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LEGISLATIVE DIVISION

CAPITAL AREA LEGAL SERVICES CORPORATION
Baton Rouge, Louisiana

Financial Statements

December 31, 1987

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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.

MAY 05 1988

Please Date _____

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Baton Rouge, Louisiana

December 31, 1987

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INDEPENDENT AUDITOR'S COMBINED REPORT ON THE BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY FINANCIAL INFORMATION

To the Board of Directors of
Capital Area Legal Services Corporation
Baton Rouge, Louisiana.

I have audited the accompanying statement of financial position of Capital Area Legal Services Corporation (a nonprofit corporation) as of December 31, 1997, and the related statements of activities, functional expenses, cash flows for the year then ended. These financial statements are the responsibility of Capital Area Legal Services Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 financial position of Capital Area Legal Services Corporation as of December 31, 1997, and the changes in its net assets and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated February 19, 1998, on my consideration of Capital Area Legal Services Corporation's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

My audit was made for the purpose of forming an opinion on the financial statements of Capital Area Legal Services Corporation taken as a whole. The accompanying schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompany Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations, and is also not a required part of the basic financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Neil D. Ferrari, CPA

Baton Rouge, Louisiana
February 19, 1988.

NEIL G. FERRARI

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

To the Board of Directors,
Capital Area Legal Services Corporation
Baton Rouge, Louisiana.

I have audited the financial statements of the Capital Area Legal Services Corporation (a nonprofit corporation), as of and for the year ended December 31, 1997, and have issued my report thereon dated February 18, 1998. I conducted my audit in accordance with generally accepted auditing standards 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 the Capital Area Legal Services 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 the Capital Area Legal Services Corporation's internal control over financial reporting in order to determine by 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 the 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 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 financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of Capital Area Legal Services Corporation's board of directors and management, the Legislative Auditor of the State of Louisiana, and Legal Services Corporation. However, this report is a matter of public record and its distribution is not limited.

Neil B. Farrah, CPA

Baton Rouge, Louisiana,
February 18, 1998.

NEIL G. FERRARI

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REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH ONE
CIRCULAR A-113

To the Board of Directors,
Capital Area Legal Services Corporation
Baton Rouge, Louisiana.

Compliance

I have audited the compliance of the Capital Area Legal Services Corporation (a nonprofit organization), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-113 Compliance Requirements and the Compliance Requirements for Audits of LSC Recipients that are applicable to its major federal program for the year ended December 31, 1997. The Capital Area Legal Services Corporation's major federal program is 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 its major federal program is the responsibility of the Capital Area Legal Services Corporation's management. My responsibility is to express an opinion on the Capital Area Legal Services Corporation's compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; OMB Circular A-113, Audits of States, Local Governments, Non-Profit Organizations, the LSC Audit Guide for Recipients and Auditors, and the Compliance Requirements for Audits of LSC Recipients. Generally accepted auditing standards, Government Auditing Standards, and OMB Circular A-113 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 the Capital Area Legal Services 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 the Capital Area Legal Services Corporation's compliance with those requirements.

In my opinion, the Capital Area Legal Services Corporation complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 1977.

Internal Control Over Compliance

The management of the Capital Area Legal Services Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the Capital Area Legal Services 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 for the information of Capital Area Legal Services Corporation's board of directors and management, Legal Services Corporation, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Baton Rouge, Louisiana,
February 19, 1978.

Neil A. Farrow, CPA

STATEMENT OF FINANCIAL POSITION

Capital Area Legal Services Association
 Union Rouge, Louisiana
 December 31, 1997

[With summarized financial information as of December 31, 1996]

	<u>1997</u>	<u>1996</u>
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 69,193	\$ 109,397
Grants and contracts receivable	1,861	28,829
Client receivables	4,150	3,150
Travel advances	-	682
Prepaid expenses	12,426	18,684
Unconditional promises to give	23,200	23,200
Cash - client escrow funds	<u>23,347</u>	<u>23,322</u>
Total current assets	<u>133,617</u>	<u>197,272</u>
PROPERTY AND EQUIPMENT , net of accumulated depreciation	<u>129,758</u>	<u>161,425</u>
OTHER		
Unconditional promises to give	54,200	97,500
Receivables	230	1,250
Cash - client escrow funds	<u>18,524</u>	<u>18,524</u>
Total other assets	<u>72,954</u>	<u>117,274</u>
Total assets	<u>\$ 336,329</u>	<u>\$ 475,971</u>
	*****	*****
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 12,582	\$ 12,628
Payroll taxes and other withholdings	2,484	3,729
DELTA interest payable	-	-
deferred SBA revenue	2,264	-
Disallowed costs payable to SAC	-	626
Current maturities of:		
Capital lease obligations	5,240	13,690
Long-term debt	-	4,556
Accrued annual leave	27,880	43,971
Client trust funds deposited	<u>23,347</u>	<u>23,322</u>
Total current liabilities	<u>71,693</u>	<u>112,522</u>

(Statement of Financial Position continued on next page)

See notes to financial statements

STATEMENT OF FINANCIAL POSITION - (continued)

Capital Area Legal Services Corporation
Baton Rouge, Louisiana
December 31, 1997

(With summarized financial information as of December 31, 1996)

	<u>1997</u>	<u>1996</u>
LIABILITIES UNDER CAPITAL LEASE: Less current portion of \$8,248	<u>70,400</u>	<u>70,400</u>
CLIENT TRUST FUNDS DEPOSITED	<u>18,878</u>	<u>18,878</u>
Total liabilities	<u>89,278</u>	<u>89,278</u>
NET ASSETS		
Unrestricted	113,550	137,714
Temporarily restricted (Note 14)	<u>28,732</u>	<u>136,043</u>
Total net assets	<u>142,282</u>	<u>273,757</u>
Total liabilities and net assets	\$ 231,560	\$ 353,035

See notes to financial statements

STATEMENT OF ACTIVITIES

Capital Area Legal Services Commission

State Agency, Activities
For the Year Ended December 31, 1987

The following summarized financial information for the year ended December 31, 1986:

