

REPORT
ACADIANA
LEGAL SERVICE CORPORATION
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2021 AND 2020

ACADIANA LEGAL SERVICE CORPORATION

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April 26, 2022

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, 2021 and 2020, 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, 2021 and 2020, 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 April 26, 2022, 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 Grady, LLP

New Orleans, Louisiana

ACADIANA LEGAL SERVICE CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

ASSETS

| | <u>2021</u> | <u>2020</u> |
|---------------------------------|--------------|--------------|
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 2,362,902 | \$ 3,178,635 |
| Grants receivable | 305,779 | 216,611 |
| Other receivables | 34,971 | 59,010 |
| Prepaid expenses | 68,186 | 59,604 |
| Client escrow funds, restricted | 15,483 | 23,967 |
| Total current assets | 2,787,321 | 3,537,827 |
| PROPERTY AND EQUIPMENT - NET | 3,721,275 | 3,565,084 |
| TOTAL ASSETS | \$ 6,508,596 | \$ 7,102,911 |

LIABILITIES AND NET ASSETS

| | | |
|---|--------------|--------------|
| CURRENT LIABILITIES: | | |
| Payable from current assets: | | |
| Accounts payable | \$ 266,323 | \$ 71,207 |
| Accrued expenses | 244,738 | 218,834 |
| Refundable advances | 1,434,920 | 2,435,023 |
| Note payable, current portion | - | 14,289 |
| Total payable from current assets | 1,945,981 | 2,739,353 |
| Payable from restricted assets: | | |
| Client escrow funds | 15,483 | 23,967 |
| Total payable from restricted assets | 15,483 | 23,967 |
| Total current liabilities | 1,961,464 | 2,763,320 |
| LONG-TERM LIABILITIES: | | |
| Note payable, non-current portion | - | 185,826 |
| Compensated annual leave | 355,357 | 330,181 |
| Total long-term liabilities | 355,357 | 516,007 |
| TOTAL LIABILITIES | 2,316,821 | 3,279,327 |
| NET ASSETS: | | |
| Without donor restrictions | 444,110 | 377,579 |
| Without donor restrictions - property | 97,826 | 30,342 |
| Total net assets without donor restrictions | 541,936 | 407,921 |
| With donor restrictions: | | |
| Legal Services Corporation - property | 3,602,969 | 3,306,369 |
| Louisiana Bar Foundation - grants | 18,012 | 32,987 |
| Louisiana Bar Foundation - property | 20,480 | 28,258 |
| Other - grants | 8,378 | 48,049 |
| Total net assets with donor restrictions | 3,649,839 | 3,415,663 |
| Total net assets | 4,191,775 | 3,823,584 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 6,508,596 | \$ 7,102,911 |

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

ACADIANA LEGAL SERVICE CORPORATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

| | 2021 | | | 2020 | | |
|--|---------------------------------------|------------------------------------|---------------------|---------------------------------------|------------------------------------|---------------------|
| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
| REVENUE AND SUPPORT: | | | | | | |
| Grant revenue | \$ 210,637 | \$ 8,903,413 | \$ 9,114,050 | \$ 1,120,445 | \$ 7,510,232 | \$ 8,630,677 |
| Interest earnings | - | 16,502 | 16,502 | 596 | 18,112 | 18,708 |
| Donations | 1,581 | - | 1,581 | 37,259 | - | 37,259 |
| Other revenues | 127,733 | 5,394 | 133,127 | 156,978 | 108,989 | 265,967 |
| Net assets released from restrictions: | | | | | | |
| Satisfaction of grant restrictions | 8,691,133 | (8,691,133) | - | 7,281,129 | (7,281,129) | - |
| Total revenue and support | <u>9,031,084</u> | <u>234,176</u> | <u>9,265,260</u> | <u>8,596,407</u> | <u>356,204</u> | <u>8,952,611</u> |
| EXPENSES: | | | | | | |
| Legal services | 7,824,033 | - | 7,824,033 | 7,665,656 | - | 7,665,656 |
| Supportive services | 1,073,036 | - | 1,073,036 | 967,106 | - | 967,106 |
| Total expenses | <u>8,897,069</u> | <u>-</u> | <u>8,897,069</u> | <u>8,632,762</u> | <u>-</u> | <u>8,632,762</u> |
| CHANGE IN NET ASSETS | 134,015 | 234,176 | 368,191 | (36,355) | 356,204 | 319,849 |
| NET ASSETS (DEFICIT) AT BEGINNING OF YEAR | <u>407,921</u> | <u>3,415,663</u> | <u>3,823,584</u> | <u>444,276</u> | <u>3,059,459</u> | <u>3,503,735</u> |
| NET ASSETS AT END OF YEAR | <u>\$ 541,936</u> | <u>\$ 3,649,839</u> | <u>\$ 4,191,775</u> | <u>\$ 407,921</u> | <u>\$ 3,415,663</u> | <u>\$ 3,823,584</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, 2021 AND 2020

| | 2021 | | | 2020 | | |
|-----------------------------------|---------------------|------------------------|---------------------|---------------------|------------------------|---------------------|
| | Legal Services | Supportive Services | Total Expenses | Legal Services | Supportive Services | Total Expenses |
| Salaries and wages: | | | | | | |
| Lawyers | \$ 3,198,154 | \$ 51,511 | \$ 3,249,665 | \$ 3,280,979 | \$ 48,820 | \$ 3,329,799 |
| Paralegals and law clerks | 1,182,438 | 276,687 | 1,459,125 | 1,101,721 | 246,603 | 1,348,324 |
| Other | 1,020,195 | 238,723 | 1,258,918 | 1,001,710 | 224,217 | 1,225,927 |
| Employee benefits | 1,306,579 | 305,736 | 1,612,315 | 1,150,305 | 257,478 | 1,407,783 |
| Office rent and utilities | 159,382 | 21,734 | 181,116 | 189,832 | 25,886 | 215,718 |
| Equipment rentals and maintenance | 67,655 | 15,831 | 83,486 | 61,331 | 13,728 | 75,059 |
| Office supplies and expenses | 123,775 | 28,963 | 152,738 | 165,890 | 37,132 | 203,022 |
| Telephone | 72,289 | 16,915 | 89,204 | 53,457 | 11,965 | 65,422 |
| Travel and training | 60,982 | 3,893 | 64,875 | 39,863 | 2,544 | 42,407 |
| Depreciation | 123,056 | 28,795 | 151,851 | 115,448 | 25,841 | 141,289 |
| Library and other supplies | 43,341 | - | 43,341 | 50,688 | - | 50,688 |
| Insurance | 97,772 | 22,878 | 120,650 | 78,978 | 17,678 | 96,656 |
| Professional services | 23,857 | 5,582 | 29,439 | 24,290 | 5,437 | 29,727 |
| Contractual services | 143,158 | 33,499 | 176,657 | 156,502 | 35,030 | 191,532 |
| Membership fees | 28,446 | 581 | 29,027 | 29,601 | 604 | 30,205 |
| Litigation costs | 6,660 | - | 6,660 | 2,138 | - | 2,138 |
| Subgrant awards | 127,384 | - | 127,384 | 120,502 | - | 120,502 |
| Interest | - | 12,603 | 12,603 | - | 4,648 | 4,648 |
| Miscellaneous | 38,910 | 9,105 | 48,015 | 42,421 | 9,495 | 51,916 |
| | | | | | | |
| Total expenses | <u>\$ 7,824,033</u> | <u>\$ 1,073,036</u> | <u>\$ 8,897,069</u> | <u>\$ 7,665,656</u> | <u>\$ 967,106</u> | <u>\$ 8,632,762</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, 2021 AND 2020

