52,371
Space costs	-	-	-	-	201,764
Supplies	1,500	-	-	158	51,636
Equipment	-	-	-	15,443	69,264
Depreciation	-	-	60,444	-	60,444
Litigation	-	-	-	-	9,536
Other	-	2,626	10,374	4,945	150,218
Total expenses	<u>37,500</u>	<u>7,232</u>	<u>70,818</u>	<u>35,497</u>	<u>3,706,411</u>
Increase <decrease> in net assets	-	768	< 70,818 >	45,519	< 305,687 >
Net assets, beginning of year	-	-	50,211	48,017	193,363
Acquisition of property	-	-	1,011	-	-
Net assets transferred from New Orleans Legal Assistance Corporation	-	1,232	62,189	115,028	402,700
Net assets, end of year	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 42,593</u>	<u>\$ 208,564</u>	<u>\$ 290,376</u>

NEW ORLEANS LEGAL ASSISTANCE CORPORATION

STATEMENT OF ACTIVITIES

For the year ended December 31, 2003

	<u>VIOLENCE AGAINST WOMEN ACT</u>	<u>OTHER FEDERAL GRANTS</u>	<u>PROPERTY AND EQUIPMENT</u>	<u>GENERAL</u>	<u>TOTAL</u>
REVENUE					
Grants and fees	\$ 11,578	\$ -	\$ -	\$ -	\$ 11,578
Interest income	-	-	-	232	232
Donations	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	<u>11,578</u>	<u>-</u>	<u>-</u>	<u>232</u>	<u>11,810</u>
EXPENSES					
Personnel:					
Salaries – lawyers	-	-	-	-	-
Salaries – non-lawyers	-	-	-	-	-
Fringe benefits	-	-	-	-	-
Total personnel expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contract services	7,661	-	-	-	7,661
Travel and training	692	-	-	-	692
Space costs	-	-	-	-	-
Supplies	-	-	-	-	-
Equipment	-	-	-	-	-
Depreciation	-	-	-	-	-
Litigation	-	-	-	-	-
Other	-	-	-	217	217
Total expenses	<u>8,353</u>	<u>-</u>	<u>-</u>	<u>217</u>	<u>8,570</u>
Increase <decrease> in net assets	3,225	-	-	15	3,240
Net assets – beginning of year	-	225,483	62,189	168,913	456,585
Acquisition of property	-	-	-	-	-
Net assets – transferred to Southeast Louisiana Legal Services Corporation	-	<u><225,483></u>	<u><62,189></u>	<u><115,028></u>	<u><402,700></u>
Net assets, end of year	<u>\$ 3,225</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,900</u>	<u>\$ 57,125</u>

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION
AND
NEW ORLEANS LEGAL ASSISTANCE CORPORATION**

NOTES TO SUPPLEMENTAL INFORMATION

DECEMBER 31, 2003

Note 1. Private Attorney Involvement Costs

Private attorney involvement costs were generated from the following non-LSC programs:

General	\$ 623
Baptist Community Ministries	32,000
St. Tammany Council on Aging, Inc.	241
Livingston Council on Aging	236
Capital Area Agency on Aging	801
	<u>\$ 33,901</u>

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION
AND
NEW ORLEANS LEGAL ASSISTANCE CORPORATION**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended December 31, 2003

<u>PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>EXPENDITURES</u>	<u>SUBRECIPIENT COSTS</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through the City of New Orleans:			
Emergency Shelter Grant	14.231	\$ 38,000	\$ -
Passed through Unity For The Homeless, Inc.:			
Supportive Housing Program	14.215	<u>90,064</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development		<u>128,064</u>	<u>-</u>
LEGAL SERVICES CORPORATION			
Basic Field	09.619081	2,762,629	60,000
Technical Initiative Grant	09.619081	<u>74,770</u>	<u>-</u>
Total Legal Services Corporation		<u>2,837,399</u>	<u>60,000</u>
U. S. DEPARTMENT OF JUSTICE			
Violence Against Women's Act	16.254	<u>142,964</u>	<u>7,661</u>
Total U. S. Department of Justice		<u>142,964</u>	<u>7,661</u>
INTERNAL REVENUE SERVICE			
LITC Program	21.008	<u>8,279</u>	<u>-</u>
Total Internal Revenue Service		<u>8,279</u>	<u>-</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Predatory lending	93.048	4,439	-
Passed through St. Tammany Council on Aging, Inc.:			
Title III B Supportive Services	93.633	1,776	-
Passed through Livingston Council on Aging, Inc.:			
Title III B Supportive Services	93.633	3,754	-
Passed through Capital Area Agency on Aging:			
Title III B Supportive Services	93.633	7,229	-
Passed through Louisiana State Bar Association:			
TANF Program	93.558	<u>52,298</u>	<u>2,400</u>
Total U. S. Department of Health and Human Services		<u>69,496</u>	<u>2,400</u>
Total Federal Awards		<u>\$ 3,186,202</u>	<u>\$ 70,061</u>

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION
AND
NEW ORLEANS LEGAL ASSISTANCE CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the year ended December 31, 2003

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

A. Presentation of Financial Statements

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting.