	1986		1987		1988 TOTAL
	UNRESTRICTED	PROFITABLY RESTRICTED FOR STATE	UNRESTRICTED	TOTAL	
REVENUES AND OTHER INCOME					
Local Services Commissions (LSC)	-	\$ 11,277,483	\$ 11,277,483	\$ 11,277,483	\$ 11,277,483
Local Bar Associations (LBA)	-	96,758	78,180	78,180	78,180
Local Bar Associations (LBA)	-	91,800	91,800	91,800	91,800
Capital Area Agency on Aging					
BA - FY 83	59,000	-	59,000	59,000	59,000
BA - FY 84	61,000	-	61,000	61,000	61,000
BA - FY 85	29,000	-	29,000	29,000	29,000
BA - FY 86	24,000	-	24,000	24,000	24,000
BA - FY 87	24,000	-	24,000	24,000	24,000
DeWitt's Parish Council	5,000	-	5,000	5,000	5,000
Associates Parish Council	5,000	-	5,000	5,000	5,000
Terrellville Parish Council	5,000	-	5,000	5,000	5,000
Other revenues	5,000	-	5,000	5,000	5,000
Public support	300	-	300	300	300
Flowline Club	-	-	-	-	-
Program services fees	13,217	-	13,217	13,217	13,217
Capital Area Agency on Aging	12,114	-	12,114	12,114	12,114
Department of Corrections	4,200	-	4,200	4,200	4,200
Calvinist Union	379	9,900	6,900	7,300	9,800
Other revenues	-	2,420	1,420	2,820	150
Costs avoided through fee basis on acquisition of obsolete equipment	(8,037)	-	-	(8,037)	-
Amortization	622	-	-	622	-
Voluntary Multiple Commissions	185	-	-	185	-
General services	244,078	-	-	244,078	-
BAE Subject Allowed from restitutions					
Reimbursement of program restitutions	1,170,493	(1,273,483)	-	(1,273,483)	-
LSC	28,780	-	(28,780)	-	-
LBA	93,990	-	(93,990)	-	-
Local Bar Associations	32,832	-	(32,832)	-	-
Amortization of time restrictions					
Total revenues and other support	2,162,187	656,051	131,208	2,849,446	2,849,446

(Statement of activities is presented on the next page)

See notes to financial statements.

STATEMENT OF ACTIVITIES - CONTINUED

Capital Area Legal Services Corporation
 8500 West Loop West, Suite 1000
 For the Year Ended December 31, 1997

With summarized financial information for the year ended December 31, 1996

	1997		1996		1996 Total
	1997	Total	1996	Total	
REVENUES					
Program Services:					
Legal Services	\$ 10,686,707	\$ -	\$ -	\$ 11,686,707	\$ 11,686,707
Legal Education	121,370	-	-	121,370	121,370
Priority Protective Services	-	-	-	-	-
Supporting Services	303,275	-	-	303,275	303,275
Respite and Support	-	-	-	-	-
Total revenues	\$ 11,111,352	\$ -	\$ -	\$ 12,311,352	\$ 12,311,352
EXPENSES					
Program Expenses:					
Legal Services	(94,651)	(73,300)	(49,351)	(70,612)	(91,604)
Legal Education	-	-	-	-	-
Priority Protective Services	-	-	-	-	-
Supporting Services	(17,514)	(6,753)	(18,042)	(20,297)	(17,551)
Respite and Support	-	-	-	-	-
Total expenses	\$ 111,165	\$ 80,053	\$ 67,393	\$ 89,199	\$ 99,155

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

Capital Area Legal Services Corporation
Dallas, Texas, 75201

For the year ended December 31, 1987
(With summarized financial information for the year ended December 31, 1988)

	Program Expenses		Supporting Services		1987	1988
	Legal Assistance	County Protective Services	Management and General			
Personnel Expenses						
Salaries and wages	208,428	4,074	87,421		295,923	298,370
Allowance	11,245	-	-		11,245	11,245
Retirement	268,238	92,378	104,068		464,684	464,137
Other staff						
Employee benefits, including payroll taxes	190,428	18,899	10,881		219,208	190,079
Total personnel expenses	678,339	135,351	202,370		1,016,060	1,163,831
Operating and Other Expenses						
Space and occupancy	11,020	1,009	11,020		22,039	23,099
Telephone	11,045	-	3,242		14,287	11,564
Utilities	1,000	-	8,078		9,078	10,208
Automobile and building maintenance	10,000	-	2,007		12,007	10,000
Employee travel and reimbursements	-	-	-		-	10,000
Office expenses	21,785	1,488	8,021		31,294	34,792
Commodities	8,078	205	895		9,078	8,000
Printing	-	664	-		664	-
Postage	81,484	-	-		81,484	81,484
Equipment purchase-reimbursed	47,297	8,734	8,734		64,765	42,000
Supplies	28,658	1,008	1,799		31,465	34,834
Depreciation and amortization	28,000	-	-		28,000	28,000
Depreciation - Dallas County Bar Foundation	10,480	4,719	8,179		23,378	19,476
Travel	11,118	508	10,648		22,274	21,000
Training	-	1,004	-		1,004	14,860
Audit and other (50% fees)	11,158	183	2,058		13,419	13,668
Insurance						

(Statement of Functional Expenses is combined on the next page)

See notes to financial statements

STATEMENT OF FINANCIAL DATA (CONTINUED) - (continued)

Capital Area Legal Services Corporation
Dallas, Irving, Louisiana

For the year ended December 31, 1987
(Data summarized financial information for the year ended December 31, 1988)

	Program Services		Supporting Services		1987	1988
	Legal Assistance	Eligibility Evaluation Services	Management and General			
Library facilities and volunteer assistance						
Printing	14,318	-	4,811		18,758	21,877
Travel	3,375	-	-		7,128	8,656
Scanned forms	-	-	4,788		4,788	8,908
Bank fees	-	-	188		188	1,021
Other	-	-	-		-	1,021
Computer operations and payroll services	1,058	-	3,504		4,815	12,878
Liability	3,408	-	-		3,408	1,778
Account to audit	1,879	-	-		1,879	-
Books to audit	-	-	4,488		4,488	5,857
Mail services	-	148	-		1,298	9,085
Management	-	-	3,237		1,267	308
Travel charges	-	-	884		884	-
Car and board meetings	-	-	117		712	-
Property taxes	-	-	-		-	158
Supplies/Supplies	-	-	-		-	4,238
Printing	-	-	-		-	818
Writen off of historical improvements	-	-	-		-	-
Costs allocated by LSC	-	-	-		-	-
Total operating cost other expenses	433,887	18,381	94,588		646,854	478,493
Grants received:						
Attorney and personnel services	(96,878)	-	-		94,878	458,615
Rent	14,848	-	8,266		13,008	28,875
Employee benefits	-	-	-		-	76
Total donated services	281,192	-	8,266		387,778	487,491
Total expenses	1,084,157	18,381	86,324		1,187,348	2,086,952

See notes to financial statements

STATEMENT OF CASH FLOWS

Capital Area Legal Services Corporation
Baton Rouge, Louisiana

For the Year Ended December 31, 1987

(With Summarized Financial Information for the Year Ended December 31, 1986)