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ 368,191 | \$ 319,849 |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Loss on disposal of property, plant, and equipment | - | (30,085) |
| Depreciation | 151,851 | 141,289 |
| Effects on operating cash flows due to change in: | | |
| Grants receivable | (89,168) | (7,789) |
| Other receivables | 24,039 | (50,497) |
| Prepaid expenses | (8,582) | (14,756) |
| Client escrow funds | (8,484) | 1,733 |
| Accounts payable | 195,116 | (17,389) |
| Accrued expenses | 25,904 | 90,577 |
| Refundable advances | (1,000,103) | 1,000,848 |
| Compensated annual leave | 25,176 | 88,148 |
| Net cash provided (used) by operating activities | <u>(316,060)</u> | <u>1,521,928</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Acquisition of property and equipment | (308,042) | (622,483) |
| Insurance proceeds | - | 30,085 |
| Net cash used by investing activities | <u>(308,042)</u> | <u>(592,398)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from notes payable | - | 250,000 |
| Principal payments on notes payable | (200,115) | (49,885) |
| Net cash provided (used) by financing activities | <u>(200,115)</u> | <u>200,115</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (824,217) | 1,129,645 |
| Cash, Cash Equivalents, and Restricted Cash - Beginning of Year | <u>3,202,602</u> | <u>2,072,957</u> |
| Cash, Cash Equivalents, and Restricted Cash - End of Year | <u>\$ 2,378,385</u> | <u>\$ 3,202,602</u> |
| Cash paid during the year for interest | <u>\$ 12,603</u> | <u>\$ 4,648</u> |

The accompanying notes are an integral part of these financial statements

ACADIANA LEGAL SERVICE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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 that 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, 2021 AND 2020

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 is 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, 2021 AND 2020

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 \$5,281 and \$4,409 for the years ended December 31, 2021 and 2020, 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, 2021 AND 2020

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, 2021 and 2020, were \$12,292 and \$23,889, respectively.

2. CASH, CASH EQUIVALENTS, AND RESTRICTED CASH:

At December 31, 2021 and 2020, the Corporation had cash, cash equivalents, and restricted cash (book balances) totaling \$2,378,387 and \$3,202,602, 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, 2021 and 2020. The Corporation's cash, cash equivalents, and restricted cash consisted of the following at December 31:

| | 2021 | 2020 |
|--|--------------|--------------|
| Cash and cash equivalents | \$ 2,362,902 | \$ 3,178,635 |
| Client escrow funds, restricted | 15,483 | 23,967 |
| Total cash, cash equivalents, and restricted cash | \$ 2,378,385 | \$ 3,202,602 |

ACADIANA LEGAL SERVICE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

3. GRANTS RECEIVABLE:

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

| | <u>2021</u> | <u>2020</u> |
|--|-------------------|-------------------|
| Beauregard Parish Council on Aging, Inc. | \$ 978 | \$ 186 |
| Bienville Parish Council on Aging, Inc. | 600 | 254 |
| Bossier Council on Aging, Inc. | 2,114 | 1,472 |
| Cajun Area Agency on Aging, Inc. | 18,246 | 18,011 |
| Calcasieu Parish Council on Aging, Inc. | 10,593 | 8,200 |
| Calcasieu Parish Re-Entry Program | 34 | - |
| Cameron Parish Council on Aging, Inc. | (3,946) | 29 |
| CENLA Area Agency on Aging, Inc. | 9,528 | 10,303 |
| Claiborne Parish Council on Aging, Inc. | 359 | 1,207 |
| Desoto Parish Council on Aging, Inc. | 2,189 | - |
| Jefferson Davis Parish Council on Aging, Inc. | 640 | 471 |
| Lincoln Parish Council on Aging, Inc. | 640 | 517 |
| Louisiana Bar Foundation - Title IV-E | 216,044 | 162,888 |
| Legal Service Corporation - Pro Bono Innovation Fund | 32,348 | - |
| Morehouse Parish Council on Aging, Inc. | 204 | 587 |
| Natchitoches Parish Council on Aging, Inc. | 4,000 | 1,459 |
| Ouachita Council on Aging, Inc. | 4,003 | 7,000 |
| Ouachita Parish Re-Entry Program | 1,524 | - |
| Red River Council on Aging, Inc. | 179 | 698 |
| Sabine Parish Council on Aging, Inc. | 1,376 | 19 |
| Vernon Council on Aging, Inc. | 118 | 689 |
| Webster Council on Aging, Inc. | 3,938 | 2,607 |
| West Carroll Parish Council on Aging, Inc. | 70 | 14 |
| Total Grants Receivable | <u>\$ 305,779</u> | <u>\$ 216,611</u> |

4. PROPERTY AND EQUIPMENT:

The following is a summary of changes in property and equipment for the year ended December 31, 2021:

| | <u>01/01/21</u> | <u>Additions</u> | <u>Deletions</u> | <u>12/31/21</u> | <u>LSC</u> | <u>Non-LSC</u> |
|--|---------------------|-------------------|------------------|---------------------|---------------------|-------------------|
| <u>Assets not being depreciated:</u> | | | | | | |
| Land | \$ 1,026,665 | \$ - | \$ - | \$ 1,026,665 | \$ 1,026,665 | \$ - |
| <u>Assets being depreciated:</u> | | | | | | |
| Buildings and improvements | 3,488,529 | 249,821 | - | 3,738,350 | 3,643,520 | 94,830 |
| Law library | 38,082 | - | - | 38,082 | 38,082 | - |
| Furniture and equipment | 649,827 | 58,221 | (1,473) | 706,575 | 618,247 | 88,328 |
| | <u>4,176,438</u> | <u>308,042</u> | <u>(1,473)</u> | <u>4,483,007</u> | <u>4,299,849</u> | <u>183,158</u> |
| <u>Less: accumulated depreciation:</u> | | | | | | |
| Buildings and improvements | (1,157,753) | (84,359) | - | (1,242,112) | (1,232,454) | (9,658) |
| Law library | (37,610) | (472) | - | (38,082) | (38,082) | - |
| Furniture and equipment | (442,656) | (67,020) | 1,473 | (508,203) | (453,009) | (55,194) |
| | <u>(1,638,019)</u> | <u>(151,851)</u> | <u>1,473</u> | <u>(1,788,397)</u> | <u>(1,723,545)</u> | <u>(64,852)</u> |
| Net property and equipment being depreciated | <u>2,538,419</u> | <u>156,191</u> | <u>-</u> | <u>2,694,610</u> | <u>2,576,304</u> | <u>118,306</u> |
| Net property and equipment | <u>\$ 3,565,084</u> | <u>\$ 156,191</u> | <u>\$ -</u> | <u>\$ 3,721,275</u> | <u>\$ 3,602,969</u> | <u>\$ 118,306</u> |