B. Contract Compliance – Legal Services Corporation

Legal Services Corporation requires the corporation expend 12 ½% of their funding towards private attorney involvement. The contract compliance condition was satisfied for the year ended December 31, 2003.

C. Non-federal contributions

The matching requirements of the Supportive Housing Program for the year ended December 31, 2003 totaled \$24,368.

Justin J. Scanlan, C.P.A.

CERTIFIED PUBLIC ACCOUNTANT
4769 ST. ROCH AVE. NEW ORLEANS, LOUISIANA 70122
TELEPHONE: (504) 288-0050

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Southeast Louisiana Legal Services Corporation and
New Orleans Legal Assistance Corporation

I have audited the combined financial statements of Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation (non-profit corporations), as of and for the year December 31, 2003, and have issued my report thereon dated April 1, 2004. I conducted my 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.

Compliance

As part of obtaining reasonable assurance about whether Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being auditing may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, Louisiana Legislative Auditor, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Justin J. Scanlon, CPA

New Orleans, Louisiana
April 1, 2004

Justin J. Scanlan, C.P.A.

CERTIFIED PUBLIC ACCOUNTANT
4769 ST. ROCH AVE. NEW ORLEANS, LOUISIANA 70122
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Southeast Louisiana Legal Services Corporation and
New Orleans Legal Assistance Corporation

Compliance

I have audited the combined financial statements of Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation (non-profit organizations) with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the year ended December 31, 2003. Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation's management. My responsibility is to express an opinion on Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation's compliance with those requirements.

As described in item 2003-1 in the accompanying schedule of findings and questioned costs, Southeast Louisiana Legal Services Corporation did not comply with timekeeping requirements by case that are applicable to the Legal Services Corporation program. Compliance with such requirements is necessary, in my opinion, for Southeast Louisiana Legal Services Corporation's program to comply with requirements applicable to that program.

In my opinion, except for the noncompliance described in the preceding paragraph, Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2003.

Internal Control Over Compliance

The management of Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, Louisiana Legislative Auditor, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



New Orleans, Louisiana
April 1, 2004

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION
AND
NEW ORLEANS LEGAL ASSISTANCE CORPORATION**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended December 31, 2003

A. SUMMARY OF THE AUDITOR'S REPORT

1. An unqualified opinion was issued on the financial statements of the auditee.
2. The statement that reportable conditions in internal control were disclosed by the audit of the financial statements and whether any such conditions were material weaknesses is not applicable.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of the auditee.
4. The statement that reportable conditions in internal control over major programs were disclosed by the audit and whether any such conditions were material weaknesses is not applicable.
5. A qualified opinion was issued on compliance for major programs.
6. The audit disclosed no findings which are required to be reported under Section 510(a) of Circular A-133.
7. Major programs for the year ended December 31, 2003 were:

Legal Services Corporation – CFDA #09.619081
8. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000
9. The auditee did not qualify as a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

There were no findings related to the financial statements for the year ended December 31, 2003.

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION
AND
NEW ORLEANS LEGAL ASSISTANCE CORPORATION**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

For the year ended December 31, 2003

C. SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

COMPLIANCE

Legal Services Corporation, CFDA No. 09.619081, for the year ended December 31, 2003.

2003-1 Timekeeping Requirements

Statement of Condition: A few employees of the Northshore offices of Southeast Louisiana Legal Services Corporation did not follow the timekeeping requirements relative to legal cases established by Legal Services Corporation.

Criteria: Attorneys are required to maintain accurate timekeeping records relative to cases handled.

Effect of Condition: Southeast Louisiana Legal Services Corporation is not in compliance with the timekeeping requirements established by Legal Services Corporation.

Questioned Costs: Not applicable.

Recommendation: Attorneys maintain accurate timekeeping records by case. The organization should purchase a software timekeeping system to assist it accurate recordkeeping.

Response: See Corrective Action Plan

D. STATUS OF PRIOR YEAR AUDIT FINDINGS

There were no prior year audit findings.

SOUTHEAST LOUISIANA LEGAL SERVICES

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April 22, 2004

Re: Corrective Action taken to address Audit Finding
From: Brian Lenard and Mark Moreau

A determination was made as a result of the 2003 audit that a portion of the staff was failing to comply with 45 CFR 1635. This regulation requires certain staff members to record daily how time is spent at work. Management does not dispute this finding and anticipated it.

As a result, On February 11, 2004 management adopted a new time reporting system and trained staff on it. The system became effective 2/14/04. The change is that all staff who are required to keep time pursuant to the regulation must submit a time sheet generated by the computer software used for keeping time. A time sheet for the pay period cannot be generated unless staff has recorded their time. This means that at least every two weeks compliance with the regulation by covered employees is reviewed. The Executive Director, Program Operations, presently Brian Lenard, reviews the time sheets and follows up with any staff who have failed to submit time sheets, asking them for the time sheets. If more than two time sheets are missing he will advise their supervisor, the Executive Director, Program Services, presently Mark Moreau, for the appropriate action. He will take appropriate corrective actions under our personnel procedures.

To further comply with the requirements, a review has taken place of the level of compliance with 1635 for the time period from January 1, 2004 to February 13, 2004. Management worked with four people who were out of compliance and successfully got them to enter all their work time for 2004 on to the computer.