

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA**

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

**YEAR ENDED JUNE 30, 2020**



**HMS SCHAFFER GROUP | CPAs**  
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**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA**  
**TABLE OF CONTENTS**  
**JUNE 30, 2020**

- I. Independent Auditor's Report

FINANCIAL STATEMENTS

- II. Statement of Financial Position - Assets
- III. Statement of Financial Position - Liabilities and Net Assets
- IV. Statement of Activities
- V. Statement of Functional Expenses
- VI. Statement of Cash Flows
- VII. Notes to the Financial Statements

SUPPLEMENTARY INFORMATION

- VIII. Schedule of Compensation, Benefits, and Other Payments to Director
- IX. Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- X. Schedule of Findings and Responses
- XI. Schedule of Prior Year Findings



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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Capital Defense Project of Southeast Louisiana (a Louisiana Not-For-Profit Corporation), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. 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 Governmental Auditing Standards, issued by the Comptroller General of the United State of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Capital Defense Project of Southeast Louisiana as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Compensation, Benefits, and Other Payments to the Director is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2020, on our consideration of Capital Defense Project of Southeast Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and

compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Capital Defense Project of Southeast Louisiana's internal control over financial reporting and compliance.

*HMS Schaffer Group, LLC*

December 30, 2020

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2020**

ASSETSCurrent Assets

Cash	\$	227,994
Certificates of Deposit		571,085
Contract Receivable		107,955
Reimbursements Receivable		2,898
Rent Receivable		953
Prepaid Expense		60,124
		<hr/>
Total Current Assets		971,009
		<hr/>

Property and Equipment

Equipment		108,952
Equipment - Capital Lease		11,382
Furniture and Fixtures		35,128
Leasehold Improvements		23,392
		<hr/>
Total Property and Equipment		178,854
Less: Accumulated Depreciation		(130,311)
Less: Accumulated Depreciation - Capital Lease		(5,690)
		<hr/>
Property and Equipment - Net		42,853
		<hr/>

Other Assets

Deposit		6,491
		<hr/>
Total Other Assets		6,491
		<hr/>

TOTAL ASSETS	\$	1,020,353
		<hr/> <hr/>

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

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2020**

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$ 9,564
Payroll Liabilities	966
Compensated Absences Liability	48,200
Current Portion of Capital Lease	<u>1,258</u>
Total Current Liabilities	<u>59,988</u>

Long Term Liabilities

Capital Lease Payable	1,258
Note Payable - SBA	115,900
Less: Current Portion of Capital Lease	<u>(1,258)</u>
Total Long Term Liabilities	<u>115,900</u>

Total Liabilities 175,888

Net Assets

Net Assets Without Donor Restrictions	<u>844,465</u>
Total Net Assets	<u>844,465</u>

TOTAL LIABILITIES AND NET ASSETS \$ 1,020,353

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

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020**

NET ASSETS WITHOUT DONOR RESTRICTIONS

Revenue

Contract Revenue	\$	1,280,000
Expert Expenditure Reimbursement		117,383
Expert Expenditure Reimbursement - Other		10,649
Rental Income		7,965
		<hr/>
Total Revenue		1,415,997
		<hr/>

Expenses

Program Service		1,205,177
Management and General		208,403
		<hr/>
Total Expenses		1,413,580
		<hr/>
Income (Loss) from Operations		2,417
		<hr/>

Other Income (Expenses)

Interest Income		9,306
Interest Expense		(97)
Other Income		2,781
		<hr/>
Total Other Income (Expenses)		11,990
		<hr/>

Change in Net Assets	\$	14,407
		<hr/> <hr/>

Net Assets, Beginning of Year, Previously Reported	\$	863,671
Prior Period Adjustment		(33,613)
		<hr/>
Net Assets, Beginning of Year, Restated		830,058
Change in Net Assets		14,407
		<hr/>
Net Assets, End of Year	\$	844,465
		<hr/> <hr/>