ACADIANA LEGAL SERVICE CORPORATION
NOTES TO FINANCIAL STATEMENTS
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4. PROPERTY AND EQUIPMENT: (Continued)

The following is a summary of changes in property and equipment for the year ended December 31, 2020:

| | 01/01/20 | Additions | Deletions | 12/31/20 | LSC | Non-LSC |
|--|---------------------|-------------------|-------------|---------------------|---------------------|------------------|
| <u>Assets not being depreciated:</u> | | | | | | |
| Land | \$ 886,665 | \$ 140,000 | \$ - | \$ 1,026,665 | \$ 1,026,665 | \$ - |
| <u>Assets being depreciated:</u> | | | | | | |
| Buildings and improvements | 3,032,045 | 456,484 | - | 3,488,529 | 3,453,837 | 34,692 |
| Law library | 38,082 | - | - | 38,082 | 38,082 | - |
| Furniture and equipment | 623,828 | 25,999 | - | 649,827 | 576,307 | 73,520 |
| | <u>3,693,955</u> | <u>482,483</u> | <u>-</u> | <u>4,176,438</u> | <u>4,068,226</u> | <u>108,212</u> |
| <u>Less: accumulated depreciation:</u> | | | | | | |
| Buildings and improvements | (1,086,623) | (71,130) | - | (1,157,753) | (1,151,091) | (6,662) |
| Law library | (34,501) | (3,109) | - | (37,610) | (37,610) | - |
| Furniture and equipment | (375,606) | (67,050) | - | (442,656) | (399,706) | (42,950) |
| | <u>(1,496,730)</u> | <u>(141,289)</u> | <u>-</u> | <u>(1,638,019)</u> | <u>(1,588,407)</u> | <u>(49,612)</u> |
| Net property and equipment being depreciated | <u>2,197,225</u> | <u>341,194</u> | <u>-</u> | <u>2,538,419</u> | <u>2,479,819</u> | <u>58,600</u> |
| Net property and equipment | <u>\$ 3,083,890</u> | <u>\$ 481,194</u> | <u>\$ -</u> | <u>\$ 3,565,084</u> | <u>\$ 3,506,484</u> | <u>\$ 58,600</u> |

Depreciation expense for the years ended December 31, 2021 and 2020, was \$151,851 and \$141,289, respectively.

5. 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, 2021 and 2020, the Corporation received no donations for which capitalization was necessary. Donated furniture and equipment, for which capitalization was not necessary, amounted to \$-0- and \$20,845 for the years ended December 31, 2021 and 2020, respectively.

6. LEASE COMMITMENTS:

The Corporation has entered into month-to-month agreements to lease a storage unit and copy machines at its offices. Payments under these month-to-month agreements range from \$82 to \$359 per month.

ACADIANA LEGAL SERVICE CORPORATION
 NOTES TO FINANCIAL STATEMENTS
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6. LEASE COMMITMENTS: (Continued)

The Corporation has also entered into agreements to lease postage meters, ranging from \$62 to \$228 per month, for each of its offices. The terms of these agreements are for a term of 60 months, ending on various dates from 2023 through 2026. During the year ended December 31, 2021, the Corporation entered into two agreements to lease office space in Franklin, Louisiana, and Lake Charles, Louisiana, respectively. The Franklin, Louisiana, office lease expires on May 31, 2022, and consists of monthly rental payments of \$500. The Lake Charles, Louisiana, lease was for temporary office space, commencing on August 1, 2021, and expiring on November 30, 2021, and consisted of monthly rental payments of \$1,500. The operating lease commitments expected under the above leases are as follows for the years ending December 31:

| <u>Year</u> | <u>Amount</u> |
|-------------|------------------|
| 2022 | \$ 9,096 |
| 2023 | 4,313 |
| 2024 | 3,419 |
| 2025 | 1,948 |
| 2026 | 1,269 |
| | <u>\$ 20,045</u> |

Total rent expense charged under the operating leases above totaled \$37,730 and \$55,191 for the years ended December 31, 2021 and 2020, respectively.

7. NOTE PAYABLE:

The Corporation entered into a loan agreement with Hancock Whitney Bank on July 29, 2020, for \$250,000 to finance a portion of the purchase of an office building in Lake Charles, Louisiana. The loan was secured by the office building and was for a term of 15 years and bore interest at a rate of 4.39%. The loan was payable in 180 monthly payments of principal and interest of \$1,907 and was to mature on July 29, 2035. During the year ended December 31, 2020, the Corporation made additional principal payments of \$45,000 on the loan. The balance on the loan at December 31, 2020, was \$200,115. During the year ended December 31, 2021, the Corporation paid off the entire remaining principal balance of the loan. The balance on the loan at December 31, 2021, was \$-0-. Interest expense on the loan was \$12,562 and \$4,648, respectively, for the years ended December 31, 2021 and 2020.

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. For the years ended December 31, 2021

ACADIANA LEGAL SERVICE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

8. COMPENSATED ANNUAL LEAVE: (Continued)

and 2020, the Corporation, in response to the coronavirus pandemic and its employees' inability to take vacations, scheduled trips, or extended time off during the pandemic, increased the maximum carryover limit of annual leave from 150 hours to 200 hours or 225 hours to 275 hours, depending on an employee's length of employment.

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 \$355,357 and \$330,181 in compensated annual leave at December 31, 2021 and 2020, 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. During the year ended December 31, 2020, the Corporation, in response to the coronavirus pandemic and its employees' inability to take vacations, scheduled trips, or extended time off during the pandemic, made the following changes to its annual leave redemption policy: (1) waived the requirement that employees use five consecutive days of annual leave before being eligible to redeem annual leave hours; and (2) increased the number of hours for redemption of annual leave from 37.5 hours to 60.0 hours. The modifications were extended through to the year ended December 31, 2021. The Corporation made payments of \$42,717 and \$35,429 under the annual leave redemption policy during the years ended December 31, 2021 and 2020, 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, 2021 and 2020, the Corporation received conditional grant funds from Legal Services Corporation, Louisiana Bar Foundation, AARP Foundation, and Greater New Orleans Foundation. 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

ACADIANA LEGAL SERVICE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

9. REVENUE AND SUPPORT: (Continued)

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, 2021 and 2020, the Corporation reported refundable advances of \$43,365 and \$411,714 related to “one-time” grants received from Legal Services Corporation.