	<u>1987</u>	<u>1986</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase(decrease) in net assets	\$ (75,612)	\$ 82,000
Adjustments to reconcile change in net assets to net cash provided(used) by operating activities:		
Depreciation and amortization	48,400	35,600
Write off of loanhold improvements	-	4,700
Loss on disposition of obsolete equipment	2,307	-
Equipment donations	729	-
(Increase) decrease in operating assets:		
Receivables	24,588	(28,617)
Other receivables	(488)	(2,712)
Travel advances	580	(580)
Advances to cafeteria plan	-	315
Prepaid expenses	(780)	(2,588)
Preconditional promises to give	15,300	(26,388)
Client travel funds	2,186	(2,002)
Deposits	2,600	-
(Decrease) increase in operating liabilities:		
Accounts payable	(2,844)	(2,700)
Payroll taxes and other withholdings	(1,314)	(12,048)
Unlimited-term payable to LSC	(816)	808
Deferred support	3,088	-
Accrued annual leave	(2,992)	12,024
Client trust funds deposited	(2,188)	2,031
ICFMA Interest payable	3	-
Net cash provided from (used by) operating activities	<u>10,618</u>	<u>28,350</u>
CASH FLOWS FROM (USED BY) INVESTING ACTIVITIES		
Purchases of furniture and equipment	<u>(18,008)</u>	<u>(181,652)</u>
Net cash provided from (used by) investing activities	<u>(18,008)</u>	<u>(181,652)</u>
CASH FLOWS FROM (USED BY) FINANCING ACTIVITIES		
Proceeds from capital lease obligations	-	20,647
Principal payments on capital lease obligations	(13,450)	(10,787)
Principal payments on long-term debt	<u>(18,008)</u>	<u>(7,567)</u>
Net cash provided from (used by) financing activities	<u>(13,458)</u>	<u>12,303</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(20,848)	16,400
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>185,267</u>	<u>24,067</u>
End of year	\$ <u>89,200</u>	\$ <u>106,167</u>

(Statement of Cash Flow is continued on the next page)

See notes to financial statements

STATEMENT OF CASH FLOWS - Continued

Capital Area Legal Services Corporation
Baton Rouge, Louisiana

For the Year Ended December 31, 1993

(With Summarized Financial Information for the Year Ended December 31, 1994)

	<u>1993</u>	<u>1994</u>
<u>OPERATING ACTIVITIES:</u>		
Interest expense paid	\$ 8,884	\$ 4,081
Interest income received	7,960	4,820
Noncash Transactions:		
Write off of leasehold improvements	-	1,720
Write off of obsolete equipment	2,237	-
Acquisition of telephone system with capital lease	-	18,247
Equipment donations	717	-

See notes to financial statements

NOTES TO FINANCIAL STATEMENTS

Capital Area Legal Services Corporation
Baton Rouge, Louisiana

December 31, 1987

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Description

Capital Area Legal Services Corporation (CALSC) is a private, non-membership, nonprofit corporation organized for the purpose of providing legal assistance in noncriminal proceedings to persons financially unable to afford legal assistance or to employ attorneys. CALSC is primarily funded through a grant from the Legal Services Corporation (LSC), a nonprofit corporation established by Congress to administer a national legal assistance program. CALSC also receives funds from other "non-LSC" sources that allow it to expand its basic legal assistance program and provide elderly protective services. See Note 2 to these financial statements for more detailed information about CALSC's activities.

b. Basis of Accounting and Presentation

The financial statements have been prepared on an accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Non-Profit Organizations." Under SFAS No. 117, Capital Area Legal Services is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
(continued)

b. Basis of Accounting and Presentation - (continued)

CALSC has also followed the "Accounting Guide For LSC Recipients" issued by Legal Services Corporation on August 14, 1987, when preparing these financial statements.

c. Recognition of LSC Grant Support and Net Assets

CALSC recognizes grant funds from LSC as a contribution with donor-imposed restrictions on a straight-line basis over the grant period. Funds remaining unexpended at the end of an accounting period are reflected as temporarily restricted net assets provided such amount is within 10% of the annualized LSC support. In accordance with LSC regulations, CALSC may retain net assets equal to 10% of its annualized LSC support for use in future periods without prior LSC approval. LSC may, at its discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by CALSC with the terms of its grant award. In addition, all unexpended funds are to be returned to LSC if CALSC terminates its LSC activities.

d. Recognition of Non-LSC Restricted and Unrestricted Support and Revenue

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. This method of revenue recognition was used for support received from the Louisiana Bar Foundation (LBF) and local bar associations.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
(continued)

d. Recognition of Non-LSC Restricted and Unrestricted Support and Revenues - (continued)

CAIAC also received program service fees and grant revenues in exchange for services provided. Program services fees are earned based upon providing legal services at pre-established rates and are recognized as unrestricted revenues in the period when the units or services were provided.

Grant revenues are recognized as unrestricted revenue when allowable costs are incurred to provide the services as provided for under the terms of the grant agreement. This method of revenue recognition was used for grants received from the Capital Area Agency on Aging for Elderly Protective Services(EPSS), parish councils, police juries, and Entergy Corporation.

e. Property and Equipment

Property and equipment purchases are recorded at cost. Property and equipment acquired with LSC funds are considered to be owned by CAIAC while used in the program or in future authorized programs. LSC retains a reversionary interest in any assets acquired with LSC funds as well as the right to determine the use of any proceeds from the sale of such assets.

Beginning August 15, 1997, (the effective date of the revised LSC accounting guide) CAIAC follows the practice of capitalizing all expenditures for property and equipment in excess of \$1,000. Before that date, CAIAC's capitalization threshold was \$100. Depreciation of property and equipment is computed on a straight-line basis over the estimated useful lives of the assets which range from five to ten years. Leasehold improvements are amortized on a straight-line basis over five years. Depreciation and amortization expenses have been presented together as a single line item in the Statement of Cash Flows.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
(continued)

a. Property and Equipment - (continued)

Donations of property and equipment are recorded as support at their estimated fair values at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long these donated assets must be maintained, CALSC reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. CALSC reclassifies temporarily restricted assets to unrestricted net assets at that time. CALSC did not receive any donated fixed assets in 1997 or any previous year.

As of December 31, 1997, property and equipment on the balance sheet includes \$88,312 of assets which have been acquired by CALSC under capital lease agreements. Amortization expense for assets acquired under capital leases was \$17,832 for 1997. This amount has been included in the total depreciation and amortization expense of \$88,000 on the financial statements. The accumulated amortization of assets acquired by capital lease was \$28,848 as of December 31, 1997.

b. Law Library

CALSC capitalized the initial cost of books, reference materials and multiple-volume sets of law books. Prior to 1997, LSC guidance stated that the initial cost of the law library should not be depreciated. However, the current "Accounting Guide for LSC Recipients" requires the law library to be depreciated over its useful life. CALSC management estimates that the remaining useful life of the law library is five years.

