

REPORT
ACADIANA
LEGAL SERVICE CORPORATION
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2023 AND 2022

ACADIANA LEGAL SERVICE CORPORATION

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INDEPENDENT AUDITOR'S REPORT

May 29, 2024

Board of Directors
Acadiana Legal Service Corporation
Lafayette, LA

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Acadiana Legal Service Corporation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Acadiana Legal Service Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Acadiana Legal Service Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Acadiana Legal Service Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Acadiana Legal Service Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedules of Support, Revenue, and Expenses; Schedule of Compensation, Benefits, and Other Payments to Executive Director; Justice System Funding Schedule – Receiving Entity; Schedule of LSC Funding Passed-through to Sub-recipients; Schedule of LSC Excess Carryover Balance; and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are also presented for purposes of additional analysis and are not a required part of the financial statements.

The Schedules of Support, Revenue, and Expenses, Schedule of Compensation, Benefits, and Other Payments to Executive Director, Justice System Funding Schedule – Receiving Entity, and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules of Support, Revenue, and Expenses, Schedule of Compensation, Benefits, and Other Payments to Executive Director, Justice System Funding Schedule – Receiving Entity, and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

The Schedule of LSC Funding Passed-through to Sub-recipients and the Schedule of LSC Excess Carryover Balance have not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2024, on our consideration of Acadiana Legal Service Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Acadiana Legal Service Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Acadiana Legal Service Corporation's internal control over financial reporting and compliance.

Duplantier, Sharpman, Hogan and Gruber, LLP

New Orleans, Louisiana

ACADIANA LEGAL SERVICE CORPORATION
 STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,637,103	\$ 2,375,560
Certificates of deposit	151,318	-
Grants receivable	1,168,794	483,743
Other receivables	225	36,365
Prepaid expenses	151,047	152,430
Client escrow funds, restricted	10,705	18,124
Total current assets	3,119,192	3,066,222
OTHER ASSETS:		
Operating lease right-of-use asset, net	76,263	4,952
Total other assets	76,263	4,952
PROPERTY AND EQUIPMENT - NET	4,532,964	4,153,096
TOTAL ASSETS	\$ 7,728,419	\$ 7,224,270

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Payable from current assets:		
Accounts payable	\$ 208,511	\$ 269,071
Accrued expenses	268,069	263,608
Refundable advances	1,294,458	1,567,777
Operating lease right-of-use liability	65,336	910
Total payable from current assets	1,836,374	2,101,366
Payable from restricted assets:		
Client escrow funds	10,705	18,124
Total payable from restricted assets	10,705	18,124
Total current liabilities	1,847,079	2,119,490
LONG-TERM LIABILITIES:		
Operating lease right-of-use liability	10,927	4,042
Compensated annual leave	317,471	311,895
Total long-term liabilities	328,398	315,937
TOTAL LIABILITIES	2,175,477	2,435,427
NET ASSETS:		
Without donor restrictions		
Without donor restrictions - property	779,571	604,855
Total net assets without donor restrictions	125,170	137,245
Total net assets without donor restrictions	904,741	742,100
With donor restrictions:		
Legal Services Corporation - property	4,400,288	4,003,136
Louisiana Bar Foundation - grants	217,787	18,012
Louisiana Bar Foundation - property	7,506	12,715
Other - grants	22,620	12,880
Total net assets with donor restrictions	4,648,201	4,046,743
Total net assets	5,552,942	4,788,843
TOTAL LIABILITIES AND NET ASSETS	\$ 7,728,419	\$ 7,224,270

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

ACADIANA LEGAL SERVICE CORPORATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:						
Grant revenue	\$ 335,691	\$ 11,566,128	\$ 11,901,819	\$ 222,165	\$10,134,811	\$ 10,356,976
Interest earnings	-	36,224	36,224	1,038	23,449	24,487
Donations	9,268	-	9,268	9,961	-	9,961
Other revenues	154,330	-	154,330	127,498	20,910	148,408
Net assets released from restrictions:						
Satisfaction of grant restrictions	11,000,894	(11,000,894)	-	9,782,266	(9,782,266)	-
Total revenue and support	<u>11,500,183</u>	<u>601,458</u>	<u>12,101,641</u>	<u>10,142,928</u>	<u>396,904</u>	<u>10,539,832</u>
EXPENSES:						
Legal services	9,630,404	-	9,630,404	8,560,620	-	8,560,620
Supportive services	1,707,138	-	1,707,138	1,382,144	-	1,382,144
Total expenses	<u>11,337,542</u>	<u>-</u>	<u>11,337,542</u>	<u>9,942,764</u>	<u>-</u>	<u>9,942,764</u>
CHANGE IN NET ASSETS	162,641	601,458	764,099	200,164	396,904	597,068
NET ASSETS AT BEGINNING OF YEAR	<u>742,100</u>	<u>4,046,743</u>	<u>4,788,843</u>	<u>541,936</u>	<u>3,649,839</u>	<u>4,191,775</u>
NET ASSETS AT END OF YEAR	<u>\$ 904,741</u>	<u>\$ 4,648,201</u>	<u>\$ 5,552,942</u>	<u>\$ 742,100</u>	<u>\$ 4,046,743</u>	<u>\$ 4,788,843</u>

The accompanying notes are an integral part of these financial statements

ACADIANA LEGAL SERVICE CORPORATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	Legal Services	Supportive Services	Total Expenses	Legal Services	Supportive Services	Total Expenses
Salaries and wages:						
Lawyers	\$ 3,444,186	\$ 49,603	\$ 3,493,789	\$ 3,219,517	\$ 67,008	\$ 3,286,525
Paralegals and law clerks	1,324,841	386,392	1,711,233	1,335,518	356,543	1,692,061
Other	1,365,781	398,333	1,764,114	1,237,060	330,258	1,567,318
Employee benefits	1,472,433	429,438	1,901,871	1,315,298	351,145	1,666,443
Office rent and utilities	275,961	37,631	313,592	208,545	28,438	236,983
Equipment rentals and maintenance	94,008	27,418	121,426	51,345	13,708	65,053
Office supplies and expenses	212,975	62,114	275,089	205,277	54,803	260,080
Telephone	65,081	18,981	84,062	67,839	18,111	85,950
Travel and training	177,576	11,335	188,911	117,880	7,524	125,404
Depreciation	209,224	61,020	270,244	139,530	37,250	176,780
Library and other supplies	56,469	-	56,469	52,741	-	52,741
Insurance	146,312	42,672	188,984	111,456	29,755	141,211
Professional services	50,723	14,794	65,517	39,630	10,580	50,210
Contractual services	525,870	153,371	679,241	210,368	56,162	266,530
Membership fees	33,678	687	34,365	30,133	615	30,748
Litigation costs	22,381	-	22,381	11,394	-	11,394
Subgrant awards	107,134	-	107,134	131,259	-	131,259
Miscellaneous	45,771	13,349	59,120	75,830	20,244	96,074
Total expenses	<u>\$ 9,630,404</u>	<u>\$ 1,707,138</u>	<u>\$11,337,542</u>	<u>\$ 8,560,620</u>	<u>\$ 1,382,144</u>	<u>\$ 9,942,764</u>

The accompanying notes are an integral part of these financial statements

ACADIANA LEGAL SERVICE CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 764,099	\$ 597,068
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	270,244	176,780
Effects on operating cash flows due to change in:		
Grants receivable	(685,051)	(177,964)
Other receivables	36,140	(1,394)
Prepaid expenses	1,383	(84,244)
Client escrow funds	(7,419)	2,641
Accounts payable	(60,560)	2,748
Accrued expenses	4,461	18,870
Refundable advances	(273,319)	132,857
Compensated annual leave	5,576	(43,462)
Net cash provided by operating activities	<u>55,554</u>	<u>623,900</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(650,112)	(608,601)
Purchase of certificate of deposit	(150,000)	-
Reinvestment of interest	(1,318)	-
Net cash used by investing activities	<u>(801,430)</u>	<u>(608,601)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(745,876)	15,299
 Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	 <u>2,393,684</u>	 <u>2,378,385</u>
 Cash, Cash Equivalents, and Restricted Cash - End of Year	 <u>\$ 1,647,808</u>	 <u>\$ 2,393,684</u>

The accompanying notes are an integral part of these financial statements

ACADIANA LEGAL SERVICE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Operations

Acadiana Legal Service Corporation (the Corporation), incorporated in 1978, is a non-profit organization that fights to make hope, dignity, and justice available primarily to low-income, disadvantaged, and other eligible residents through high quality and aggressive civil legal assistance and education. The Corporation is funded primarily by the Legal Services Corporation (LSC), a non-profit corporation, established by Congress to administer a nationwide legal assistance program and the Louisiana Bar Foundation, a non-profit 501(c)(3) entity organized under the State of Louisiana and the largest funder of civil legal aid in the state.