The Corporation reported refundable advances as of December 31, 2021 and 2020, from the following grants:

| <u>Grant</u> | <u>Grant Amount</u> | <u>Grant Period</u> | <u>2021</u> | <u>2020</u> |
|-----------------------------------|---------------------|------------------------|---------------------|---------------------|
| LSC - Basic Field | \$ 4,156,623 | 1/1/2021 - 12/31/2021 | \$ 1,240,127 | \$ - |
| GNOF - Hurricane Ida | \$ 50,000 | 8/27/2021 - 5/27/2022 | 49,751 | - |
| LSC - Basic Field | \$ 3,933,894 | 1/1/2020 - 12/31/2020 | - | 1,874,392 |
| LSC - COVID-19 Response | \$ 655,650 | 3/1/2020 - 3/31/2022 | 43,365 | 393,413 |
| LSC - Pro Bono Innovation | \$ 221,552 | 10/1/2020 - 9/30/2023 | - | 18,301 |
| AARP Foundation - Hurricane Laura | \$ 150,000 | 10/26/2020 - 9/30/2022 | 101,677 | 148,917 |
| | | | <u>\$ 1,434,920</u> | <u>\$ 2,435,023</u> |

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

| | <u>2021</u> | <u>2020</u> |
|----------------------------|-------------|-------------|
| Legal Services Corporation | 57% | 37% |
| Louisiana Bar Foundation | 39% | 46% |
| SBA - PPP | - | 11% |

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, 2021 and 2020, 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.

ACADIANA LEGAL SERVICE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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 29.78% for the year ending December 31, 2021. A waiver will be submitted to the Legal Services Corporation related to the December 31, 2021, excess carryover of approximately \$1,240,127 of which \$823,670 exceeded the allowable 10% carryover and \$198,984 exceeded the 25% carryover threshold. The carryover was due primarily to the continued effects of the COVID-19 pandemic on the Corporation.

On March 20, 2020, via a Frequently Asked Question, LSC reminded Recipients that 45 C.F.R. Part 1628 allows grantees to request approval to carry over funds in excess of 25% of LSC support when there are “extraordinary and compelling circumstances, such as a natural disaster or other catastrophic event, that prevent the timely expenditure of LSC funds” and advised that the COVID-19 crisis was such an event. Therefore, LSC determined that all Recipients with a December 31, 2020 or January 31, 2021 fiscal year end (FYE) was allowed to carry over any excess LSC fund balance for that fiscal year, regardless of the amount. Despite this blanket approval, recipients were still required to submit a waiver request within 30 days after the submission of annual audited financial statements. However, rather than submit a formal request letter, recipients only needed to complete a simple Fund Balance Waiver Request for Fiscal Year 2020 Smartsheet Form. LSC provided a blanket approval of all December 31, 2020 and January 31, 2021 FYE excess fund balance waiver requests; therefore, recipients did not receive separate approval notices from LSC after completing the Form.

For the year ended December 31, 2020, the Corporation had a 46.48% or \$1,874,392 carryover, of which \$1,471,133 exceeded the 10% carryover threshold and \$866,243 exceeded the 25% carryover threshold. The carryover was due primarily to the Corporation receiving \$966,569 in Payroll Protection Program (PPP) funds in 2020. PPP funds were used to cover payroll and related benefits in 2020 that normally would have been covered with Legal Services Corporation funds. As a result of the blanket approval described in the preceding paragraph, the Corporation was allowed to carryover \$1,471,133 above the 10% threshold, of which \$866,243 is above the 25% threshold, in its LSC fund account for the 2020 fiscal year. Pursuant to 45 CFR § 1628.4(e), the Corporation was required to use the carryover funds it was permitted to retain by December 31, 2021, and the funds were to be used in accordance with the purposes outlined in the Corporation’s Fund Balance Waiver Request for Fiscal Year 2020 Smartsheet Form. The funds were used for the payoff of the mortgage loan for an office building in Lake Charles, Louisiana; for carpet installation at the Lafayette, Louisiana office; for a new vehicle for the

ACADIANA LEGAL SERVICE CORPORATION
 NOTES TO FINANCIAL STATEMENTS
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11. LIMITATION OF FEDERAL CARRYOVER FUNDS: (Continued)

Shreveport, Louisiana office; for new windows at the Lafayette, Louisiana office; for a new generator at the Lake Charles, Louisiana office; for the paving of a parking lot at the Monroe, Louisiana office; and for office equipment at various offices. Additionally, the Corporation increased personnel expenses as a result of granting a cost-of-living salary increase and employee benefits increase, effective May 22, 2021.

12. SUBGRANTS TO OTHER AGENCIES:

During the years ended December 31, 2021 and 2020, the Corporation granted the following subgrants to other agencies:

| | <u>2021</u> | <u>2020</u> |
|--|-----------------------|-----------------------|
| Legal Services Corporation: | | |
| Central Louisiana Pro Bono Project | \$ 11,884 | \$ 11,884 |
| Lafayette Volunteer Lawyer Project | 30,000 | 23,118 |
| Shreveport Bar Foundation Pro Bono Project | <u>45,000</u> | <u>45,000</u> |
| Total Legal Services Corporation | <u>86,884</u> | <u>80,002</u> |
| Child in Need of Care (CINC): | | |
| Central Louisiana Pro Bono Project | 23,000 | 23,000 |
| Southwest Louisiana Bar Foundation | <u>17,500</u> | <u>17,500</u> |
| Total Child in Need of Care (CINC) | <u>40,500</u> | <u>40,500</u> |
| Total Subgrants to Other Agencies | <u>\$ 127,384</u> | <u>\$ 120,502</u> |

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.

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, 2021 and 2020, PAI amounted to approximately 10.86% and 9.34%, respectively. This is based on the \$451,241 and \$367,268, 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:

ACADIANA LEGAL SERVICE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

| | 2021 | 2020 |
|---|------------|------------|
| Salaries and wages: | | |
| Lawyers | \$ 70,541 | \$ 36,969 |
| Paralegals | 18,232 | 21,882 |
| Non-lawyers | 42,065 | 32,292 |
| Employee benefits | 38,139 | 21,747 |
| Office rent and utilities | 5,142 | 3,639 |
| Equipment rentals and maintenance | 1,635 | 1,066 |
| Office supplies and expenses | 26,242 | 17,656 |
| Travel and training | 1,188 | 689 |
| Library and other supplies | 926 | 846 |
| Telephone | 1,328 | 571 |
| Insurance | 3,732 | 2,161 |
| Professional services | 555 | 534 |
| Contractual services | 113,278 | 106,103 |
| Membership fees | 220 | 206 |
| Litigation costs | 166 | 44 |
| Subgrants | 127,384 | 120,502 |
| Miscellaneous | 468 | 361 |
| Total Private Attorney Involvement Expenses | \$ 451,241 | \$ 367,268 |
| Compliance percentage | 12.50% | 12.50% |
| Actual PAI to LSC Basic Field Advances | 10.86% | 9.34% |

For the year ended December 31, 2021, Acadiana Legal Service Corporation's Private Attorney Involvement was approximately 10.86% 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 and the ongoing coronavirus (COVID-19) pandemic. The Office of Compliance and Enforcement of Legal Services Corporation granted the Corporation a partial waiver of \$137,226 to reduce its PAI expenditure requirement to \$382,351 for the year ended December 31, 2021.