The costs of maintaining reference materials on a current basis are expensed in the period incurred. LSC retains a reversionary interest in the law library.

7. Donated Services

cally accounts which have been objectively determined are reflected in the financial statements as donated services. Corresponding expenses have been recorded as offsets to these contributions so that there will not be any effect on CALSC's net assets. Total donated services recorded by CALSC in the 1997 financial statements was \$344,576 as described below. All donated services related to CALSC's legal assistance program.

- CALSC received professional legal services donated by private attorneys participating in the pro bono program, which is monitored for CALSC by the Baton Rouge Bar Foundation (BRBF). Management has accepted BRBF's value of \$238,798 for these donated services for 1997 under this program. BRBF has a system in place to track the hours donated and multiply them using a standard rate of \$150 per hour or a rate provided by the attorney who donated the service.
- CALSC also received donated services from attorneys who participated in the FBI program. These attorneys charged reduced or flat rates for services rather than standard rates thereby creating a contribution to CALSC. The rate differences were documented by CALSC's staff and computed on an aggregate basis to be \$104,780.
- Until August, 1, 1994, CALSC rented its Baton Rouge office for \$2,000/month whereas the fair market value was \$4,800/month as stated in its lease. Beginning August 1, 1994, CALSC's monthly payment increased to \$1,700/month thereby reducing the differential to \$1,100/month. The lease on the Baton Rouge office was extended until July 31, 2001. As a result, CALSC recorded \$63,200 as temporarily restricted donated services in 1994 relating to the in-kind value of the lease extension. For 1997, CALSC has recognized \$13,400 as net assets which have been released from a time restriction relating to the Baton Rouge office.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
(continued)

g. Donated Services - (continued)

- CALSC also received an in-kind rent reduction for its Donaldsonville office in 1996 and for future years. In 1996, the rent reduction was \$78 for three months, and beginning January 1, 1997, and continuing for five years, the rent reduction is \$50 per month. As a result, CALSC recorded \$1,225 as temporarily restricted donated services in 1996 relating to the in-kind value of this lease. For 1997, CALSC has recognized \$400 as net assets which have been released from a time restriction relating to the Donaldsonville office.

Donated services that were not recorded as 1997 contributions were as follows:

- CALSC was not charged for the entire year for using the land upon which its office in Jackson, LA is located. Management estimates the value of this donation to be \$720 for 1997 but has not recognized any amount for donated services in the financial statements because it did not meet the criteria for recognition under SFAS No. 116.

h. Statement of Cash Flows

For purposes of the Statement of Cash Flows, CALSC considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Client funds accrued to pay for case expenses are not treated as cash for purposes of the Statement of Cash Flows.

1. Expense Allocation - Statement of Activities and Statement of Functional Expenses

The cost of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. In most cases, these costs are identifiable based on the nature of the expense and the job description of the person performing the function. Expenses specifically identifiable to a function are charged directly to that function. Management and general expenses include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of OALSO.

There are some cases where the person performing the duty is involved in both program activities and management and general type functions. In those cases, time sheets are used to allocate personnel and fringe benefit costs to various functions. There are also cases where operational expenses benefit both program activities and general operations. In these cases management has allocated costs as follows:

- Space and occupancy costs are allocated on the basis of square footage.
- Depreciation is allocated on the basis of usage of the furniture and equipment.
- Management has made percentage estimates of consumption or usage by personnel classified as program related versus administrative for expenses, such as; office consumables; equipment maintenance, repairs and rentals; telephone; insurance; and other normal operating costs.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
(continued)

i. Expense Allocation - Statement of Activities and Statement of Functional Expenses

Expenses which are incurred to carry out the objectives of the grant which paid them are charged directly to that grant. Expenses that are not directly chargeable to a grant are allocated using budgets, formulas, and estimates by management. The primary method of allocating costs is using a direct labor-hour ratio. This method is used to allocate costs to the private attorney involvement (PAI) program within the grant provided by LSC.

There are some cases where direct costs relating to a non-LSC grant may exceed the total grant award. In those cases any excess costs that were initially allocated to the non-LSC grant are reclassified to the LSC grant either as basic costs or PAI costs. CALSC is able to do this because the nature of the costs is such that they are also allowable costs under the LSC grant award.

j. Income Taxes

CALSC is exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, CALSC qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified by the Internal Revenue Service as an entity which is not a private foundation under section 509(a)(1).

k. Management's Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates. Significant estimates were made during the year by management which might affect these financial statements as follows:

- Final outcome of lawsuits involving CALSC as the defendant;
- Allocations of certain operating costs between program activities and management and general functions; and,

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
(continued)

B. Management's Use of Estimates - (continued)

- Depreciable lives of fixed assets.

1. Restrictions on Cash and Cash Equivalents

There are restrictions on how CALSC can use some of the cash it receives. This is particularly true for funds received from LSC and the Louisiana Bar Foundation (LSCFA Program). Both LSC and LBF require their funds to be deposited in separate bank accounts. CALSC has complied by depositing LSC funds in Liberty Bank and LBF funds into City National Bank. As funds are needed to pay expenses relating to these programs, CALSC transfers the money from the separate accounts to a general operating account from which it pay its bills. As of December 31, 1987, CALSC had spent all funds received from the LBF whereas \$33,242 were unspent from the LSC program.

Client Trust funds are restricted and have been deposited into separate bank accounts. See Note 4 to these financial statements.

B. Compensated Absences

Full time employees earn vacation leave beginning with the first month of employment at the rate of ten hours per month. Employees with three to five years of service earn 12 hours per month and employees with five years of service or more earn 14 hours of vacation leave per month. Employees are allowed to carry over up to 80 hours of vacation leave to the following year, and can carry over additional hours with the written approval of the executive director. Payment for vacation leave is made by CALSC upon job termination of an employee for any reason.

The liability for accumulated unpaid vacation is determined by using the number of vested vacation hours for each employee multiplied by the employee's current wage rate at the end of the year. An amount is added to this total for social security and medicare taxes.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
(continued)

m. Compensated Absences - (continued)

CALSC's sick leave policy does not provide for the vesting of sick leave whereby an employee could be entitled to payment of any unused portion upon termination.

Note 2 - COMPARATIVE FINANCIAL INFORMATION

The financial statements include certain summarized comparative information for the year 1994 in total but not by net asset class. In addition, the summarized 1994 comparative information is not fully supported by required footnote disclosures. As a result, the 1994 comparative information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with CALSC's financial statements for the year ended December 31, 1994, from which the summarized information was derived.