The Corporation provides free, specialized, civil legal services to low-income individuals and families across 42 Louisiana parishes. The Corporation works every day to assist domestic violence victims, stands for the rights of abused and neglected children, helps preserve housing for hard-working families, prevents homelessness for people with disabilities and veterans, helps protect elderly consumers, removes barriers to health care, and much more.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and the requirements of the Legal Services Corporation Accounting Guide.

Basis of Presentation

Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Corporation and changes therein are classified and reported as follows:

- a) *Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Revenues are reported as increases in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions.
- b) *Net assets with donor restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulated those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

ACADIANA LEGAL SERVICE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Cash and Cash Equivalents

For financial statement purposes, the Corporation considers all highly-liquid investments purchased with a maturity of three months or less to be cash equivalents.

Client Trust Escrow Funds

Funds received from clients are deposited into separate cash accounts and restricted for the payment of expenses in connection with related litigation.

Property and Equipment

Property and equipment are recorded at cost. Depreciation of property and equipment is based upon the estimated useful service lives, which range from 1 to 39 years, using the straight-line method. Maintenance and repairs are charged to expense, while additions and improvements are capitalized. Property acquisitions of non-expendable items with a value in excess of \$5,000 and a useful life of more than one year are capitalized and depreciated. Any purchases below this threshold are expensed.

Property and equipment acquired with Legal Services Corporation funds are considered to be owned by Acadiana Legal Service 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 sales of assets purchased with its funds. Legal Services Corporation has a reversionary interest in all assets of the Corporation.

Revenue and Support

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

ACADIANA LEGAL SERVICE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Attorney's Fees

Attorney's fees received are recorded during the accounting period in which the money from the fee award is actually received by the Corporation and is expended for any purpose permitted by the Legal Services Corporation Act.

Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses which are directly associated with legal services or supportive services are charged directly to that functional area. Office rent and utilities expenses have been allocated based upon the square footage allocated to supportive services. All other expenses have been allocated to legal services or supportive services based on administrative time devoted by the Corporation staff.

Donated Services and Assets

Donated services are legal services rendered at no charge to the Corporation. The value of donated services is based upon estimated fees normally charged by the professional rendering the service.

Donated services are recognized both as support and expenses and, therefore, do not affect net assets. Donated services amounted to \$14,170 and \$-0- for the years ended December 31, 2023 and 2022, respectively.

Donated land, buildings, and furniture and equipment are recorded at their fair value at the date of donation. These donations are either expensed or capitalized. The Corporation's policy related to such donations is to utilize the assets to carry out the mission of the Corporation.

Income Taxes

The Corporation is exempt from federal tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Corporation has been classified as an organization that is not a private foundation under Section 509(a)(2). Accordingly, no provision for income taxes has been made. However, if the Corporation were to engage in activities unrelated to the purpose for which it was created, taxable income could result. In management's judgment, the Corporation does not have any tax positions that would result in a loss contingency considering the facts, circumstances, and information available at the reporting date.

ACADIANA LEGAL SERVICE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Estimates

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

Advertising

The Corporation expenses the cost of advertising as incurred. Total advertising expenses for the years ended December 31, 2023 and 2022, were \$24,747 and \$66,399, respectively.

New Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases* (Topic 842) which supersedes existing guidance. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. Most prominent among the changes in the standard is the recognition of right-of-use assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Corporation adopted the requirements of ASU 2016-02 effective January 1, 2022, and elected to apply the provisions of this standard to the beginning of the period of adoption. The Corporation elected to adopt the package of practical expedients available in the year of adoption. As of the date of adoption, a cumulative-effect adjustment was not necessary as the standard had no impact on the classification of any of the Corporation's leases as of January 1, 2022. See below and Note 7 to the financial statements for additional information related to the Corporation's leases.

Leases

The Corporation leases certain office space, equipment, and storage space. The Corporation determines if an agreement is a lease or contains a lease at the agreement's inception. Under Accounting Standards Codification 842, an agreement is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from the use of the asset and the right to direct the use of the asset. The Corporation only reassesses its determination if the terms and conditions of the contract are changed.

ACADIANA LEGAL SERVICE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Leases (Continued)

Short-term leases, or leases with a term of twelve months or less, that do not contain a purchase option that is reasonably certain to be exercised, are expensed and not capitalized. Operating leases are included in operating lease right-of-use assets and operating lease right-of-use liabilities in the statement of financial position.

Right-of-use assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments. Operating lease right-of-use assets and the corresponding lease liabilities are recorded at the commencement date based on the present value of lease payments over the expected lease term. The Corporation uses the risk-free borrowing rate (U.S. Treasury Rate), available at lease commencement, to calculate the present value of the lease payments for its operating leases, unless there is a rate implicit in the lease. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The lease term for accounting purposes may include options to extend or terminate the lease when it is reasonably certain that the Corporation will exercise the option.

Leases with a total contract value (the gross (undiscounted) aggregate value of fixed and fixed-in-substance cash flows over the term of the lease, including reasonably certain renewal periods) of \$5,000 or more are evaluated for lease reporting under the lease standard. Leases with a total contract value under \$5,000 are recorded in the same manner as a short-term lease with rent payments recorded as expense in the statement of activities as those payments are due based upon the terms of the lease.

2. CASH, CASH EQUIVALENTS, AND RESTRICTED CASH:

At December 31, 2023 and 2022, the Corporation had cash, cash equivalents, and restricted cash (book balances) totaling \$1,647,808 and \$2,393,684, consisting primarily of demand deposit and money market accounts at several financial institutions. These deposits were stated at cost, which approximates market.

Accounts are insured by Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Insurance Fund (NCUSIF) up to \$250,000. All of the Corporation's cash balances were insured by the FDIC, NCUSIF, or letters of credit at December 31, 2023 and 2022. The Corporation's cash, cash equivalents, and restricted cash consisted of the following at December 31:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,637,103	\$ 2,375,560
Client escrow funds, restricted	<u>10,705</u>	<u>18,124</u>
Total cash, cash equivalents, and restricted cash	<u>\$ 1,647,808</u>	<u>\$ 2,393,684</u>

ACADIANA LEGAL SERVICE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

3. FAIR VALUE MEASUREMENT:

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in FASB ASC 820-10 requires disclosure of the estimated fair value of certain financial instruments and the method and significant assumptions used to estimate their fair value. Financial instruments within the scope of FASB ASC 820-10 are included in the table below.

	Fair Value Measurement of		
	Reporting Date		
	Quoted Prices In	Significant Other	Significant
	Active Markets for	Observable	Unobservable
	Identical Assets	Inputs	Inputs
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Certificates of deposit			
December 31, 2023	\$ 151,318	\$ -	\$ -
December 31, 2022	\$ -	\$ -	\$ -

The carrying amounts of the certificates of deposit reported in the statements of financial position approximate fair value because of the short maturities of these instruments.

4. GRANTS RECEIVABLE:

Grants receivable for the Corporation consisted of the following at December 31:

	2023	2022
Beauregard Parish Council on Aging, Inc.	\$ 944	\$ 3,037
Bienville Parish Council on Aging, Inc.	1,322	-
Bossier Council on Aging, Inc.	4,466	2,738
Caddo Council on Aging, Inc.	9,404	9,816
Caddo Parish Expungement	6,090	180
Cajun Area Agency on Aging, Inc.	29,348	17,692
Calcasieu Parish Council on Aging, Inc.	10,779	10,593
Calcasieu Parish Re-Entry Program	-	34
Caldwell Parish Council on Aging, Inc.	326	100
Cameron Parish Council on Aging, Inc.	127	286
CENLA Area Agency on Aging, Inc.	34,340	-
Claiborne Parish Council on Aging, Inc.	1,882	295
Desoto Parish Council on Aging, Inc.	2,768	964
Jefferson Davis Parish Council on Aging, Inc.	1,836	10
LA-Hunt, Guillot & Associates	3,818	-
Lincoln Parish Council on Aging, Inc.	1,976	313

(Continued)

ACADIANA LEGAL SERVICE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

4. GRANTS RECEIVABLE: (Continued)

	<u>2023</u>	<u>2022</u>
Louisiana Bar Foundation - CINC	\$ 2	\$ -
Louisiana Bar Foundation - IOLTA	391,046	-
Louisiana Bar Foundation - State Appropriation	1	-
Louisiana Bar Foundation - Title IV-E	225,495	260,955
Legal Service Corporation - Disaster	80,916	-
Legal Service Corporation - Pro Bono Innovation Fund	31,651	47,475
Morehouse Parish Council on Aging, Inc.	485	368
Natchitoches Parish Council on Aging, Inc.	3,472	6,193
Ouachita Council on Aging, Inc.	5,591	455
Red River Council on Aging, Inc.	208	331
Sabine Parish Council on Aging, Inc.	2,282	601
State of LA DOA Office of Community Development	29,462	31,821
U.S. Department of Housing & Urban Development	283,029	82,716
Vernon Council on Aging, Inc.	2,876	4,032
Webster Council on Aging, Inc.	2,560	2,607
West Carroll Parish Council on Aging, Inc.	292	131
Total Grants Receivable	<u>\$ 1,168,794</u>	<u>\$ 483,743</u>