For the year ended December 31, 2020, Acadiana Legal Service Corporation's Private Attorney Involvement was approximately 9.34% 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 increases in unbudgeted income in 2020, issues partnering with local bars and law schools because of their locations being outside of the Corporation's service area, two hurricanes preventing the Corporation from contracting with a new PAI partner in Southwest Louisiana, and the ongoing coronavirus (COVID-19) pandemic. The Office of Compliance and Enforcement of Legal Services Corporation granted the Corporation a partial waiver of \$136,981 to reduce its PAI expenditure requirement to \$354,756 for the year ended December 31, 2020.

ACADIANA LEGAL SERVICE CORPORATION
 NOTES TO FINANCIAL STATEMENTS
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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 was 5% for the period January 1, 2021 – March 31, 2021. Effective April 1, 2021 the employer match was increased to 10%. The employer match for the year ended December 31, 2020 was 5%.

The Corporation's matching contributions for the years ended December 31, 2021 and 2020, were \$194,443 and \$119,284, respectively.

15. NET ASSETS WITH DONOR RESTRICTIONS:

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

| | 2021 | 2020 |
|---------------------|--------------|--------------|
| Litigation services | \$ 26,390 | \$ 81,036 |
| Property | 3,623,449 | 3,334,627 |
| | \$ 3,649,839 | \$ 3,415,663 |

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:

| | 2021 | 2020 |
|----------------------------------|--------------|--------------|
| Child in need of care cases | \$ 1,867,279 | \$ 1,881,602 |
| Title IV-E | 435,056 | 435,907 |
| State of Louisiana Appropriation | 241,127 | 108,873 |
| Other legal assistance | 6,147,671 | 4,854,747 |
| | \$ 8,691,133 | \$ 7,281,129 |

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.

ACADIANA LEGAL SERVICE CORPORATION
NOTES TO FINANCIAL STATEMENTS
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18. 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>2021</u> | <u>2020</u> |
|--|---------------------|--------------------|
| Financial assets, at year-end: | | |
| Cash and cash equivalents | \$ 2,362,902 | \$ 3,178,635 |
| Grants receivable | 305,779 | 216,611 |
| Other receivables | 34,971 | 59,010 |
| Client escrow funds | 15,483 | 23,967 |
| Total financial assets at year-end | <u>2,719,135</u> | <u>3,478,223</u> |
| Less contractual or donor-imposed restrictions: | | |
| Client escrow funds | (15,483) | (23,967) |
| Refundable advances for legal services (Legal Service Corporation) | (1,283,492) | (2,286,106) |
| Refundable advances for legal services (Greater New Orleans Foundation) | (49,751) | - |
| Refundable advances for legal services (AARP) | (101,677) | (148,917) |
| Donor-restricted for legal services (Louisiana Bar Foundation) | (18,012) | (32,987) |
| Donor-restricted for legal services (Other) | (8,378) | (48,049) |
| Board-designated reserve for future maintenance and capital improvements | (100,000) | (100,000) |
| Total contractual or donor-imposed restrictions | <u>(1,576,793)</u> | <u>(2,640,026)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 1,142,342</u> | <u>\$ 838,197</u> |

19. PAYROLL PROTECTION PROGRAM:

On April 29, 2020, the Corporation received a loan in the amount of \$966,569 through the Small Business Administration (SBA) as part of the Payroll Protection Program (PPP) related to the Coronavirus Aid, Relief, and Economic Safety (CARES) Act, as a result of the coronavirus (COVID-19) pandemic. The loan was administered through Gulf Coast Bank for the purposes of covering payroll with related benefits, rental expenses, and business utility payments during the pandemic while normal business activities were interrupted. The loan carried an interest rate of 1.00% and was to mature two years from the date of issuance. On January 15, 2021, the SBA notified the Corporation that the entire loan was forgiven.

The Corporation recorded the PPP loan and subsequent forgiveness in accordance with ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*, and considered the PPP loan to be a conditional contribution. In accordance with ASC 958-605, conditional contributions are not recognized until the conditions are substantially met or explicitly waived. In cases where conditions are met over time or in stages, contributions should be recognized as qualifying expenses are incurred. Under this model, the Corporation initially recognized the proceeds from the PPP loan as a refundable advance, until the conditions for forgiveness were substantially met. The Corporation subsequently recognized governmental grant revenue as it incurred qualifying PPP expenses and substantially met the conditions of the PPP loan.

ACADIANA LEGAL SERVICE CORPORATION
NOTES TO FINANCIAL STATEMENTS
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19. PAYROLL PROTECTION PROGRAM: (Continued)

As the Corporation had substantially met all PPP conditions, incurred qualifying expenses, anticipated forgiveness of the PPP loan as of December 31, 2020, and received notification of full forgiveness on January 15, 2021, the Corporation recognized \$966,569, the full amount of the PPP loan, as grant revenue in the year ended December 31, 2020.

20. ECONOMIC DEPENDENCY:

Approximately 96% 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. UNCERTAINTIES:

The COVID-19 pandemic and its effects continue to evolve as of the date of this report. As such, it is uncertain as to the magnitude that the pandemic will continue to have on the Corporation's financial condition, liquidity, and future results of operations. Management is actively monitoring the situation on its financial condition, liquidity, operations, suppliers, industry, grantors, and workforce. The Corporation is not able to estimate the continued effects of the COVID-19 pandemic on its results of operations, financial condition, or liquidity for fiscal year 2022.

The Corporation's operations are heavily dependent on private and public donations from individuals, foundations, and corporations. Additionally, access to grants and contracts from federal, state, and local governments may decrease or may not be available depending on appropriations. The effects of the pandemic may have a continued negative impact on economic and market conditions, triggering a period of economic slowdown. This situation may depress donations and grant revenues during fiscal year 2022 and beyond.

22. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through the date that the financial statements were available to be issued, which was April 26, 2022.