Note 3 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give as of December 31, 1997, represent receivables relating to the rent differential on the leases of the Baton Rouge and Bossierville offices. The rent differential is the difference in what the lessor and CALSC have agreed is the fair market value and what is actually being charged CALSC to rent these offices each month over the term of the lease. Note 19 to these financial statements presents additional details about these leases.

Note 3 - UNCONDITIONAL PROMISES TO GIVE - (continued)

The amount of unconditional promises to give by year and in the aggregate for the next five years is as follows:

Year	Baton Rouge Office	Dorlandmonville Office	Total
1998	\$ 12,600	\$ 600	\$ 13,200
1999	12,600	600	13,200
2000	12,600	600	13,200
2001	7,150	600	7,750
2002	-	-	-
	<u>\$ 45,150</u>	<u>\$ 2,400</u>	<u>\$ 47,550</u>

Note 4 - CLIENT TRUST FUNDS

CALSC maintains two separate interest-bearing bank accounts for the receiving and disbursing of funds on behalf of its clients. These funds are restricted as to use. They can only be used to pay for case costs relating to the specific case for which the client gave CALSC the money.

One of these accounts is considered active and CALSC has presented this cash as a current asset. The other account has been inactive for many years, accordingly, it has been presented as an other asset with a corresponding credit to long-term liabilities on the Statement of Financial Position.

The balances of the trust asset and liability accounts on CALSC's books are equal to each other except for interest earned on such funds (approximately \$3) that had not been remitted to the Louisiana Bar Foundation in accordance with Louisiana's 1017A program.

Note 5 - GRANT SUPPORT AND NATURE OF ACTIVITIES

CALSC is funded primarily through a grant from the Legal Services Corporation. The LSC grant funds are restricted for purposes authorized under the LSC Act of 1974, as amended. The primary purpose of the LSC grant is to provide legal assistance to poor people in designated parishes within the State of Louisiana.

GRANT SUPPORT AND NATURE OF ACTIVITIES - (continued)

The LSC grant activity for 1997 was as follows:

LSC Receipts No. 619810
 LSC Grant Action No. 970821

LSC Basic Grant Award	\$1,327,031
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Funds provided by LSC are recorded as revenue by CALSC as received. LSC does not place any restrictions requiring expenses to be incurred before revenue recognition occurs.

During 1997 CALSC received support in the form of grants from sources other than LSC as follows:

- The Louisiana Bar Foundation provided \$25,350 of JGIMB funds to pay for costs associated with expanding legal services to poor people in non-urban areas around Baton Rouge, Louisiana.
- Six different bar associations provided grants of \$13,500 each to pay for costs associated with serving poor people within their respective JDBs.
- The Capital Area Agency on Aging - District II, Inc. (CAAA) contracted with CALSC to provide elderly protective services, which consist primarily of follow-up services in cases where abusive situations have been reported, to people age 60 or older in Baton Rouge and 7 surrounding parishes. The CAAA contracts operate on a June 30 year end. The contract amounts for the years ended June 30, 1998 and 1997 were \$134,190 and \$134,348, respectively.
- The St. James Parish Council awarded CALSC a grant for \$5,800 to provide legal services to poor people in St. James Parish.
- The Iberville Parish Police Jury awarded CALSC a \$5,800 grant to provide legal services to poor people in Iberville Parish.

GRANT SUPPORT AND NATURE OF ACTIVITIES - (continued)

- The Ascension Parish Council awarded CALSC a grant for \$8,408 to provide legal services to poor people in Ascension Parish.
- The Terrebonne Parish Consolidated Government awarded CALSC a grant for \$8,800 to provide legal services to poor people in Terrebonne Parish.
- Entergy Corporation provided a \$25,000 grant to CALSC to enable CALSC to educate its client base about deregulation changes occurring in the utility industry and the effects of these changes upon consumers, particularly poor people. CALSC also established a department to assist poor people in working out late payment problems with Entergy Corporation and to educate these people on how to do business with Entergy. CALSC staff attended two major utility conferences to learn about important issues involved with deregulation. Presentations were made to the Louisiana Public Service Commission at various hearings to report on some consequences of utility deregulation. Some of the Entergy funds were used to organize a Pro Bono Project for the Louis A. Martinet Society.

The CALSC recognizes revenues under the above mentioned grants or contracts to the extent eligible costs are incurred. Any funds not spent by CALSC for allowable program costs must be returned to the grantor unless a special waiver is obtained.

Note 4 - FIXED ASSETS

The following is an analysis of fixed assets as of December 31, 1997:

Asset Type and Related Accumulated Depreciation	Acquired With Funds From		
	LSC	EPS	Totals
Furniture, fixtures, and equipment	\$381,988	\$ 9,742	\$ 391,730
Accumulated depreciation	(224,225)	(17,659)	(241,884)
Net book value	<u>157,763</u>	<u>2,083</u>	<u>159,846</u>
Leasehold improvements	633	-	633
Accumulated amortization	(623)	-	(623)
Net book value	<u>10</u>	<u>-</u>	<u>10</u>
Law library	38,857	-	38,857
Accumulated depreciation	(17,711)	-	(17,711)
Net book value	<u>21,146</u>	<u>-</u>	<u>21,146</u>
Total net book value	<u>\$117,719</u>	<u>\$ 2,083</u>	<u>\$ 119,802</u>

The following is an analysis of fixed assets as of December 31, 1998:

Asset Type and Related Accumulated Depreciation	Acquired With Funds From		
	LSC	EPS	Totals
Furniture, fixtures, and equipment	\$349,988	\$ 9,742	\$ 359,730
Accumulated depreciation	(228,054)	(8,858)	(236,912)
Net book value	<u>121,934</u>	<u>9,884</u>	<u>131,818</u>
Leasehold improvements	633	-	633
Accumulated amortization	(428)	-	(428)
Net book value	<u>207</u>	<u>-</u>	<u>207</u>
Law library	38,857	-	38,857
Accumulated depreciation	-	-	-
Net book value	<u>38,857</u>	<u>-</u>	<u>38,857</u>
Total net book value	<u>\$160,948</u>	<u>\$ 9,884</u>	<u>\$ 170,832</u>

Note 6 - FIXED ASSETS - (continued)

(* Depreciation was not taken on the law library until 1997 when changes were made to LSC's accounting guide.

The total net book value of fixed assets is included as a component of the unrestricted net asset totals.