5. PROPERTY AND EQUIPMENT:

The following is a summary of changes in property and equipment for the year ended December 31, 2023:

	<u>01/01/23</u>	<u>Additions</u>	<u>Deletions</u>	<u>Completed</u>	<u>12/31/23</u>	<u>LSC</u>	<u>Non-LSC</u>
<u>Assets not being depreciated:</u>							
Land	\$ 1,026,665	\$ -	\$ -	\$ -	\$ 1,026,665	\$ 1,026,665	\$ -
WIP - Legal Server	112,873	-	-	(112,873)	-	-	-
	<u>1,139,538</u>	<u>-</u>	<u>-</u>	<u>(112,873)</u>	<u>1,026,665</u>	<u>1,026,665</u>	<u>-</u>
<u>Assets being depreciated:</u>							
Buildings and improvements	4,062,907	150,574	-	-	4,213,481	4,071,900	141,581
Law library	38,082	-	-	-	38,082	38,082	-
Furniture and equipment	871,733	499,538	-	112,873	1,484,144	1,391,161	92,983
	<u>4,972,722</u>	<u>650,112</u>	<u>-</u>	<u>112,873</u>	<u>5,735,707</u>	<u>5,501,143</u>	<u>234,564</u>
<u>Less: accumulated depreciation:</u>							
Buildings and improvements	(1,343,758)	(123,013)	-	-	(1,466,771)	(1,440,442)	(26,329)
Law library	(38,082)	-	-	-	(38,082)	(38,082)	-
Furniture and equipment	(577,324)	(147,231)	-	-	(724,555)	(648,996)	(75,559)
	<u>(1,959,164)</u>	<u>(270,244)</u>	<u>-</u>	<u>-</u>	<u>(2,229,408)</u>	<u>(2,127,520)</u>	<u>(101,888)</u>
Net property and equipment being depreciated	<u>3,013,558</u>	<u>379,868</u>	<u>-</u>	<u>112,873</u>	<u>3,506,299</u>	<u>3,373,623</u>	<u>132,676</u>
Net property and equipment	<u>\$ 4,153,096</u>	<u>\$ 379,868</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,532,964</u>	<u>\$ 4,400,288</u>	<u>\$ 132,676</u>

ACADIANA LEGAL SERVICE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

5. PROPERTY AND EQUIPMENT: (Continued)

The following is a summary of changes in property and equipment for the year ended December 31, 2022:

	01/01/22	Additions	Deletions	Completed	12/31/22	LSC	Non-LSC
<u>Assets not being depreciated:</u>							
Land	\$ 1,026,665	\$ -	\$ -	\$ -	\$ 1,026,665	\$ 1,026,665	\$ -
WIP - Legal Server	-	112,873	-	-	112,873	112,873	-
	<u>1,026,665</u>	<u>112,873</u>	<u>-</u>	<u>-</u>	<u>1,139,538</u>	<u>1,139,538</u>	<u>-</u>
<u>Assets being depreciated:</u>							
Buildings and improvements	3,738,350	324,557	-	-	4,062,907	3,921,327	141,580
Law library	38,082	-	-	-	38,082	38,082	-
Furniture and equipment	706,575	171,171	(6,013)	-	871,733	778,750	92,983
	<u>4,483,007</u>	<u>495,728</u>	<u>(6,013)</u>	<u>-</u>	<u>4,972,722</u>	<u>4,738,159</u>	<u>234,563</u>
<u>Less: accumulated depreciation:</u>							
Buildings and improvements	(1,242,112)	(101,646)	-	-	(1,343,758)	(1,326,619)	(17,139)
Law library	(38,082)	-	-	-	(38,082)	(38,082)	-
Furniture and equipment	(508,203)	(75,134)	6,013	-	(577,324)	(509,860)	(67,464)
	<u>(1,788,397)</u>	<u>(176,780)</u>	<u>6,013</u>	<u>-</u>	<u>(1,959,164)</u>	<u>(1,874,561)</u>	<u>(84,603)</u>
Net property and equipment being depreciated	<u>2,694,610</u>	<u>318,948</u>	<u>-</u>	<u>-</u>	<u>3,013,558</u>	<u>2,863,598</u>	<u>149,960</u>
Net property and equipment	<u>\$ 3,721,275</u>	<u>\$ 431,821</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,153,096</u>	<u>\$ 4,003,136</u>	<u>\$ 149,960</u>

Depreciation expense for the years ended December 31, 2023 and 2022, was \$270,244 and \$176,780, respectively.

6. DONATED PROPERTY AND EQUIPMENT:

Donations of property and equipment are recorded as contributions at fair value at the date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as increases in net assets with donor restrictions. It is the Corporation's policy to imply a time restriction, based on the assets' estimated useful lives, on donations of property and equipment that are not restricted as to their use by the donor. Accordingly, those donations are recorded as increases in net assets with donor restrictions. The Corporation reclassifies net assets with donor restrictions to net assets without donor restrictions each year for the amount of depreciation expense relating to the donated property and equipment.

During the years ended December 31, 2023 and 2022, the Corporation received no donations for which capitalization was necessary. Donated furniture and equipment, for which capitalization was not necessary, amounted to \$-0- and \$3,495 for the years ended December 31, 2023 and 2022, respectively.

ACADIANA LEGAL SERVICE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

7. LEASES:

During the year ended December 31, 2022, the Corporation entered into a lease agreement for a postage meter. The agreement is considered to be a long-term operating lease agreement applicable under ASU 2016-02, *Leases* (Topic 842). The lease commenced on March 30, 2022, and terminates on March 30, 2027, with monthly expenses of \$106. There are no variable lease payments under this lease, and the Corporation does not have any right to extend or terminate the lease. At the end of the lease, the Corporation may enter into a new lease or return the postage meter. This lease agreement did not specify an explicit interest rate; therefore, the Corporation used the risk-free rate of 1.23% (U.S. Treasury Rate) that was available on the date on which the agreement was signed to calculate the right-of-use asset and lease liability. Effective January 1, 2022, the right-of-use asset and lease liability were \$6,152 and \$6,152, respectively.

During the year ended December 31, 2023, the Corporation entered into a lease agreement for a postage meter in the Shreveport office. The agreement is considered to be a long-term operating lease agreement applicable under ASU 2016-02, *Leases* (Topic 842). The lease commenced on March 22, 2023, and terminates March 22, 2028, with monthly expenses of \$226. There are no variable lease payments under this lease, and the Corporation does not have any right to extend or terminate the lease. At the end of the lease, the Corporation may enter into a new lease or return the postage meter. This lease agreement did not specify an explicit interest rate; therefore, the Corporation used the risk-free rate of 3.54% (U.S. Treasury Rate) that was available on the date on which the agreement was signed to calculate the right-of-use asset and lease liability. Upon commencement of the lease, the right-of-use asset and lease liability were \$12,409 and \$12,409, respectively.

During the year ended December 31, 2023, the Corporation entered into a lease agreement for office space in Lafayette, Louisiana. The agreement is considered to be a long-term operating lease commenced on June 1, 2023, and terminates on November 30, 2024, with monthly expenses of \$5,810. There are no variable lease payments under this lease, and the Corporation does not have any right to terminate the lease. The Corporation has a renewal option under this lease for a one-year renewal with the rates to remain the same. The Corporation must give the lessor written notice of the intent to renew 90 days prior to the expiration of the lease term. The lease agreement did not specify an explicit interest rate; therefore, the Corporation used the risk-free rate of 4.72% (U.S. Treasury Rate) that was available on the date on which the agreement was signed to calculate the right-of-use asset and lease liability. Upon commencement of the lease, the right-of-use asset and lease liability were \$100,773 and \$100,773, respectively.

ACADIANA LEGAL SERVICE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

7. LEASES: (Continued)

The following summarizes the line items in the statement of financial position for the operating leases as of December 31:

<u>Leases</u>	<u>Classification</u>	<u>2023</u>	<u>2022</u>
Assets:			
Operating	Right-of-use asset - postage meters	\$ 13,836	\$ 4,952
	Right-of-use asset - office lease	62,427	-
		<u>\$ 76,263</u>	<u>\$ 4,952</u>
Liabilities:			
Current:			
Operating	Operating lease liability - postage meters	\$ 2,909	\$ 910
	Operating lease liability - office lease	62,427	-
		<u>\$ 65,336</u>	<u>\$ 910</u>
Non-current:			
Operating	Operating lease liability - postage meters	\$ 10,927	\$ 4,042
	Operating lease liability - office lease	-	-
		<u>\$ 10,927</u>	<u>\$ 4,042</u>

As of December 31, 2023, the weighted average remaining lease term and weighted average discount rate is 1.47 years and 4.62%, respectively. As of December 31, 2022, the weighted average remaining lease term and weighted average discount rate were 4.25 years and 1.23%, respectively.