SUPPLEMENTARY INFORMATION

| Bar Foundation | | | | Other | | | | | |
|----------------|------------------|------------------|------------------|---------------|---------------|-------------------|------------------|-------------------|---------------------|
| State of LA | Property and | | | GNOF | | | Property and | | 2021 |
| Appropriation | Other | Equipment | Total | AARP | Hurricane Ida | Other | Equipment | Total | Totals |
| \$ 225,000 | \$ - | \$ - | \$ 3,648,476 | \$ 47,240 | \$ 249 | \$ 163,200 | \$ - | \$ 210,689 | \$ 9,114,050 |
| - | - | - | 10,496 | - | - | - | - | - | 16,502 |
| - | - | - | - | - | - | 1,581 | - | 1,581 | 1,581 |
| - | - | - | 3,452 | - | - | 127,733 | - | 127,733 | 133,127 |
| <u>225,000</u> | <u>-</u> | <u>-</u> | <u>3,662,424</u> | <u>47,240</u> | <u>249</u> | <u>292,514</u> | <u>-</u> | <u>340,003</u> | <u>9,265,260</u> |
| 174,556 | 22 | - | 2,011,315 | 35,597 | 229 | 67,454 | - | 103,280 | 3,249,665 |
| 28,398 | 33 | - | 457,509 | 8,354 | - | 58,704 | - | 67,058 | 1,459,125 |
| 3 | - | - | 398,229 | - | - | 377 | - | 377 | 1,258,918 |
| 55,153 | 5 | - | 769,338 | 3,289 | 20 | 10,310 | - | 13,619 | 1,612,315 |
| - | - | - | 73,943 | - | - | 614 | - | 614 | 181,116 |
| - | - | - | 50,896 | - | - | 163 | - | 163 | 83,486 |
| - | - | - | 56,293 | - | - | 1,785 | - | 1,785 | 152,738 |
| - | - | - | 40,026 | - | - | 428 | - | 428 | 89,204 |
| 308 | - | - | 38,619 | - | - | 1,020 | - | 1,020 | 64,875 |
| - | - | 7,778 | 7,778 | - | - | - | 7,462 | 7,462 | 151,851 |
| - | - | - | 24,963 | - | - | - | - | - | 43,341 |
| - | - | - | 49,591 | - | - | (2,978) | - | (2,978) | 120,650 |
| - | - | - | 18,435 | - | - | - | - | - | 29,439 |
| - | - | - | 121,494 | - | - | 58 | - | 58 | 176,657 |
| 575 | - | - | 20,370 | - | - | 4,066 | - | 4,066 | 29,027 |
| 43 | - | - | 3,302 | - | - | - | - | - | 6,660 |
| - | - | - | 40,500 | - | - | - | - | - | 127,384 |
| - | - | - | - | - | - | 7,760 | - | 7,760 | 12,603 |
| - | - | - | 38,860 | - | - | - | - | - | 48,015 |
| <u>259,036</u> | <u>60</u> | <u>7,778</u> | <u>4,221,461</u> | <u>47,240</u> | <u>249</u> | <u>149,761</u> | <u>7,462</u> | <u>204,712</u> | <u>8,897,069</u> |
| (34,036) | (60) | (7,778) | (559,037) | - | - | 142,753 | (7,462) | 135,291 | 368,191 |
| 17,909 | 1,212 | - | 536,284 | - | - | (40,947) | - | (40,947) | - |
| (16,127) | 1,152 | (7,778) | (22,753) | - | - | 101,806 | (7,462) | 94,344 | 368,191 |
| 16,127 | 16,860 | 28,258 | 61,245 | - | - | 425,628 | 30,342 | 455,970 | 3,823,584 |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | (74,946) | 74,946 | - | - |
| <u>\$ -</u> | <u>\$ 18,012</u> | <u>\$ 20,480</u> | <u>\$ 38,492</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 8,378</u> | <u>\$ -</u> | <u>\$ 8,378</u> | <u>\$ 3,649,839</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 444,110</u> | <u>\$ 97,826</u> | <u>\$ 541,936</u> | <u>\$ 541,936</u> |

| Louisiana Bar Foundation | | | | | Other | | | | | 2020 Totals |
|--------------------------|------------------------------|------------------|---------------------------|------------------|----------------|--------------|-------------------|---------------------------|-------------------|---------------------|
| Title IV-E | State of LA Appropriation | Other | Property and Equipment | Total | PPP | AARP | Other | Property and Equipment | Total | |
| \$ 435,907 | \$ 125,000 | \$ 60,000 | \$ - | \$ 4,104,343 | \$ 966,569 | \$ 1,083 | \$ 204,595 | \$ - | \$ 1,172,247 | \$ 8,630,677 |
| - | - | - | - | 8,928 | - | - | 596 | - | 596 | 18,708 |
| - | - | - | - | - | - | - | 37,259 | - | 37,259 | 37,259 |
| - | - | - | - | 19,473 | - | - | 156,978 | - | 156,978 | 265,967 |
| <u>435,907</u> | <u>125,000</u> | <u>60,000</u> | <u>-</u> | <u>4,132,744</u> | <u>966,569</u> | <u>1,083</u> | <u>399,428</u> | <u>-</u> | <u>1,367,080</u> | <u>8,952,611</u> |
| - | 88,485 | 60,683 | - | 2,327,587 | 315,594 | 994 | 52,711 | - | 369,299 | 3,329,799 |
| - | 18 | 2 | - | 529,729 | 221,076 | 11 | 37,274 | - | 258,361 | 1,348,324 |
| - | - | 3,600 | - | 308,593 | 322,828 | - | 1,492 | - | 324,320 | 1,225,927 |
| - | 20,370 | 6,649 | - | 713,352 | 72,792 | 78 | 6,595 | - | 79,465 | 1,407,783 |
| - | - | - | - | 53,469 | 25,159 | - | 3 | - | 25,162 | 215,718 |
| - | - | - | - | 37,549 | - | - | 104 | - | 104 | 75,059 |
| - | - | - | - | 53,006 | - | - | 27,214 | - | 27,214 | 203,022 |
| - | - | 204 | - | 27,895 | 9,120 | - | 2,036 | - | 11,156 | 65,422 |
| - | - | 188 | - | 21,637 | - | - | - | - | - | 42,407 |
| - | - | - | 9,374 | 9,374 | - | - | - | 6,012 | 6,012 | 141,289 |
| - | - | - | - | 27,411 | - | - | 27 | - | 27 | 50,688 |
| - | - | - | - | 37,280 | - | - | - | - | - | 96,656 |
| - | - | - | - | 15,060 | - | - | - | - | - | 29,727 |
| - | - | - | - | 114,432 | - | - | - | - | - | 191,532 |
| - | - | 75 | - | 24,561 | - | - | - | - | - | 30,205 |
| - | - | - | - | 924 | - | - | - | - | - | 2,138 |
| - | - | - | - | 40,500 | - | - | - | - | - | 120,502 |
| - | - | - | - | - | - | - | - | - | - | 4,648 |
| - | - | - | - | 35,402 | - | - | - | - | - | 51,916 |
| <u>-</u> | <u>108,873</u> | <u>71,401</u> | <u>9,374</u> | <u>4,377,761</u> | <u>966,569</u> | <u>1,083</u> | <u>127,456</u> | <u>6,012</u> | <u>1,101,120</u> | <u>8,632,762</u> |
| 435,907 | 16,127 | (11,401) | (9,374) | (245,017) | - | - | 271,972 | (6,012) | 265,960 | 319,849 |
| (435,907) | - | 20,238 | - | 260,607 | - | - | (261,347) | - | (261,347) | - |
| - | 16,127 | 8,837 | (9,374) | 15,590 | - | - | 10,625 | (6,012) | 4,613 | 319,849 |
| - | - | 8,023 | 37,632 | 45,655 | - | - | 418,903 | 32,454 | 451,357 | 3,503,735 |
| - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | (3,900) | 3,900 | - | - |
| <u>\$ -</u> | <u>\$ 16,127</u> | <u>\$ 16,860</u> | <u>\$ 28,258</u> | <u>\$ 61,245</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 48,049</u> | <u>\$ -</u> | <u>\$ 48,049</u> | <u>\$ 3,415,663</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 377,579</u> | <u>\$ 30,342</u> | <u>\$ 407,921</u> | <u>\$ 407,921</u> |