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



**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2020**

	Program <u>Service</u>	Management <u>&amp; General</u>	<u>Total</u>
Accounting Expense	\$ -	\$ 15,000	\$ 15,000
Capital Representation	12,031	-	12,031
Contract Attorney	181,555	-	181,555
Depreciation	6,286	6,286	12,572
Dues, Seminars, and Subscriptions	41,579	-	41,579
Experts	2,562	-	2,562
Insurance	74,021	16,270	90,291
Investigators	14,992	-	14,992
Office Expense	8,107	8,106	16,213
Payroll and Payroll Taxes	584,332	100,487	684,819
Professional Fees	-	11,150	11,150
Reimbursable Expert Expenditures	117,383	-	117,383
Rent	24,938	27,428	52,366
Repairs and Maintenance	50	50	100
SEP-IRA Contributions	24,881	3,813	28,694
Technical Support	6,665	6,665	13,330
Telephone	5,849	5,848	11,697
Travel	92,644	-	92,644
Utilities	5,449	5,448	10,897
Miscellaneous	1,853	1,852	3,705
	<u>1,205,177</u>	<u>208,403</u>	<u>1,413,580</u>
Total Expenses	<u>\$ 1,205,177</u>	<u>\$ 208,403</u>	<u>\$ 1,413,580</u>

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

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2020**

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Change in Net Assets	\$ 14,407
Non Cash Items Included in Increase (Decrease) in Net Assets:	
Depreciation	12,572
Interest Income on Certificates of Deposit	(8,420)
Decrease (Increase) in Current Assets:	
Contract Receivable	(11,079)
Reimbursements Receivable	11,718
Rent Receivable	(953)
Prepaid Expense	50,217
Increase (Decrease) in Current Liabilities:	
Accounts Payable	1,460
Compensated Absences Payable	(81,666)
Payroll Liabilities	676
Net Cash Provided By (Used in) Operating Activities	<u>(11,068)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Purchase of Property and Equipment	<u>(4,957)</u>
Net Cash Provided by (Used in) Investing Activities	<u>(4,957)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>	
Proceeds from Note Payable - SBA	115,900
Payments on Capital Lease Payable	<u>(3,772)</u>
Net Cash Provided by (Used in) Financing Activities	<u>112,128</u>
Net Increase (Decrease) in Cash	\$ 96,103
Cash and Cash Equivalents, Beginning of Year	<u>131,891</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 227,994</u></u>

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

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2020**

SUPPLEMENTAL DISCLOSURES ON CASH FLOW INFORMATION

Cash Paid During the Year For:

Interest	\$ 97
Income Taxes	\$ -

SUPPLEMENTAL NONCASH INVESTING AND FINANCING TRANSACTIONS

Purchase of Property and Equipment:

Purchase Price	\$ -
Cash Paid	\$ -
Amount Financed	\$ -

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

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

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

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

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

**A.**      **Basis of Accounting**

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

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

B. Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) *Accounting Standards Codification 958, Not-for-Profit Entities*. Under FASB ASC 958, the Project is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets – Net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. The only limits on the use of unrestricted net assets are the broad limits resulting from the following:

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

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the not-for-profit pursuant to those stipulations.

Permanently Restricted Net Assets – Net Assets subject to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the not-for-profit.

C. Functional Expense Allocation

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

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

D. Cash and Cash Equivalents

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

E. Use of Estimates

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

F. Contract and Reimbursements Receivable

*Contract Receivable*

Contract Receivable consists of the portion of contract revenues approved by the Louisiana Public Defender Board for the year ending June 30, 2020 that had not been received by the Project as of June 30, 2020. Contract Receivable for the years ended June 30, 2020 and 2019 was \$107,955 and \$96,876, respectively.

*Reimbursements Receivable*

Reimbursements Receivable consists of reimbursements approved by the Louisiana Public Defender Board for expenditures incurred by June 30, 2020 that had not been received by the Project by year-end.

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

G. Property and Equipment

Property and Equipment is recorded at cost and is depreciated using the straight-line method over their estimated useful lives. Expenditures for additions and betterments that extend the useful life of an asset are capitalized. Repairs and maintenance are expensed as incurred.

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

As of June 30, 2020, the estimated useful lives are as follows:

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

Depreciation expense for the year ended June 30, 2020 was \$12,572.

It is the policy of the Project to capitalize all property and equipment with a useful life of more than one year.

The Project did not receive any donations of property and equipment during the year ended June 30, 2020.