The maturities of lease liabilities as of December 31, 2023, are as follows:

Year <u>Ended</u>	Lease <u>Obligation</u>
2024	\$ 67,121
2025	3,981
2026	3,981
2027	3,029
2028	452
Total Lease Payments	<u>78,564</u>
Less: interest	<u>(2,301)</u>
Present Value of Lease Liabilities	<u><u>\$ 76,263</u></u>

ACADIANA LEGAL SERVICE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

7. LEASES: (Continued)

The following summarizes the line items in the statement of activities for the operating leases as of December 31:

<u>Lease Cost</u>	<u>Classification</u>	<u>2023</u>	<u>2022</u>
Operating leases	Included in equipment rentals and maintenance expense	\$ 3,980	\$ 1,269
	Included in office rent and utilities expense	40,670	-
Short-term leases	Included in equipment rentals and maintenance expense	26,015	27,470
	Included in office rent and utilities expense	30,798	15,026
	Net Lease Cost	<u>\$ 101,463</u>	<u>\$ 43,765</u>

The following summarizes the line items in the statement of cash flows for the operating leases as of December 31:

Cash paid for amounts included in measurement of lease liabilities:	<u>2023</u>	<u>2022</u>
Operating cash flows from operating leases	\$ 44,650	\$ 1,269
Lease assets obtained in exchange for lease liabilities:		
Operating lease - postage meter	\$ 12,409	\$ 6,152
Operating lease - office lease	\$ 100,773	\$ -

8. COMPENSATED ANNUAL LEAVE:

An employee commences to earn and accrue annual leave with pay from the first day of employment. Accrual rates and carryover balances are based on the length of employment. Employees with less than three years of service are allowed to carryover a maximum of 150 hours of accrued annual leave, respectively. Employees with more than three years of service are allowed to carryover a maximum of 225 hours of accrued annual leave, respectively. If accrued annual leave above 150 hours or 225 hours, respectively, is not taken by the end of the calendar year, the amounts exceeding the limit will be forfeited.

Upon termination of employment, the employee will be paid any accrued and unused annual leave. Accrued compensatory time and sick time will not be paid upon termination. The Corporation has accrued \$317,471 and \$311,895 in compensated annual leave at December 31, 2023 and 2022, respectively.

Eligible employees can redeem their unused, accrued annual leave based on the Corporation's annual leave redemption policy. The policy allows employees to redeem up to 37.5 hours of their unused, accrued annual leave. To be eligible for the redemption, employees must have at least 75 hours remaining after redemption and must have taken a scheduled vacation/annual leave for five consecutive days prior to the redemption. Compensation for the annual leave redeemed is at the employee's current hourly rate. The annual leave redemption policy will be applicable as long as funding is available.

ACADIANA LEGAL SERVICE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

8. COMPENSATED ANNUAL LEAVE: (Continued)

The Corporation made payments of \$21,540 and \$26,518 under the annual leave redemption policy during the years ended December 31, 2023 and 2022, respectively.

9. REVENUE AND SUPPORT:

The Corporation’s revenue that is derived from cost-reimbursable federal and state contracts and grants, which are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses, is recognized when the Corporation has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

During the years ended December 31, 2023 and 2022, the Corporation received conditional grant funds from Legal Services Corporation, Louisiana Bar Foundation, AARP Foundation, Greater New Orleans Foundation, LA Healthcare Connections, Tulane Lutz Fellowship, and Humana Healthy Horizons. The conditional grants are reported as revenue when performance is met which includes when qualifying expenses are incurred. Any conditional grant funds received in which performance has not been met is reported as refundable advances in the statement of financial position. In accordance with normal Legal Services Corporation and Louisiana Bar Foundation policies, the Corporation may use unspent funds in future periods as long as expenses incurred are in compliance with specified terms of the grant.

The Corporation receives “one-time” grants from Legal Services Corporation to support a specific event or project. These “one-time” grants are infusions for the Legal Services Corporation’s annualized grant and are recorded as revenue as eligible costs are incurred. Until eligible expenses are incurred, the grants are recorded as refundable advances on the statement of financial position. When a “one-time grant” expires, any unexpended funds are returned to the Legal Services Corporation. As of December 31, 2023 and 2022, the Corporation reported refundable advances of \$-0- and \$346,256 related to “one-time” grants received from Legal Services Corporation.

The Corporation reported refundable advances as of December 31, 2023 and 2022, from the following grants:

<u>Grant</u>	<u>Grant Amount</u>	<u>Grant Period</u>	<u>2023</u>	<u>2022</u>
LSC - Basic Field	\$ 4,576,430	01/01/2023 - 12/31/2023	\$ 1,076,598	\$ -
LA Healthcare Connections	\$ 75,000	04/01/2023 - 04/30/2024	74,969	-
Tulane Lutz Fellowship	\$ 26,574	08/28/2023 - 08/27/2024	3,611	-
LBF - LA Housing Corporation	\$ 110,000	08/15/2023 - 06/30/2024	54,670	-
Humana Healthy Horizons	\$ 120,000	01/01/2023 - 12/31/2023	-	120,000
LSC - Disaster	\$ 4,713,487	07/01/2022 - 06/30/2025	-	346,256
GNOF - Hurricane Ida	\$ 50,000	08/27/2021 - 05/27/2022	48,526	48,526
LSC - Basic Field	\$ 4,576,430	01/01/2022 - 12/31/2022	-	991,600
AARP Foundation - Hurricane Laura	\$ 150,000	10/26/2020 - 09/30/2022	36,084	61,395
			<u>\$ 1,294,458</u>	<u>\$ 1,567,777</u>

ACADIANA LEGAL SERVICE CORPORATION
 NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

9. REVENUE AND SUPPORT: (Continued)

The Corporation recognized greater than 10% of its revenue from each of the following grantors during the years ended December 31:

	2023	2022
Legal Services Corporation	57%	59%
Louisiana Bar Foundation	34%	35%

10. FEDERAL AND STATE GRANTS:

The Corporation participates in a number of federal and state grant programs, which are governed by various rules and regulations of each grantor agency. Costs charged to each respective grant program are subject to audit and adjustment by the grantor agency; therefore, to the extent that the Corporation has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivables at December 31, 2023 and 2022, may be impaired. In the opinion of the management of the Corporation, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

11. LIMITATION OF FEDERAL CARRYOVER FUNDS:

The Legal Services Corporation limits the federal Legal Services Corporation (LSC) carryover to 10% of the annualized grant award. Any excess carryover must be returned to the Legal Services Corporation. This percentage may be increased to 25% if a waiver of the restriction is submitted and approved. Recipients may request a waiver to retain funds in excess of 25% of a recipient's LSC support only for extraordinary and compelling circumstances, such as when a natural disaster or other catastrophic event prevents the timely expenditure of LSC funds, or when the recipient receives an insurance reimbursement, the proceeds from the sale of real property, a payment from a lawsuit in which the recipient was a party, or a payment from an LSC-funded lawsuit, regardless of whether the recipient was a party to the lawsuit.

The Corporation has a carryover of 20.39% for the year ending December 31, 2023. A waiver will be submitted to the Legal Services Corporation related to the December 31, 2023, excess carryover of approximately \$1,076,598, of which \$548,538 exceeded the allowable 10% carryover threshold. The carryover was due primarily to excess funding carried over from the prior year and additional funding received from the LSC Disaster grant to cover capital expenditures related to disaster purchases.

ACADIANA LEGAL SERVICE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

11. LIMITATION OF FEDERAL CARRYOVER FUNDS: (Continued)

For the year ended December 31, 2022, the Corporation had a 19.46% or \$991,600 carryover, of which \$482,035 exceeded the 10% carryover threshold. The carryover was due primarily to the receipt of a 2020-2021 Disaster Supplemental Appropriation (Incurred Costs) Grant from Legal Services Corporation in the year ended December 31, 2022. The Corporation was not able to expend the excess funds before the end of 2022. The Office of Compliance and Enforcement of Legal Services Corporation granted the Corporation's request to carryover \$482,035 above the 10% threshold in its LSC fund account for the 2023 fiscal year. Pursuant to 45 CFR § 1628.4(e), the Corporation was required to use the carryover funds it was permitted by December 31, 2023. The funds were used to pay for salaries and employee benefits for attorneys, paralegals, law clerks, and administration positions.