Note 7 - LEASE COMMITMENTS

CRSFC leases office space for its operations in Baton Rouge, Donaldsonville, Houma and Cocodrie. Minimum payments for operating leases having initial or remaining non-cancelable terms in excess of one year are:

Year	<u>Baton Houma</u>	<u>Donaldsonville</u>	<u>Totals</u>
1998	\$ 45,000	\$ 6,000	\$ 51,000
1999	45,000	6,000	51,000
2000	45,000	6,000	51,000
2001	<u>25,250</u>	<u>6,000</u>	<u>31,250</u>
	\$161,250	\$ 24,000	\$185,250

The lease agreements provide that, in the event funding from net is eliminated or severely impaired, CRSFC may cancel the leases upon providing written notice. The Baton Rouge office lease is cancelable with a 90 day written notice and the Donaldsonville lease is cancelable with a 30 day notice.

The Baton Rouge and Donaldsonville leases are included in the schedule of minimum payments for operating leases because there is no indication that the conditions required to cancel the leases will occur. The Houma and Cocodrie office leases are not included because they do not have initial or remaining terms in excess of one year.

Lease expense, excluding the in-kind rent reductions, for office rentals totaled \$65,400 during the year.

In accordance with CRSFC's agreement with the lessor, CRSFC's management renegotiated the monthly lease payment on July 31, 1998, on its Baton Rouge office for five additional years. CRSFC's new monthly rent, beginning August 1, 1998, is \$5,250 for the lease term which has now been extended until July 31, 2001.

LEASE COMMITMENTS - (continued)

The Houma office lease was effective only for one year (1997) at a monthly rate of \$300. For periods after December 31, 1997, this lease is operating on a month-to-month basis under the same terms as the 1997 lease. Management is waiting on the Terrebonne Parish Consolidated Government to decide on its 1998 funding for CALSC before CALSC executes another lease for this office.

CALSC has the option to renew its lease of the Meridiansville office for five additional years at the end of the initial lease period (December 31, 2001). Notice of CALSC's exercise of this renewal option must be done within 90 days prior to December 31, 2001. Terms of the lease extension will be negotiated at that time.

The Donaldson office lease has an initial term of May 1, 1997 to April 30, 1998 at a monthly rate of \$750. This lease may be renewed by CALSC no later than 90 days before the expiration date under the same terms, with the new rate to be negotiated and agreed to by mutual consent.

CALSC has leased land in Jackson, Louisiana for a trailer which it uses to service clients in that area. The lease term is May 1, 1995 to April 30, 1995. There is no charge for rent.

In December, 1996, CALSC entered into a lease purchase agreement for a telephone system consisting of the following terms:

<u>Monthly Payment</u>	<u>Number of Months</u>	<u>Lease Term</u>	<u>Imputed Interest Rate</u>
\$713.63	60	12/16/96 - 12/16/01	10.42%

Note 7 - LEASE COMMITMENTS - (continued)

Future minimum payments by year and in the aggregate, under this capital lease are as follows at December 31:

<u>Year Ending 12/31</u>	
1998	\$ 8,613
1999	8,613
2000	8,613
2001	<u>7,093</u>
	33,929
Less imputed interest	<u>(18,072)</u>
Present value of net minimum lease payments	<u>\$15,857</u>

Note 8 - PRIVATE ATTORNEY INVOLVEMENT

CALSC is required to devote at least 12 1/2% of its basic LSC grant for private attorney involvement (PAI). CALSC charges the salaries and related benefits of individuals working directly for PAI and amounts paid to private attorneys to the PAI program. Also, other costs directly related to the program, such as: PAI staff training and travel, are charged directly to the program. Costs that are indirectly related are allocated to the program using a ratio of PAI direct labor hours for the period divided by total labor hours for the period times the total common costs. The indirect cost allocation to this program is done monthly. Approximately 4.1% of all indirect costs incurred during the year were allocated to PAI.

CALSC has an agreement with the Eaton Hooge Bay Foundation to provide administrative services to monitor the pro bono portion of CALSC's PAI program. Subgrantee costs under the agreement totaled \$28,000 in 1997.

CONTINGENT LIABILITIES

A lawsuit was filed against CALSC wherein the plaintiff alleges CALSC failed to timely file responsive pleadings on behalf of one of CALSC's clients in a suit involving a promissory note. CALSC's attorney has recommended that management vigorously oppose the plaintiff's claim by attacking the validity of the underlying judgment on procedural grounds. Any potential loss in this case would be covered by CALSC's liability insurance with CALSC's out-of-pocket costs being limited to the \$1,000 deductible, which has not yet been paid. Presently, no discovery or investigation about the facts of the case have been made, thus, CALSC's attorney and management are not in a position to evaluate the outcome.

CALSC has been sued by a former employee for wrongful termination. CALSC has won the initial exceptions filed in this case. CALSC intends to defend itself vigorously in this case. Management and CALSC's attorney believe there will be a favorable outcome for CALSC. Although it is impossible to predict any potential loss, management feels CALSC exposure is minimal in this case.

IRC SECTION 125 CAFETERIA PLAN

On March 1, 1992, CALSC established an Internal Revenue Code Section 125 Cafeteria Plan with a flexible spending arrangement for its full-time employees. Under the flexible spending arrangement, participants may elect to have a portion of their compensation (salary reduction amounts) contributed (that is, withheld from their wages) to an individual account for the reimbursement of qualifying benefits or personal expenses instead of receiving the amount as compensation. As the qualifying expenses are incurred, they are reimbursed from the account. Neither the amount contributed nor the value of the qualifying benefits is included in the participant's income, because the plan provides that any amount remaining in the account at the end of the plan year will be forfeited by the participant. Types of benefits that can be paid under the plan include health insurance, life insurance, dependent care, and personal medical expenses not covered by health insurance.

Note 11 - FEDERAL AWARD PROGRAM

CALSC's primary support is from a LSC grant which represents a major federal award program. Accordingly, CALSC's financial statements were audited in accordance with the Single Audit Act Amendments of 1996, OMB Circular A-113, and the LSC Audit Guide for Recipients and Auditors. No costs were questioned by the auditor during the year audit. However, LSC may provide for further examination.

Prior examinations by the Office of Inspector General resulted in \$616 of costs being disallowed from a previous year. These costs were paid in 1997 out of CALSC's unrestricted funds.

In accordance with the Single Audit Act Amendments of 1996 and the Office of Management and Budget Circular A-113, a schedule of Expenditures of Federal Awards is presented in the supplementary financial information section of this report.

Note 12 - ECONOMIC DEPENDENCY

CALSC receives the majority of its revenue from funds provided through grants administered by the Legal Services Corporation (LSC). The grant amounts are appropriated each year by the federal government. If significant budget cuts are made at the federal level, the amount of funds CALSC receives could be reduced significantly and have an adverse impact on its operations.