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

H. Income Tax Status

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

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

I. Contract Revenue Recognition

Contract revenue is comprised of funds received under a contract with the Louisiana Public Defender Board. Payments are received monthly. Contract revenue is recorded over the period covered by the original contract. Any amendments to the contract are recorded in the period received. Contract Revenue is reported as an increase in unrestricted net assets since the use of the funds outlined by the Louisiana Public Defender Board pertains to the primary purpose of the Project specified in the Project's Articles of Incorporation. See Note 1C.

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

The contracts for the year ended June 30, 2020 provided \$1,280,000 to the Project. Therefore, total contract revenue for the year ended June 30, 2020 was \$1,280,000 .

Note 3.            RESTRICTIONS ON NET ASSETS

Net assets consist of the following:

	Without Donor Restrictions	With Donor Restrictions
Net Assets, Beginning of Year, Previously Reported	863,671	\$ -
Prior Period Adjustment	(33,613)	-
Net Assets, Beginning of Year, Restated	830,058	-
Change in Net Assets	14,407	-
Net Assets, End of Year	844,465	\$ -

Note 4.            CONCENTRATIONS OF CREDIT RISK

Cash

At various times throughout the year, the Project's interest-bearing, cash on deposit accounts and certificates of deposit accounts held at financial institutions exceeded \$250,000. The Federal Deposit Insurance Corporation (FDIC) provides deposit insurance coverage up to \$250,000, per depositor, per bank, for each account ownership category. The amount of uninsured deposits at June 30, 2020, was \$622,870.

Contract Revenue and Receivable

All contract revenue for the year ended June 30, 2020 was from the Louisiana Public Defender Board. At June 30, 2020, all contract receivable was owed by the Louisiana Public Defender Board.

Reimbursements Receivable

At June 30, 2020, all reimbursements receivable were due from the Louisiana Public Defender Board.

Note 5.            COMPENSATED ABSENCES

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



**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

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

Any employee who works more than 1,820 hours in a fiscal year is entitled to compensatory time, which may be carried forward to subsequent years up to a maximum of 540 hours and which will be paid at termination of employment, upon accruing the maximum amount of compensatory time, or upon request. Therefore, the Project has accrued a liability for these compensated absences, which is included in Compensated Absences Liability on the accompanying Balance Sheet.

Note 6.

NOTE PAYABLE - SBA

The Project received a loan from U.S. Small Business Administration through Crescent Bank & Trust in the amount of \$115,900 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan is subject to a note dated April 9, 2020 and may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. No determination has been made as to whether the Project will be eligible for forgiveness in whole or in part. However, the Project will apply for forgiveness. The loan bears interest at a rate of 1%. Loan payments are deferred until SBA remits the Project's loan forgiveness amount to the lender.

Interest has not been imputed on the SBA note since interest rates prescribed by governmental agencies are excluded from the scope of FASB ASC 835-30 guidance on imputing interest.

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

Note 7.      LEASES

Operating Leases

The Project leases office space from an unrelated party. Rent expense for the year ended June 30, 2020 was \$49,875. The lease expires August 30, 2020. The Project also leases miscellaneous office equipment accounted for under operating leases. Future minimum lease payments are as follows:

<u>Year Ending June 30:</u>	
2021	\$ 10,766
2022	480
2023	360
2024	-
2025	-

The Project also leases storage space from an unrelated party on a month to month basis. Rent expense for the year ended June 30, 2020 was \$2,491.

Capital Leases

The Project leases office equipment classified as a capital lease. This office equipment and related accumulated depreciation is presented on the accompanying balance sheet. The capital lease obligation bears interest of 0% and matures in October 2021. Interest has not been imputed on the capital lease obligation since the imputation of interest would be immaterial to the financial statements as a whole. As of June 30, 2020, the outstanding balance on the capital lease payable was \$1,258.

Annual maturities of the capital lease payable are as follows:

<u>Year Ending June 30:</u>	
2021	\$ 1,258
2022	-
2023	-
2024	-
2025	-
	<u>\$ 1,258</u>

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

Future minimum lease payments under capital leases for subsequent years are as follows:

<u>Year Ending June 30:</u>	
2021	\$ 1,258
2022	-
2023	-
2024	-
2025	-
	<u>\$ 1,258</u>
Less: Interest	-
	<u>\$ 1,258</u>

Note 8.      SEP-IRA

The Project offers a Simplified Employee Pension plan (SEP-IRA) to its employees after one year of employment. The Project contributes a maximum of 10% of an employee's annual base salary. Contributions for the year ended June 30, 2020 were \$28,694.