12. SUBGRANTS TO OTHER AGENCIES:

During the years ended December 31, 2023 and 2022, the Corporation granted the following subgrants to other agencies:

	2023	2022
Legal Services Corporation:		
Central Louisiana Pro Bono Project	\$ 11,884	\$ 11,884
Lafayette Volunteer Lawyer Project	39,000	35,000
Shreveport Bar Foundation Pro Bono Project	15,750	43,875
Total Legal Services Corporation	66,634	90,759
Child in Need of Care (CINC):		
Central Louisiana Pro Bono Project	23,000	23,000
Southwest Louisiana Bar Foundation	17,500	17,500
Total Child in Need of Care (CINC)	40,500	40,500
Total Subgrants to Other Agencies	\$ 107,134	\$ 131,259

All sub-grantees are pro bono programs, which use the funds to provide civil legal services to low-income persons eligible for representation by the Corporation.

During the year ended December 31, 2023 and 2022, the Corporation also granted \$252,278 and \$72,375, respectively, in subgrants, using HUD Eviction Program funds, to Southeast Louisiana Legal Services Corporation. The subgrant is recorded within contractual services expenses in the years ended December 31, 2023 and 2022, respectively.

ACADIANA LEGAL SERVICE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

13. PRIVATE ATTORNEY INVOLVEMENT (PAI):

The Legal Services Corporation requires attorneys in private practice be involved in the delivery of services by Acadiana Legal Service Corporation. The involvement must equal, at a minimum, 12.5% of the annualized basic field grant. For the years ended December 31, 2023 and 2022, PAI amounted to approximately 9.09% and 10.69%, respectively. This is based on the \$478,198 and \$489,361, respectively, of total PAI expenditures from the Legal Services Corporation basic field grant, Louisiana Bar Foundation grants, Title III-B, and other funding sources. A schedule of private attorney involvement expenses is listed below:

	<u>2023</u>	<u>2022</u>
Salaries and wages:		
Lawyers	\$ 78,880	\$ 78,252
Paralegals	23,641	22,714
Non-lawyers	49,846	46,082
Employee benefits	44,335	37,079
Office rent and utilities	8,138	6,837
Equipment rentals and maintenance	2,000	1,353
Office supplies and expenses	10,646	16,523
Travel and training	3,129	2,280
Library and other supplies	1,271	1,038
Telephone	1,665	1,671
Insurance	6,417	4,552
Professional services	1,469	914
Contractual services	138,907	138,095
Membership fees	333	302
Litigation costs	318	225
Subgrants	107,134	131,259
Miscellaneous	69	185
Total Private Attorney Involvement Expenses	<u>\$ 478,198</u>	<u>\$ 489,361</u>
Compliance percentage	12.50%	12.50%
Actual PAI to LSC Basic Field Advances	9.09%	10.69%

For the year ended December 31, 2023, Acadiana Legal Service Corporation's Private Attorney Involvement was approximately 9.09% of its annualized LSC Basic Field Award, which is below the required 12.5% threshold. The Corporation's inability to meet the 12.5% threshold was due to issues partnering with local bars and law schools because of their locations being outside of the Corporation's service area. The Office of Compliance and Enforcement of Legal Services Corporation granted the Corporation a partial waiver of \$278,713 to reduce its PAI expenditure requirement to \$379,197 for the year ended December 31, 2023.

ACADIANA LEGAL SERVICE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

13. PRIVATE ATTORNEY INVOLVEMENT (PAI): (Continued)

For the year ended December 31, 2022, Acadiana Legal Service Corporation's Private Attorney Involvement was approximately 10.69% of its annualized LSC Basic Field Award, which is below the required 12.5% threshold. The Corporation's inability to meet the 12.5% threshold was due to issues partnering with local bars and law schools because of their locations being outside of the Corporation's service area. The Office of Compliance and Enforcement of Legal Services Corporation granted the Corporation a partial waiver of \$96,057 to reduce its PAI expenditure requirement to \$475,997 for the year ended December 31, 2022.

14. RETIREMENT PLAN:

The Corporation adopted a 403(b) retirement plan (the Plan) effective January 1, 1995. The Plan was amended and restated effective January 1, 2009. The Plan allows for employee elective deferrals and employer matching contributions. Employees are eligible to make elective deferrals to the Plan on their hire date, if their normal work hours are greater than 20 hours per week. Employees are considered eligible for employer matching contributions upon completing two years of eligible service. One year of eligible service consists of 1,000 hours. The Corporation shall determine, at its sole discretion, the amount of employer contributions to be made to the Plan. The employer match for the years ended December 31, 2023 and 2022 was 10%.

The Corporation's matching contributions for the years ended December 31, 2023 and 2022, were \$258,840 and \$250,413, respectively.

15. NET ASSETS WITH DONOR RESTRICTIONS:

The Corporation's net assets with donor restrictions at December 31 consisted of the following:

	2023	2022
Litigation services	\$ 240,407	\$ 30,892
Property	4,407,794	4,015,851
	\$ 4,648,201	\$ 4,046,743

16. NET ASSETS RELEASED FROM DONOR RESTRICTIONS:

Net assets were released from grant restrictions by satisfaction of the restricted purposes during the years ended December 31, as follows:

	2023	2022
Child in need of care cases	\$ 1,996,697	\$ 1,872,645
Title IV-E	448,234	497,195
State of Louisiana Appropriation	380,350	230,349
Other legal assistance	8,175,613	7,182,077
	\$ 11,000,894	\$ 9,782,266

ACADIANA LEGAL SERVICE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

17. BOARD-DESIGNATED NET ASSETS:

The Board of Directors voted to designate up to \$100,000 of net assets to establish a \$100,000 reserve for future building maintenance and capital improvements of the Corporation's facilities.

18. NET ASSETS DEFICIT BALANCE:

The Corporation's Legal Services Corporation Pro Bono Innovation Fund has deficit net assets without donor restrictions of \$100,220 as of December 31, 2023. The fund deficit is due to the Corporation's share of the expenses associated with the Legal Services Corporation's Pro Bono Innovation Grant. The Corporation intends to cover this deficit balance with future operating revenues.

19. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following reflects the Corporation's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts available include donor-restricted amounts that are available for general expenditure in the following year.

	<u>2023</u>	<u>2022</u>
Financial assets, at year-end:		
Cash and cash equivalents	\$ 1,637,103	\$ 2,375,560
Certificates of deposit	151,318	-
Grants receivable	1,168,794	483,743
Other receivables	225	36,365
Client escrow funds	<u>10,705</u>	<u>18,124</u>
Total financial assets at year-end	<u>2,968,145</u>	<u>2,913,792</u>
Less contractual or donor-imposed restrictions:		
Client escrow funds	(10,705)	(18,124)
Lease liabilities	(76,263)	(4,952)
Refundable advances for legal services (Legal Service Corporation)	(1,076,598)	(1,337,856)
Refundable advances for legal services (Greater New Orleans Foundation)	(48,526)	(48,526)
Refundable advances for legal services (AARP)	(36,084)	(61,395)
Refundable advances for legal services (Humana Healthy Horizons)	-	(120,000)
Refundable advances for legal services (Louisiana Bar Foundation)	(54,670)	-
Refundable advances for legal services (LA Healthcare Connections)	(74,969)	-
Refundable advances for legal services (Tulane)	(3,611)	-
Donor-restricted for legal services (Louisiana Bar Foundation)	(217,787)	(18,012)
Donor-restricted for legal services (Other)	(22,620)	(12,880)
Board-designated reserve for future maintenance and capital improvements	<u>(100,000)</u>	<u>(100,000)</u>
Total contractual or donor-imposed restrictions	<u>(1,721,833)</u>	<u>(1,721,745)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,246,312</u>	<u>\$ 1,192,047</u>

ACADIANA LEGAL SERVICE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

20. ECONOMIC DEPENDENCY:

As of December 31, 2023 and 2022, approximately 92% and 94%, respectively, of the Corporation's funding is provided through grants administered by the Legal Services Corporation and the Louisiana Bar Foundation. If significant budget cuts are incurred by either of the aforementioned grantors, the amount of funds received by the Corporation could be significantly reduced and adversely affect the Corporation's operations. Management is not aware of any actions that will adversely affect the amount of funding to be received by the Corporation in the next fiscal year.

21. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through the date that the financial statements were available to be issued, which was May 29, 2024.