CALSC's funding from LSC for 1998 is expected to be \$1,329,632.

Note 13 - BOARD OF DIRECTORS' COMPENSATION

The Board of Directors is a voluntary board; therefore, no compensation or per diem has been paid to any member. However, board members are reimbursed in accordance with CALSC's travel reimbursement policy when attending meetings on behalf of CALSC.

Note 14 - CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS

The CALSC maintains its cash balances primarily in one financial institution located in Baton Rouge, Louisiana. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. At December 31, 1997, CALSC's uninsured cash balances total \$26,447.

Note 15 - FAIR VALUE OF FINANCIAL INSTRUMENTS

CALSC has a number of financial instruments, none of which are held for trading purposes. CALSC estimates that the carrying amount of all financial instruments at December 31, 1997, approximated fair value.

Note 16 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

* Legal assistance program - Trained LSC grant support	\$ 10,343
* Legal assistance program - donated rent for the Baton Rouge and Donaldsonville offices	<u>47,350</u>
Total	\$ 57,693

There were not any permanently restricted net assets received, disbursed, or included in net assets during 1997.

RETIREMENT PLAN

Effective July 1, 1987, CALSC began a retirement plan for its full-time employees. All full-time employees may make an elective contribution from 1% to 15% of their salaries to the plan. These contributions are 100% vested. In addition, CALSC may elect to make contributions for all plan participants with at least one full year of service. The CALSC board of directors established a 2% employer contribution rate for the first year. A plan participant does not vest in employer contributions until three years of service have been credited on his behalf. At that time all contributions on his behalf are 100% vested. Also, if a participant's employment ends due to retirement after age 55, disability or death, any employer contributions made on his behalf become fully vested irrespective of the 3 year vesting period.

During 1987, 33 employees participated in the plan. CALSC's contribution to the plan for 1987 was \$8,812, which was equal to the required contribution of 2% of total eligible wages of \$440,600. The plan operates on a calendar year (same year as CALSC).

SUPPLEMENTARY FINANCIAL INFORMATION

SCHEDULE OF SUPPORT, EXTENDED, EXPENSES, AND CHARGES IN NET ASSETS -
LEGAL SERVICES ADMINISTRATION BOARD

Capital Area Legal Services Corporation
 Suite Range, Louisiana
 For the Year Ended December 31, 1992

(With Comparative Summarized Totals for the Year ended December 31, 1991)

	State Field Award	Private Attorney Compensation	Total 1992	Total
<u>REVENUE AND RECEIPTS</u>				
Grant from Legal Services Corporation	\$1,080,847	\$ 216,285	\$1,297,132	\$1,320,312
Interest Income	6,988	-	6,988	4,933
Attorney fees awarded by judges	3,828	-	3,828	788
Total support and other revenues	<u>1,120,103</u>	<u>216,285</u>	<u>1,337,482</u>	<u>1,351,093</u>
<u>EXPENSES</u>				
Salaries and wages:				
Attorney	227,425	22,474	249,899	266,386
Non-attorney	378,288	87,386	465,674	414,873
Employee benefits	118,655	22,864	141,519	133,416
Total personnel expenses	<u>622,328</u>	<u>90,924</u>	<u>713,252</u>	<u>644,375</u>
Space and occupancy:				
Building rental	49,450	5,128	54,578	67,924
Utilities	21,388	3,438	24,826	21,391
Janitorial and building maintenance	32,880	817	33,697	30,304
Equipment rental and maintenance	23,000	2,334	25,334	30,450
Office expenses:				
Communications	23,214	1,882	24,996	23,265
Postage	2,003	429	2,432	8,328
Advertising	828	78	906	997
Printing	1,187	80	1,267	-
Legal and paralegal consultants	202	78,487	78,689	63,943
Subscriptions books - Suite Range Bar				
- Foundation	-	28,200	28,200	28,200
Telephones	48,328	3,378	51,706	19,837
Travel	14,488	2,288	16,776	17,938
Training	22,028	3,123	25,151	29,319
Insurance	14,429	1,014	15,443	17,288
Library additions and subscriptions renewals	12,484	919	14,513	21,877
SOCI AND OTHER CPE fees	12,410	1,102	14,812	19,210
Computer consultants and payroll services	2,824	128	3,004	22,878
Fees and memberships	2,875	148	3,218	8,250
Litigation	1,484	328	1,899	1,828
Bank charges	552	-	552	1,874
Property taxes	884	-	884	-
Interest expenses:				
Capital leases	4,788	-	4,788	3,028
Bank note	288	-	288	1,581
Miscellaneous	442	-	442	568
Total expenses	<u>1,211,293</u>	<u>228,288</u>	<u>1,399,882</u>	<u>1,258,188</u>

(Schedule 1 is continued on the next page)

**SCHEDULE OF SUPPORT, REVENUES, EXPENSES, AND CHANGES IN NET ASSETS -
LOCAL SERVICE CORPORATION SMRT - (continued)**

	<u>Basic Fund</u>	<u>Private</u>	<u>1997</u>	<u>1996</u>
	<u>Receipts</u>	<u>Activities</u>	<u>Total</u>	<u>Total</u>
SUPPORT AND REVENUES (OVER INDEBT)	<u>69,438</u>	<u>-</u>	<u>69,438</u>	<u>69,708</u>
OTHER CHANGES IN NET ASSETS DURING THE YEAR				
Property and equipment acquisitions	(6,906)	=	(6,906)	(21,103)
Prepaid payments on capital leases	(25,885)	=	(25,885)	(10,713)
Principal payments on bank loan	(65,855)	=	(65,855)	(17,383)
Net other changes	(26,813)	=	(26,813)	(48,093)
NET ASSETS AT JANUARY 1, 1997	<u>69,283</u>	<u>-</u>	<u>69,283</u>	<u>28,488</u>
NET ASSETS AT DECEMBER 31, 1997	<u>\$ 33,242</u>	<u>\$ -</u>	<u>\$ 33,242</u>	<u>\$ 69,283</u>

SCHEDULE OF SUPPORT, REVENUES, EXPENSES, AND CHANGES IN NET ASSETS:
LOUISIANA POLICE LEAGUE

Capital Area Legal Services Corporation
 Baton Rouge, Louisiana
 For the Year Ended December 31, 1987

SUPPORT AND OTHER REVENUES

Grant from the Louisiana Bar Foundation	<u>\$ 78,718</u>
Total support and other revenues	<u>78,718</u>

EXPENSES

Salaries and wages	39,318
Attorney	31,887
Non-attorney	7,519
Employee benefits	<u>1,000</u>
Total personnel expenses	79,724