Note 9.      LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Project's financial assets available to meet cash needs as of June 30, 2020 was \$910,885, of which \$0 was unavailable for general expenditures within one year. Therefore, the financial assets available to meet cash needs for general expenditures within one year are \$910,885.

As part of the Project's liquidity management, it invests any excess cash in Certificates of Deposit. The Project has a capital lease payable with an outstanding balance at June 30, 2020 of \$1,258.

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

Note 10.      SUBSEQUENT EVENTS

Management evaluated subsequent events through December 30, 2020, which is the date the financial statements were available to be issued. On March 11, 2020 COVID-19 was declared a pandemic by the World Health Organization and on March 13, 2020 a national emergency was declared in the United States concerning the COVID-19 outbreak. At the time of year end and subsequent to year end, unprecedented actions were taken by governments around the world to curtail the spread of the disease. As such, these actions have resulted in a high level of uncertainty and volatility in the financial markets and have had an enormous impact on business and consumers in all sectors. The outcome and timeframe is highly unpredictable and, as such, the financial impact to the financial statements cannot be estimated.

Note 11.      PRIOR PERIOD ADJUSTMENT

Net Assets has been decreased and Accrued Salaries Payable has been increased as of June 30, 2019 in order to accrue amounts owed to a former employee.

The Project's financial statement as of and for the year ended June 30, 2019 have been restated. Payroll Expense as of June 30, 2019 was understated by \$33,613 and Accrued Salaries Payable was understated by \$33,613 for the year then ended. Net Assets as of June 30, 2019 has been adjusted for the effect of the restatement.

**SUPPLEMENTARY INFORMATION**

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO DIRECTOR  
YEAR ENDED JUNE 30, 2020**

DIRECTOR: Kerry P. Cuccia

PURPOSE	AMOUNT
Payroll:	
Salary	\$ 127,000
Compensatory Time	\$ 66,893
Simple IRA Contributions	\$ 17,329
Insurance - Health	\$ 16,105
Insurance - Disability	\$ 1,398
 <u>Reimbursements</u>	
Travel	\$ 7,999
Office Expense	\$ 1,495
Contract Attorney	\$ 629

See Independent Auditor's Report.



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Capital Defense Project of Southeast Louisiana (a Louisiana Not-for-Profit Corporation), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 30, 2020.

### **Internal Control Over Financial Reporting**

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

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

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 have not been identified.

### Compliance and Other Matters

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

### Purpose of this Report

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

*HMS Schaffer Group, LLC*

December 30, 2020



**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2020**

We have audited the financial statements of Capital Defense Project of Southeast Louisiana as of and for the year ended June 30, 2020, and have issued our report thereon dated December 30, 2020. 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 audit of the financial statements as of June 30, 2020, resulted in an unqualified opinion.

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

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses  Yes  No      Significant Deficiencies  Yes  No

Compliance

Compliance Material to Financial Statements  Yes  No

b. Federal Awards  Not Applicable

Internal Control

Material Weaknesses  Yes  No      Significant Deficiencies  Yes  No

Type of Opinion On Compliance for Major Programs

Unqualified  Qualified  Disclaimer  Adverse

Are there findings required to be reported in accordance with Circular A-133, Section .510(a)?

Yes  No

Was a management letter issued?  Yes  No

c. Identification of Major Programs:  Not Applicable

CFDA Number (s)

Name of Federal Program (or Cluster)

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Dollar threshold used to distinguish between Type A and Type B Programs: \$\_\_\_\_\_

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133?  Yes  No

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2020**

**Section II - Financial Statement Findings**

No Section II Findings.

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

No Section III Findings.

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA  
SCHEDULE OF PRIOR YEAR FINDINGS  
YEAR ENDED JUNE 30, 2020**

**SECTION I**

**INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS**

Not applicable.

**SECTION II**

**INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS**

Not applicable.

**SECTION III**

**MANAGEMENT LETTER**

Not applicable.

THIS SCHEDULE HAS BEEN PREPARED BY MANAGEMENT.