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SUPPLEMENTARY INFORMATION

ACADIANA LEGAL SERVICE CORPORATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF SUPPORT, REVENUE, AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Legal Services Corporation					Louisiana		
	Basic Field	Pro Bono Innovation	Disaster	Property and Equipment	Total	IOLTA	CINC	CINC Supplemental
REVENUE AND SUPPORT:								
Grant revenue	\$ 5,178,279	\$ 47,476	\$ 1,598,235	\$ -	\$ 6,823,990	\$ 1,355,627	\$ 1,859,855	\$ 125,000
Interest earnings	17,322	-	-	-	17,322	7,060	11,842	-
Donations	-	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-	-
Total revenue and support	5,195,601	47,476	1,598,235	-	6,841,312	1,362,687	1,871,697	125,000
EXPENSES:								
Salaries and wages:								
Lawyers	1,191,300	46,655	252,351	-	1,490,306	487,921	1,037,785	-
Paralegals and law clerks	1,048,375	60,588	70,976	-	1,179,939	102,498	322,861	-
Non-lawyers	1,079,846	3,908	256,555	-	1,340,309	139,887	232,043	4,859
Employee benefits	957,569	14,331	157,954	-	1,129,854	200,415	440,269	599
Office rent and utilities	174,268	-	17,184	-	191,452	44,166	75,526	-
Equipment rentals and maintenance	42,818	-	30,725	-	73,543	17,626	29,928	-
Office supplies and expenses	140,210	1,196	30,676	-	172,082	33,762	56,775	-
Telephone	35,662	-	3,843	-	39,505	15,176	29,344	-
Travel and training	70,319	12,244	35,646	-	118,209	24,554	35,028	-
Depreciation	-	-	-	252,960	252,960	-	-	-
Library and other supplies	27,219	-	-	-	27,219	10,784	18,438	-
Insurance	137,403	-	9,485	-	146,888	18,124	22,342	-
Professional services	31,448	-	-	-	31,448	12,442	21,627	-
Contractual services	145,954	4,894	34,488	-	185,336	42,108	197,518	-
Membership fees	7,136	-	1,940	-	9,076	16,884	8,228	-
Litigation costs	6,799	-	108	-	6,907	1,008	793	-
Subgrant awards	66,634	-	-	-	66,634	-	40,500	-
Miscellaneous	13,167	3,880	14,520	-	31,567	22,590	1,009	-
Total expenses	5,176,127	147,696	916,451	252,960	6,493,234	1,189,945	2,570,014	5,458
Change in Net Assets before Transfers	19,474	(100,220)	681,784	(252,960)	348,078	172,742	(698,317)	119,542
Interfund transfers	68,294	-	(119,440)	-	(51,146)	27,033	698,317	(119,542)
Change in Net Assets after Transfers	87,768	(100,220)	562,344	(252,960)	296,932	199,775	-	-
NET ASSETS (DEFICIT) AT BEGINNING OF YEAR								
	-	-	-	4,003,136	4,003,136	-	-	-
Acquisition of property - purchases	(87,768)	-	(562,344)	650,112	-	-	-	-
NET ASSETS WITH RESTRICTIONS AT END OF YEAR								
	\$ -	\$ -	\$ -	\$ 4,400,288	\$ 4,400,288	\$ 199,775	\$ -	\$ -
NET ASSETS (DEFICIT) WITHOUT RESTRICTIONS AT END OF YEAR								
	\$ -	\$ (100,220)	\$ -	\$ -	\$ (100,220)	\$ -	\$ -	\$ -

Bar Foundation					Other						2023
Title IV-E	State of LA Appropriation	Other	Property and Equipment	Total	AARP	LA Title Clearing	HUD Eviction Protection	Other	Property and Equipment	Total	Totals
\$ 448,234	\$ 380,350	\$ 330	\$ -	\$ 4,169,396	\$ 25,312	\$ 29,599	\$ 539,325	\$ 314,197	\$ -	\$ 908,433	\$ 11,901,819
-	-	-	-	18,902	-	-	-	-	-	-	36,224
-	-	-	-	-	-	-	-	9,268	-	9,268	9,268
-	-	-	-	-	-	-	-	154,330	-	154,330	154,330
448,234	380,350	330	-	4,188,298	25,312	29,599	539,325	477,795	-	1,072,031	12,101,641
-	290,084	251	-	1,816,041	15,019	11,843	104,891	55,689	-	187,442	3,493,789
-	1,156	13	-	426,528	5,771	2,773	54,908	41,314	-	104,766	1,711,233
-	-	19	-	376,808	497	156	41,806	4,538	-	46,997	1,764,114
-	63,136	47	-	704,466	1,917	1,227	55,831	8,576	-	67,551	1,901,871
-	-	-	-	119,692	-	-	-	2,448	-	2,448	313,592
-	-	-	-	47,554	-	-	-	329	-	329	121,426
-	-	-	-	90,537	1,881	-	3,517	7,072	-	12,470	275,089
-	-	-	-	44,520	-	-	-	37	-	37	84,062
-	-	-	-	59,582	274	-	5,765	5,081	-	11,120	188,911
-	-	-	5,209	5,209	-	-	-	-	12,075	12,075	270,244
-	-	-	-	29,222	-	-	-	28	-	28	56,469
-	-	-	-	40,466	-	-	-	1,630	-	1,630	188,984
-	-	-	-	34,069	-	-	-	-	-	-	65,517
-	-	-	-	239,626	-	-	252,278	2,001	-	254,279	679,241
-	-	-	-	25,112	(47)	-	169	55	-	177	34,365
-	-	-	-	1,801	-	1,183	-	12,490	-	13,673	22,381
-	-	-	-	40,500	-	-	-	-	-	-	107,134
-	-	-	-	23,599	-	-	-	3,954	-	3,954	59,120
-	354,376	330	5,209	4,125,332	25,312	17,182	519,165	145,242	12,075	718,976	11,337,542
448,234	25,974	-	(5,209)	62,966	-	12,417	20,160	332,553	(12,075)	353,055	764,099
(448,234)	(25,974)	-	-	131,600	-	(2,678)	(20,160)	(57,616)	-	(80,454)	-
-	-	-	(5,209)	194,566	-	9,739	-	274,937	(12,075)	272,601	764,099
-	-	18,012	12,715	30,727	-	12,878	-	604,857	137,245	754,980	4,788,843
-	-	-	-	-	-	-	-	-	-	-	-
\$ -	\$ -	\$ 18,012	\$ 7,506	\$ 225,293	\$ -	\$ 22,617	\$ -	\$ 3	\$ -	\$ 22,620	\$ 4,648,201
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 879,791	\$ 125,170	\$ 1,004,961	\$ 904,741

Bar Foundation				Other							2022
State of LA		Property and		AARP	GNOF Hurricane Ida	LA Title Clearing	HUD Eviction Protection	Other	Property and		2022 Totals
Appropriation	Other	Equipment	Total						Equipment	Total	
\$ 230,349	\$ -	\$ -	\$ 3,720,102	\$ 40,282	\$ 1,225	\$ 31,821	\$ 132,188	\$ 180,666	\$ -	\$ 386,182	\$ 10,356,976
-	-	-	13,917	-	-	-	-	1,038	-	1,038	24,487
-	-	-	-	-	-	-	-	9,961	-	9,961	9,961
-	-	-	14,702	-	-	-	-	127,498	-	127,498	148,408
230,349	-	-	3,748,721	40,282	1,225	31,821	132,188	319,163	-	524,679	10,539,832
193,665	-	-	1,958,898	22,451	697	9,958	24,045	47,264	-	104,415	3,286,525
96	-	-	468,333	14,539	389	3,351	19,162	49,377	-	86,818	1,692,061
-	-	-	468,163	-	25	-	11,517	255	-	11,797	1,567,318
49,615	-	-	755,008	3,292	114	816	16,275	6,951	-	27,448	1,666,443
-	-	-	85,938	-	-	-	-	1,351	-	1,351	236,983
-	-	-	32,983	-	-	-	239	619	-	858	65,053
19	-	-	66,224	-	-	-	5,366	7,965	-	13,331	260,080
-	-	-	48,166	-	-	-	-	331	-	331	85,950
550	-	-	48,828	-	-	-	2,366	2,864	-	5,230	125,404
-	-	7,765	7,765	-	-	-	-	-	11,986	11,986	176,780
-	-	-	30,743	-	-	-	-	147	-	147	52,741
-	-	-	39,109	-	-	-	-	4,241	-	4,241	141,211
-	-	-	30,959	-	-	-	-	-	-	-	50,210
-	-	-	140,959	-	-	-	72,375	2,063	-	74,438	266,530
-	-	-	24,360	-	-	-	-	(22)	-	(22)	30,748
-	-	-	4,230	-	-	1,925	-	182	-	2,107	11,394
-	-	-	40,500	-	-	-	-	-	-	-	131,259
-	-	-	37,166	-	-	-	10,616	-	-	10,616	96,074
243,945	-	7,765	4,288,332	40,282	1,225	16,050	161,961	123,588	11,986	355,092	9,942,764
(13,596)	-	(7,765)	(539,611)	-	-	15,771	(29,773)	195,575	(11,986)	169,587	597,068
13,596	-	-	531,846	-	-	(2,893)	29,773	8,199	-	35,079	-
-	-	(7,765)	(7,765)	-	-	12,878	-	203,774	(11,986)	204,666	597,068
-	18,012	20,480	38,492	-	-	-	-	452,488	97,826	550,314	4,191,775
-	-	-	-	-	-	-	-	(51,405)	51,405	-	-
\$ -	\$ 18,012	\$ 12,715	\$ 30,727	\$ -	\$ -	\$ 12,878	\$ -	\$ 2	\$ -	\$ 12,880	\$ 4,046,743
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 604,855	\$ 137,245	\$ 742,100	\$ 742,100