Office expenses:	
Communication	7
Postage	8
Travel	2,338
Training	588
Auto. fee	1,743
Bank charges	88
Advertising	530
Access to Justice	<u>1,818</u>
Total expenses	<u>79,724</u>

CHANGES IN NET ASSETS

<u>NET ASSETS, beginning of year</u>	<u>0</u>
End of year	<u>\$ 0</u>

**SCHEDULE OF SUPPORT, REVENUES, EXPENSES, AND CHANGES IN NET ASSETS -
AND ASSOCIATION STATUS**

Capital Area Legal Services Corporation
Seven Kings, Louisiana
For the Year Ended December 31, 1993

	17th 30th	1993 30th	1992 31st	1991 31st	1990 31st	1989 31st
SUPPORT AND OTHER REVENUES						
Grant support	<u>118,800</u>	<u>213,500</u>	<u>118,500</u>	<u>118,800</u>	<u>118,800</u>	<u>118,800</u>
Total support and other revenues	<u>118,800</u>	<u>213,500</u>	<u>118,500</u>	<u>118,800</u>	<u>118,800</u>	<u>118,800</u>
EXPENSES						
Salaries and wages:						
Attorney	-	-	8,427	-	-	-
Non-attorney	<u>13,717</u>	<u>13,717</u>	<u>8,743</u>	<u>13,773</u>	<u>13,737</u>	<u>13,717</u>
Employee benefits	<u>1,383</u>	<u>1,383</u>	<u>2,222</u>	<u>2,128</u>	<u>2,183</u>	<u>1,383</u>
Total personnel expenses	<u>15,100</u>	<u>25,100</u>	<u>18,892</u>	<u>15,901</u>	<u>15,920</u>	<u>15,100</u>
CHANGES IN NET ASSETS	-	-	-	-	-	-
NET ASSETS (LIABILITIES)						
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SCHEDULE OF EXPENDITURES OF FEDERAL MONIES

Capital Area Legal Services Corporation
Baton Rouge, Louisiana

For the year ended December 31, 1987

<u>Federal Agency</u>	<u>Recipient FO</u>	<u>LEA Grant FO</u>	<u>Federal CFDA Number</u>	<u>Program or Activity Amount</u>	<u>Grant Revised Enclosed</u>	<u>Expenditures</u>
Legal Services Corp.	519810	570091	None	\$1,327,833	\$1,327,833	\$1,394,885
Legal Services Corp.	519810	580091	None	1,328,113	-	141,48,155
Totals				\$2,655,946	\$1,327,833	\$1,536,040

(*) Represents money received in 1986 which was carried over to 1987 and spent in that year.

Note A - Significant Accounting Policies

This schedule has been prepared on the accrual basis of accounting.

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
OF THE STATE HOUSE BAR FOUNDATION,
A SUBSIDIARY OF THE HOUSE FROM
CAPITAL AREA LEGAL SERVICES CORPORATION**

Capital Area Legal Services Corporation
Nation House, Louisiana

December 31, 1997

Cash received from OALSC under subject agreement	<u>128,000</u>
Cash disbursements:	
Non-attorney salaries and payroll taxes	18,881
Rent	8,400
Printing	1,483
Telephone	2,824
Postage	1,318
Professional fees	2,824
Temporary help	325
Utilities	1,248
Office communications	1,273
Litigation	360
Travel	888
Insurance	825
Banking	<u>888</u>
Total cash disbursements	<u>38,820</u>
Cash receipts over(under) cash disbursements	89,180

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Capital Area Legal Services Corporation
Baton Rouge, Louisiana

December 31, 1987

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Capital Area Legal Services Corporation.
2. No internal control matters relating to the audit of the financial statements are reported in the "Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards."
3. No instances of noncompliance material to the financial statements of the Capital Area Legal Services Corporation were disclosed during the audit.
4. No internal control matters relating to the audit of the major federal award programs are reported in the "Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133."
5. The auditor's report on compliance for the major federal award programs for the Capital Area Legal Services Corporation expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for the Capital Area Legal Services Corporation are reported in Part C of this schedule.
7. There was only one federal award program and that program was tested as a major program.
 - * Legal Services Corporation
Recipient #418018
LSC Grant #330081
Federal CFDA # - None
8. The threshold for distinguishing Types A and B programs was \$200,000.
9. Capital Area Legal Services Corporation was not determined to be a low-risk auditee.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(continued)

b. FINDINGS - FINANCIAL STATEMENTS AUDIT

There were no findings that are required to be reported in this section of the report.

c. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AIDED PROGRAMS AUDIT

There are not findings that are required to be reported in this section of the report.

CORRECTIVE ACTION PLAN

Capital Area Legal Services Corporation
Baton Rouge, Louisiana

December 31, 1987

To the following oversight agencies for audit:

Federal: Legal Services Corporation

State: None

Capital Area Legal Services Corporation (CALSC), Baton Rouge, Louisiana, respectfully submits the following corrective action plan for the year ended June 30, 1987.

Name and address of independent public accounting firm: Neil C. Ferrari, CPA, 14481 Old Hammond Highway, Suite 4, Baton Rouge, Louisiana, 70816.

Audit period: For the year ended December 31, 1987.

There were no findings mentioned on the June 30, 1987 schedule of findings and questioned costs. Accordingly, no corrective action plan is required to be submitted by the CALSC's management.

SUMMARY SCHEDULE OF PRIOR AUDIT PROGRAMS
RELATIVE TO FEDERAL AWARD PROGRAMS

Capital Area Legal Services Corporation
Baton Rouge, Louisiana

December 31, 1967

Last year's audit did not report any findings or questioned costs relative to federal award programs that met the criteria provided in Section .518(a) of OMB Circular A-133. Accordingly, there is nothing that is reported upon in this section of the audit report.

EXIT CONFERENCE

Capital Area Legal Services Corporation
Baton Rouge, Louisiana

December 31, 1993

On April 28, 1994 an exit conference was held at the main office of Capital Area Legal Services Corporation in Baton Rouge, Louisiana. Those in attendance were Mr. James Wayne, Executive Director; Reverend Otha Nelson, Chairman, Budget, Audit, and Finance Committee; Arthur Thomas, member of the Budget, Audit, and Finance Committee; Mrs. Eva Pratt, Director of Finance/Personnel; Sam Streeter, Board Chairman; Gennie Warren, Client Board Member; and Neil Ferrari, CPA.

The results of the audit were discussed. No material weaknesses in internal control or material instances of noncompliance with grants and contracts were noted (including the LSC program). The auditor offered some other recommendations. His recommendations were accepted with favorable reaction by all CALSC representatives. Management intends to implement the auditor's recommendations.

A separate management letter was not issued by the auditor.