ACADIANA LEGAL SERVICE CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
 TO EXECUTIVE DIRECTOR
FOR THE YEAR ENDED DECEMBER 31, 2021

Executive Director: Greg Landry

Purpose:

| | |
|---|-------------------|
| Salary | \$ 154,534 |
| Benefits - insurance (Health, Vision, and Dental) | 7,323 |
| Benefits - other (FICA/Medicare Taxes) | 11,094 |
| Benefits - other (Life Insurance and AD&D) | 279 |
| Benefits - other (STD LTD Disability Insurance) | 1,605 |
| Benefits - other (403b Employer Match) | 7,715 |
| Dues and fees | 510 |
| Mileage reimbursements | 11 |
| Conference travel | 2,183 |
| Total | <u>\$ 185,254</u> |

ACADIANA LEGAL SERVICE CORPORATION
 SUPPLEMENTARY INFORMATION
 JUSTICE SYSTEM FUNDING SCHEDULE - RECEIVING ENTITY
 AS REQUIRED BY ACT 87 OF THE 2020 REGULAR LEGISLATIVE SESSION
FOR THE YEAR ENDED DECEMBER 31, 2021

| Cash Basis Presentation | First Six Month Period Ended <u>06/30/2021</u> | Second Six Month Period Ended <u>12/31/2021</u> |
|---|---|--|
| Receipts From: | | |
| Rapides Parish Clerk of Court / Civil Fees | \$ 7,683 | \$ 7,538 |
| Alexandria City Court / Civil Fees | 828 | 795 |
| Pineville City Court / Civil Fees | 422 | 330 |
| Lafayette Parish Clerk of Court / Civil Fees | 15,865 | 15,938 |
| City Court of Lafayette / Civil Fees | 1,727 | 1,606 |
| Bossier Parish District Court / Civil Fees | 3,537 | 3,492 |
| Caddo Parish Clerk of Court / Civil Fees | 7,330 | 7,380 |
| Webster Parish Clerk of Court / Civil Fees | <u>1,377</u> | <u>1,227</u> |
| Subtotal Receipts | <u>\$ 38,769</u> | <u>\$ 38,306</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, 2021

| | Lafayette Parish Bar Foundation | Central Louisiana Pro Bono Project | Shreveport Bar Foundation | Total |
|---------------------------|--|---|---------------------------------|------------------|
| Salaries and wages | \$ 23,600 | \$ 7,733 | \$ 27,000 | \$ 58,333 |
| Employee benefits | 2,225 | 748 | 3,200 | 6,173 |
| Rent | - | 1,321 | - | 1,321 |
| Mortgage | - | - | - | - |
| Telephone | 775 | 1,134 | 2,000 | 3,909 |
| Training | - | - | 800 | 800 |
| Travel | - | - | 600 | 600 |
| Insurance | - | 338 | - | 338 |
| Indirect Cost | 3,100 | - | - | 3,100 |
| Litigation | - | - | - | - |
| Equipment rental (copier) | - | - | 1,000 | 1,000 |
| Supplies | - | - | 1,500 | 1,500 |
| Office expenses | - | 610 | - | 610 |
| Other expenses | 300 | - | 8,900 | 9,200 |
| | <u>\$ 30,000</u> | <u>\$ 11,884</u> | <u>\$ 45,000</u> | <u>\$ 86,884</u> |

ACADIANA LEGAL SERVICE CORPORATION
 OTHER SUPPLEMENTARY INFORMATION
 SCHEDULE OF LSC EXCESS CARRYOVER FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2021

| | <u>Prior Year LSC Excess Carryover</u> |
|-------------------------------------|--|
| REVENUE AND SUPPORT: | |
| Grant revenue | \$ 1,471,133 |
| Interest earnings | - |
| Donations | - |
| Other revenues | - |
| Total revenue and support | <u>1,471,133</u> |
| EXPENSES: | |
| Salaries and wages: | |
| Lawyers | 963,888 |
| Paralegals and law clerks | 29,700 |
| Non-lawyers | - |
| Employee benefits | 100,184 |
| Office rent and utilities | - |
| Equipment rentals and maintenance | - |
| Office supplies and expenses | 41,567 |
| Telephone | - |
| Travel and training | - |
| Depreciation | - |
| Library and other supplies | - |
| Insurance | - |
| Professional services | - |
| Contractual services | - |
| Membership fees | - |
| Litigation costs | - |
| Subgrant awards | - |
| Interest | - |
| Miscellaneous | - |
| Total expenses | <u>1,135,339</u> |
| Change in Net Assets | 335,794 |
| NET ASSETS AT BEGINNING OF YEAR | - |
| Debt service payments | (201,237) |
| Acquisition of property - purchases | <u>(134,557)</u> |
| 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

April 26, 2022

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, 2021, 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 April 26, 2022.

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 Baker, 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

April 26, 2022

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, 2021. 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, 2021.

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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, Chapman, Hogan and Gruber, LLP

New Orleans, Louisiana

**ACADIANA LEGAL SERVICE CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

| 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 | \$ 86,884 | \$ 4,798,836 |
| Pro Bono Innovation Fund | PB20008 | 09.619051 | - | 113,949 |
| COVID-19 Response Grant | CV20088 | 09.619051 | - | 350,048 |
| | | | <u>86,884</u> | <u>5,262,833</u> |
| <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 | - | 435,056 |
| | | | <u>-</u> | <u>435,056</u> |
| <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: | | | | |
| Allen Council on Aging, Inc. | N/A | 93.044 | - | 186 |
| Beauregard Council on Aging, Inc. | N/A | 93.044 | - | 2,585 |
| Bienville Council on Aging, Inc. | N/A | 93.044 | - | 1,424 |
| Bossier Council on Aging, Inc. | N/A | 93.044 | - | 2,846 |
| Caddo Council on Aging | N/A | 93.044 | - | 5,495 |
| Cajun Area Agency on Aging, Inc. | N/A | 93.044 | - | 13,160 |
| Calcasieu Council on Aging, Inc. | N/A | 93.044 | - | 8,075 |
| Caldwell Parish Council on Aging | N/A | 93.044 | - | 178 |
| Cameron Council on Aging, Inc. | N/A | 93.044 | - | 70 |
| CENLA Area Agency on Aging, Inc. | N/A | 93.044 | - | 15,692 |
| Claiborne Council on Aging, Inc. | N/A | 93.044 | - | 814 |
| Desoto Council on Aging, Inc. | N/A | 93.044 | - | 2,427 |
| Jefferson Davis Council on Aging, Inc. | N/A | 93.044 | - | 1,108 |
| Lincoln Parish Council on Aging | N/A | 93.044 | - | 871 |
| Morehouse Parish Council on Aging, Inc. | N/A | 93.044 | - | 1,005 |
| Ouachita Council on Aging Inc. | N/A | 93.044 | - | 1,654 |
| Natchitoches Council on Aging, Inc. | N/A | 93.044 | - | 3,222 |
| Red River Council on Aging, Inc. | N/A | 93.044 | - | 158 |
| Sabine Parish Council on Aging | N/A | 93.044 | - | 1,118 |
| Vernon Council on Aging | N/A | 93.044 | - | 2,549 |
| Webster Council on Aging, Inc. | N/A | 93.044 | - | 1,162 |
| West Carroll Council on Aging | N/A | 93.044 | - | 508 |
| | | | <u>-</u> | <u>66,307</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <u>\$ 86,884</u> | <u>\$ 5,764,196</u> |