ACADIANA LEGAL SERVICE CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
 TO EXECUTIVE DIRECTOR
FOR THE YEAR ENDED DECEMBER 31, 2023

Executive Director: Sachida Raman

Purpose:

Salary	\$ 148,810
Benefits - insurance (Health, Vision, and Dental)	8,665
Benefits - other (FICA/Medicare Taxes)	11,231
Benefits - other (STD LTD Disability Insurance)	1,635
Benefits - other (403b Employer Match)	12,304
Dues and fees	790
Mileage reimbursements	36
Per diem	163
Other reimbursements	220
Conference travel	4,737
Total	\$ 188,591

ACADIANA LEGAL SERVICE CORPORATION
 SUPPLEMENTARY INFORMATION
 JUSTICE SYSTEM FUNDING SCHEDULE - RECEIVING ENTITY
 AS REQUIRED BY ACT 87 OF THE 2021 REGULAR LEGISLATIVE SESSION
FOR THE YEAR ENDED DECEMBER 31, 2023

Cash Basis Presentation	First Six Month Period Ended <u>06/30/2023</u>	Second Six Month Period Ended <u>12/31/2023</u>
Receipts From:		
Rapides Parish Clerk of Court / Civil Fees	\$ 7,472	\$ 7,151
Alexandria City Court / Civil Fees	923	798
Pineville City Court / Civil Fees	476	521
Lafayette Parish Clerk of Court / Civil Fees	17,050	17,549
City Court of Lafayette / Civil Fees	2,346	2,690
Bossier Parish District Court / Civil Fees	3,912	3,678
Caddo Parish Clerk of Court / Civil Fees	8,468	8,231
Webster Parish Clerk of Court / Civil Fees	<u>1,235</u>	<u>1,095</u>
Subtotal Receipts	<u>\$ 41,882</u>	<u>\$ 41,713</u>
Ending Balance of Amounts Assessed but Not Received	<u>\$ -</u>	<u>\$ -</u>

ACADIANA LEGAL SERVICE CORPORATION
 OTHER SUPPLEMENTARY INFORMATION
 SCHEDULE OF LSC FUNDING PASSED-THROUGH TO SUBRECIPIENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Lafayette Parish Bar Foundation	Central Louisiana Pro Bono Project	Shreveport Bar Foundation	Total
Salaries and wages	\$ 26,015	\$ 7,733	\$ 15,750	\$ 49,498
Employee benefits	3,902	748	-	4,650
Rent	-	1,321	-	1,321
Telephone	-	1,134	-	1,134
Insurance	-	338	-	338
Indirect Cost	6,209	-	-	6,209
Supplies	-	610	-	610
Communication	1,850	-	-	1,850
Office expenses	1,024	-	-	1,024
	<u>\$ 39,000</u>	<u>\$ 11,884</u>	<u>\$ 15,750</u>	<u>\$ 66,634</u>

ACADIANA LEGAL SERVICE CORPORATION
 OTHER SUPPLEMENTARY INFORMATION
 SCHEDULE OF LSC EXCESS CARRYOVER FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Prior Year LSC Excess Carryover</u>
REVENUE AND SUPPORT:	
Grant revenue	\$ 482,035
Interest earnings	-
Donations	-
Other revenues	-
Total revenue and support	<u>482,035</u>
EXPENSES:	
Salaries and wages:	
Lawyers	192,345
Paralegals and law clerks	97,785
Non-lawyers	100,725
Employee benefits	88,326
Office rent and utilities	-
Equipment rentals and maintenance	-
Office supplies and expenses	-
Telephone	-
Travel and training	2,854
Depreciation	-
Library and other supplies	-
Insurance	-
Professional services	-
Contractual services	-
Membership fees	-
Litigation costs	-
Subgrant awards	-
Miscellaneous	-
Total expenses	<u>482,035</u>
Change in Net Assets	-
NET ASSETS AT BEGINNING OF YEAR	-
Acquisition of property - purchases	-
NET ASSETS AT END OF YEAR	<u>\$ -</u>



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

May 29, 2024

Board of Directors
Acadiana Legal Service Corporation
Lafayette, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Acadiana Legal Service Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 29, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Acadiana Legal Service Corporation's (the Corporation) internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

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A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Duplantier, Sharpner, Hogan and Gruber, LLP
New Orleans, Louisiana



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

May 29, 2024

Board of Directors
Acadiana Legal Service Corporation
Lafayette, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Acadiana Legal Service Corporation's (the Corporation) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the Legal Services Corporation Audit Guide and Compliance Supplement (the Audit Guide) that could have a direct and material effect on each of the Corporation's major federal programs for the year ended December 31, 2023. The Corporation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

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Basis for Opinion on Each Major Federal Program

We conducted our 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the Legal Services Corporation Audit Guide and Compliance Supplement (the Audit Guide). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Corporation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Corporation's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Corporation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the Audit Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Corporation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the Audit Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the Audit Guide. Accordingly, this report is not suitable for any other purpose.

Duplantier, Sharpness, Hogan and Baker, LLP

New Orleans, Louisiana

ACADIANA LEGAL SERVICE CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2023

Federal Grantor/ Pass-Through Grantor/ Program Name	Grant Number	Assistance Listing Number	Passed-through to Subrecipients	Federal Expenditures
<u>LEGAL SERVICES CORPORATION</u>				
Basic Field Grant	LA-15	09.619051	\$ 66,634	\$ 5,195,601
Pro Bono Innovation Fund	PB20008	09.619051	-	147,696
Disaster Grant	GT-21DSA-00003	09.619051	-	1,598,235
			66,634	6,941,532
<u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES ADMINISTRATION FOR CHILDREN AND FAMILIES</u>				
Title IV-E Foster Care Pass-through program from following agencies:				
Louisiana Bar Foundation	N/A	93.658	-	448,234
			-	448,234
<u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES ADMINISTRATION ON AGING</u>				
Title III, Part B - Supportive Services and Senior Centers Pass-through program from following agencies:				
Beauregard Council on Aging, Inc.	N/A	93.044	-	1,038
Bienville Council on Aging, Inc.	N/A	93.044	-	489
Bossier Council on Aging, Inc.	N/A	93.044	-	1,795
Caddo Council on Aging	N/A	93.044	-	4,397
Cajun Area Agency on Aging, Inc.	N/A	93.044	-	12,323
Calcasieu Council on Aging, Inc.	N/A	93.044	-	3,773
Caldwell Parish Council on Aging	N/A	93.044	-	169
Cameron Council on Aging, Inc.	N/A	93.044	-	351
CENLA Area Agency on Aging, Inc.	N/A	93.044	-	32,281
Claiborne Council on Aging, Inc.	N/A	93.044	-	684
Desoto Council on Aging, Inc.	N/A	93.044	-	1,117
Jefferson Davis Council on Aging, Inc.	N/A	93.044	-	795
Lincoln Parish Council on Aging	N/A	93.044	-	722
Morehouse Parish Council on Aging, Inc.	N/A	93.044	-	209
Ouachita Council on Aging Inc.	N/A	93.044	-	4,598
Natchitoches Council on Aging, Inc.	N/A	93.044	-	1,961
Red River Council on Aging, Inc.	N/A	93.044	-	178
Sabine Parish Council on Aging	N/A	93.044	-	571
Vernon Council on Aging	N/A	93.044	-	1,141
Webster Council on Aging, Inc.	N/A	93.044	-	854
West Carroll Council on Aging	N/A	93.044	-	372
			-	69,818

(Continued)

ACADIANA LEGAL SERVICE CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2023

Federal Grantor/ Pass-Through Grantor/ Program Name	Grant Number	Assistance Listing Number	Passed-through to Subrecipients	Federal Expenditures
<u>UNITED STATES DEPARTMENT OF HOUSING</u>				
<u>AND URBAN DEVELOPMENT</u>				
HUD Eviction Protection Grant	N/A	14.537	\$ 252,278	\$ 539,325
CDBG Mitigation Program				
Pass-through program from following agencies:				
State of Louisiana Office of Community Development	N/A	14.228	-	19,860
Hunt, Guillot, & Associates	N/A	14.272	-	3,814
			<u>252,278</u>	<u>562,999</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 318,912</u>	<u>\$ 8,022,583</u>

See the accompanying notes to the schedule of expenditures of federal awards.