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

ACADIANA LEGAL SERVICE CORPORATION
LAFAYETTE, LOUISIANA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021. 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, 2021, 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, 2021

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>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u> |
|---------------------|---|
| 09.619051 | Legal Services Corporation - Basic Field Grant, Pro Bono Innovation Fund, and COVID-19 Response Grant |

- 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, 2021

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, 2021
THROUGH DECEMBER 31, 2021

ACADIANA LEGAL SERVICE CORPORATION

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THROUGH DECEMBER 31, 2021

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES FOR THE FISCAL YEAR JANUARY 01, 2021 THROUGH DECEMBER 31, 2021

April 26, 2022

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 year January 01, 2021 through December 31, 2021. 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 year January 01, 2021 through December 31, 2021. 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

Written Policies and Procedures

1. **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:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***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.
 - c) ***Disbursements***, including processing, reviewing, and approving.
 - d) ***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).
 - e) ***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(s) rate of pay or approval and maintenance of pay rate schedules.
 - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - g) ***Credit Cards (and debit cards, fuel cards, P-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).
 - h) ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - i) ***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.
 - j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

- k) **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.
- l) **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.

Board or Finance Committee

- 2. **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:
 - a) 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.
 - b) 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, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit 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.*
 - c) 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.

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

Bank Reconciliations

- 3. **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:

- a) 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);
- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- c) 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: As a result of applying the above agreed-upon procedures, we noted the following:

- 1 of the 5 bank accounts selected for testing was noted as not having documentation reflecting that management has researched reconciling items that have been outstanding for more than 12 months from the statement closing date. The Corporation's main operating account was noted as having two (2) outstanding checks that had been outstanding for more than 12 months from the statement closing date of September 30, 2021. The outstanding checks were issued on 3/04/2020 and 3/13/2020 and were in the amounts of \$37.00 and \$28.42, respectively.

Recommendations: We recommend that checks and other uncleared reconciling items that are over one year old be investigated and removed from the bank reconciliation and that the original transaction be reversed. Research should be done periodically to eliminate large numbers of old items being carried from month to month.

Response: Management has provided a plan of corrective action, which is included in Appendix A.

Collections (excluding electronic funds transfers)

4. **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.

5. **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 (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, 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:

- a) Employees responsible for cash collections do not share cash drawers/registers.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not 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.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not 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.

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

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

- 7. **Procedure:** Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (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). *Alternately, 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:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe 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).
 - e) 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.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. **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.

9. **Procedure:** For each location selected under #8 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, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- b) At least two employees are involved in processing and approving payments to vendors.
- c) 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.
- d) 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.

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

10. **Procedure:** For each location selected under #8 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:

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. **Procedure:** Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-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.

12. **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:

- a) 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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
- b) 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.

13. **Procedure:** Using the monthly statements or combined statements selected under #12 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 (i.e., each card should have 10 transactions subject to testing). For each transaction, observe 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 note 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.

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

14. **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, 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:

- a) If reimbursed using a per diem, observe 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).
- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe 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 policy (procedure #1h).
- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: As a result of applying the above agreed-upon procedures, we noted the following:

- Per the Local Mileage / Per Diem Policy noted in Acadiana Legal Service Corporation's Accounting and Fiscal Policies Manual:
 - Employees will be reimbursed for personal use of their vehicle, when necessary, for authorized business related travel. The reimbursement will be at the Board approved mileage rate in effect at the time of submission.
 - Dollar thresholds for local mileage and per diem travel expense reimbursements are governed by Acadiana Legal Service Corporation's use of the annual IRS approved reimbursement rate. Other allowable conference travel expenses are guided by Acadiana Legal Service Corporation's use of the U.S. General Service Administration's Table for per diem and incidental expenses. Acadiana Legal Service Corporation currently uses the GSA's 2014 Approved Rate Schedule.
- 1 of the 5 travel and travel-related expense reimbursements selected for testing was made using non-current reimbursement rates. The employee was reimbursed for mileage on 4 separate dates of travel in March 2021. Mileage was reimbursed using the 2020 IRS standard mileage rate instead of the 2021 IRS standard mileage rate. This resulted in the overpayment of the mileage reimbursement of 1.5cents.

Recommendations: We recommend that Acadiana Legal Service Corporation review its mileage reimbursement rate policy on an annual basis to ensure that the Corporation is utilizing the most up-to-date IRS issued standard mileage rates.

Response: Management has provided a plan of corrective action, which is included in Appendix A.

Contracts

15. **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. *Alternately, 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:
- a) 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.
 - b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g., change order), observe 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, was approval documented).
 - d) 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 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.

Payroll and Personnel

16. **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.

17. **Procedure:** Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- d) 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.

18. **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, 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 or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' 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.

19. **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.

Ethics

20. **Procedure:** Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b) Observe whether the entity maintains documentation which demonstrates 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.

Debt Service

21. **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 State Bond Commission approval was obtained for each debt instrument issued.

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.

22. **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.

Fraud Notice

23. **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.

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

24. **Procedure:** Observe 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.

Information Technology Disaster Recovery/Business Continuity

25. **Procedure:** Perform the following procedures:
- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
 - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

- c) 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 procedures and discussed the results with management of Acadiana Legal Service Corporation.

Sexual Harassment

26. **Procedure:** Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

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.

27. **Procedure:** Observe 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.

28. **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 it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) 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.

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 Grady, LLP

New Orleans, Louisiana

APPENDIX A

MANAGEMENT'S RESPONSE

LAW OFFICES OF

ACADIANA LEGAL SERVICE CORPORATION

1020 SURREY STREET

P. O. BOX 4823

LAFAYETTE, LA 70502-4823

PHONE: (337) 237-4320 FAX: (337) 237-8839 TOLL FREE: 1-800-256-1175



Management's Responses to the Independent Accountant's Report on Applying Agreed-Upon Procedures for the Fiscal Year January 01, 2021 through December 31, 2021

Bank Reconciliations

Management Response:

Management agrees with the finding.

Corrective Plan:

Management will research items that have been outstanding on the bank statement for over 90 days. Upon completing the research, the item(s) will be voided or voided and reissued depending on the outcome of the research.

Effective date of Implementation:

4/26/2022

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

Management Response:

Management agrees with the finding.

Corrective Plan:

Management will conduct an annual review of the Internal Revenue Service's website to determine the IRS approved standard mileage rate for the upcoming year. This review will be conducted no later than December 31st of the current year.

Effective Date of implementation:

4/26/2022

Sandra Pitt 4/26/2022

Chief Financial Officer

Acadiana Legal Service Corporation