ACADIANA LEGAL SERVICE CORPORATION
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

1. BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal award activity of Acadiana Legal Service Corporation under programs of the federal government for the year ended December 31, 2023. The information in the schedule of expenditures of federal awards is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule of expenditures of federal awards presents only a selected portion of the operations of Acadiana Legal Service Corporation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Acadiana Legal Service Corporation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying schedule of expenditures of federal awards includes the federal award activity of Acadiana Legal Service Corporation and is presented on the accrual basis of accounting. Grant revenues are recorded, for financial reporting purposes, when Acadiana Legal Service Corporation has met the cost of reimbursement or funding qualifications for the respective grants.

3. DE MINIMIS COST RATE:

During the year ended December 31, 2023, the Corporation did not elect to use the 10% de minimis cost rate as covered in §200.414 of *The Uniform Guidance*.

ACADIANA LEGAL SERVICE CORPORATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

SUMMARY OF AUDITOR’S RESULTS

Financial Statements:

Type of auditor’s report issued: Unmodified

Internal Control Over Financial Reporting:

- Material weakness(es) identified? __yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? __yes X no

Noncompliance material to financial statements noted? __yes X no

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? __yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? __yes X no

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with §200.516 of *The Uniform Guidance*: __yes X no

Identification of major program:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Expenditures</u>
09.619051	Legal Services Corporation - Basic Field Grant, Pro Bono Innovation Fund, and Disaster Grant	\$ 6,941,532

- The threshold for distinguishing types A & B programs was program expenditures exceeding \$750,000.
- Acadiana Legal Service Corporation did not qualify as a low-risk auditee.

ACADIANA LEGAL SERVICE CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

FINDINGS REQUIRED TO BE REPORTED UNDER *GOVERNMENT AUDITING*
STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA:

None

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

None

PRIOR YEAR FINDINGS:

FINDINGS REQUIRED TO BE REPORTED UNDER *GOVERNMENT AUDITING*
STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA:

None

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

None

ACADIANA LEGAL SERVICE CORPORATION

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

FOR THE FISCAL YEAR JANUARY 01, 2023
THROUGH DECEMBER 31, 2023

ACADIANA LEGAL SERVICE CORPORATION

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES FOR THE FISCAL YEAR JANUARY 01, 2023 THROUGH DECEMBER 31, 2023

June 20, 2024

Board of Directors
Acadiana Legal Service Corporation and
Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 01, 2023 through December 31, 2023. Acadiana Legal Service Corporation's management is responsible for those C/C areas identified in the SAUPs.

Acadiana Legal Service Corporation has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal period January 01, 2023 through December 31, 2023. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

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Members
American Institute of
Certified Public Accountants
Society of LA CPAs

1) *Written Policies and Procedures*

- A. **Procedure:** Obtain and inspect the entity’s written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity’s operations:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - iii. ***Disbursements***, including processing, reviewing, and approving.
 - iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management’s actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
 - vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
 - ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity’s ethics policy.
 - x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

- xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: We noted no findings as a result of applying the above agreed-upon procedures.

2) ***Board or Finance Committee***

- A. **Procedure:** Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: We noted no findings as a result of applying the above agreed-upon procedures.

3) *Bank Reconciliations*

- A. **Procedure:** Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: We noted no findings as a result of applying the above agreed-upon procedures.

4) *Collections (excluding electronic funds transfers)*

- A. **Procedure:** Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Results: We noted no findings as a result of applying the above agreed-upon procedures.

- B. **Procedure:** For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
- i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;

- iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

Results: We noted no findings as a result of applying the above agreed-upon procedures.

- C. **Procedure:** Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

Results: We noted no findings as a result of applying the above agreed-upon procedures.

- D. **Procedure:** Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- i. Observe that receipts are sequentially pre-numbered.
- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- iii. Trace the deposit slip total to the actual deposit per the bank statement.
- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- v. Trace the actual deposit per the bank statement to the general ledger.

Results: We noted no findings as a result of applying the above agreed-upon procedures.

5) *Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)*

- A. **Procedure:** Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Results: We noted no findings as a result of applying the above agreed-upon procedures.

- B. **Procedure:** For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
- ii. At least two employees are involved in processing and approving payments to vendors;
- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

Results: We noted no findings as a result of applying the above agreed-upon procedures.

- C. **Procedure:** For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

Results: We noted no findings as a result of applying the above agreed-upon procedures.

- D. **Procedure:** Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

Results: We noted no findings as a result of applying the above agreed-upon procedures.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. **Procedure:** Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results: We noted no findings as a result of applying the above agreed-upon procedures.

- B. **Procedure:** Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and:
 - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.

Results: We noted no findings as a result of applying the above agreed-upon procedures.

- C. **Procedure:** Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Results: We noted no findings as a result of applying the above agreed-upon procedures.

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- A. **Procedure:** Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: We noted no findings as a result of applying the above agreed-upon procedures.

8) *Contracts*

- A. **Procedure:** Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
 - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: We noted no findings as a result of applying the above agreed-upon procedures.

9) *Payroll and Personnel*

- A. **Procedure:** Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results: We noted no findings as a result of applying the above agreed-upon procedures.

- B. **Procedure:** Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and:
- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

Results: We noted no findings as a result of applying the above agreed-upon procedures.

- C. **Procedure:** Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

Results: We noted no findings as a result of applying the above agreed-upon procedures.

- D. **Procedure:** Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: We noted no findings as a result of applying the above agreed-upon procedures.

10) *Ethics*

- A. **Procedure:** Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and:
 - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable

Results: The Louisiana Code of Ethics is generally not applicable to nonprofit entities, but may be applicable in certain situations, such as councils on aging. The ethics agreed-upon procedures are not applicable to Acadiana Legal Service Corporation.

- B. **Procedure:** Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Results: The Louisiana Code of Ethics is generally not applicable to nonprofit entities, but may be applicable in certain situations, such as councils on aging. The ethics agreed-upon procedures are not applicable to Acadiana Legal Service Corporation.

11) Debt Service

- A. **Procedure:** Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

Results: The debt service agreed-upon procedures category is generally not applicable to nonprofit entities. The debt service agreed-upon procedures are not applicable to Acadiana Legal Service Corporation.

- B. **Procedure:** Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: The debt service agreed-upon procedures category is generally not applicable to nonprofit entities. The debt service agreed-upon procedures are not applicable to Acadiana Legal Service Corporation.

12) Fraud Notice

- A. **Procedure:** Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

Results: We noted no findings as a result of applying the above agreed-upon procedures.

- B. **Procedure:** Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: We noted no findings as a result of applying the above agreed-upon procedures.

13) Information Technology Disaster Recovery/Business Continuity

A. **Procedure:** Perform the following procedures:

- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
- ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results: We performed the above agreed-upon procedure and discussed the results with management of Acadiana Legal Service Corporation.

B. **Procedure:** Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Results: We performed the above agreed-upon procedure and discussed the results with management of Acadiana Legal Service Corporation.

C. **Procedure:** Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020 – completed the training; and
- Hired on or after June 9, 2020 – completed the training within 30 days of initial service or employment

Results: We performed the above agreed-upon procedure and discussed the results with management of Acadiana Legal Service Corporation.

14) Prevention of Sexual Harassment

- A. **Procedure:** Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

Results: A private non-profit that is subject to audit by virtue of the receipt of public funds does not appear to be subject to the sexual harassment law, R.S. 42:341, et seq. However, the non-profit could be subject to the law as part of its agreement to receive the public funds. The sexual harassment agreed-upon procedures are not applicable to Acadiana Legal Service Corporation.

- B. **Procedure:** Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Results: A private non-profit that is subject to audit by virtue of the receipt of public funds does not appear to be subject to the sexual harassment law, R.S. 42:341, et seq. However, the non-profit could be subject to the law as part of its agreement to receive the public funds. The sexual harassment agreed-upon procedures are not applicable to Acadiana Legal Service Corporation.

- C. **Procedure:** Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

- i. Number and percentage of public servants in the agency who have completed the training requirements;
- ii. Number of sexual harassment complaints received by the agency;
- iii. Number of complaints which resulted in a finding that sexual harassment occurred;
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- v. Amount of time it took to resolve each complaint.

Results: A private non-profit that is subject to audit by virtue of the receipt of public funds does not appear to be subject to the sexual harassment law, R.S. 42:341, et seq. However, the non-profit could be subject to the law as part of its agreement to receive the public funds. The sexual harassment agreed-upon procedures are not applicable to Acadiana Legal Service Corporation.

June 20, 2024

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

We are required to be independent of Acadiana Legal Service Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Duplantier, Sharpness, Hogan and Gruber, LLP

New Orleans, Louisiana