

**THE CAPITAL APPEALS PROJECT**  
**NEW ORLEANS, LOUISIANA**  
**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**



**ERICKSEN KRENTEL** LLP  
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
The Capital Appeals Project  
New Orleans, Louisiana

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of The Capital Appeals Project, (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Capital Appeals Project as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits 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 The Capital Appeals Project, 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.

#### ***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 The Capital Appeals Project's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



To the Board of Directors of  
The Capital Appeals Project  
New Orleans, Louisiana  
March 29, 2024

***Auditors' 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 The Capital Appeals Project'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 The Capital Appeals Project's ability to continue as a going concern for a reasonable period of time.



**ERICKSEN KRENTEL** LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Directors of  
The Capital Appeals Project  
New Orleans, Louisiana  
March 29, 2024

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.

***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to agency head, as required by Louisiana Revised Statute 24:513 A.(3), is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2024 on our consideration of The Capital Appeals Project's internal control over financial reporting and on our tests of their 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 The Capital Appeals Project'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 The Capital Appeals Project's internal control over financial reporting and compliance.

March 29, 2024  
New Orleans, Louisiana

*Erickson Krentel, LLP*

Certified Public Accountants

**THE CAPITAL APPEALS PROJECT**  
**STATEMENTS OF FINANCIAL POSITION**  
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u> (as restated)
<b><u>CURRENT ASSETS:</u></b>		
Cash and cash equivalents	\$ 143,630	\$ 290,232
Total current assets	<u>143,630</u>	<u>290,232</u>
<b><u>PROPERTY AND EQUIPMENT:</u></b>		
Computers and equipment	4,876	4,876
Furniture and fixtures	<u>6,958</u>	<u>6,958</u>
Less: accumulated depreciation	<u>(11,671)</u>	<u>(10,696)</u>
Total property and equipment, net	<u>163</u>	<u>1,138</u>
Total assets	<u>\$ 143,793</u>	<u>\$ 291,370</u>
<b><u>CURRENT LIABILITIES:</u></b>		
Accounts payable	\$ 8,877	\$ 63,379
Accrued 401(k) payable	<u>22,870</u>	<u>-</u>
Total current liabilities	<u>31,747</u>	<u>63,379</u>
<b><u>NET ASSETS:</u></b>		
Without donor restrictions	73,521	188,158
With donor restrictions	<u>38,525</u>	<u>39,833</u>
Total net assets	<u>112,046</u>	<u>227,991</u>
Total liabilities and net assets	<u>\$ 143,793</u>	<u>\$ 291,370</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**THE CAPITAL APPEALS PROJECT**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b><u>SUPPORT AND OTHER REVENUES:</u></b>			
Grant revenue	\$ 1,176,639	\$ 11,192	\$ 1,187,831
Expert fee reimbursements	7,937	-	7,937
Other income	-	-	-
Net assets released from restrictions	<u>12,500</u>	<u>(12,500)</u>	<u>-</u>
 Total support and other revenues	 <u>1,197,076</u>	 <u>(1,308)</u>	 <u>1,195,768</u>
<b><u>EXPENSES:</u></b>			
Program services	1,269,005	-	1,269,005
Supporting services:			
Management and general	<u>42,708</u>	<u>-</u>	<u>42,708</u>
 Total expenses	 <u>1,311,713</u>	 <u>-</u>	 <u>1,311,713</u>
 Change in net assets	 (114,637)	 (1,308)	 (115,945)
Net assets, beginning of year, restated	<u>188,158</u>	<u>39,833</u>	<u>227,991</u>
Net assets, end of year	<u>\$ 73,521</u>	<u>\$ 38,525</u>	<u>\$ 112,046</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**THE CAPITAL APPEALS PROJECT**  
**STATEMENTS OF ACTIVITIES (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2022 AS (RESTATED)**

	Without Donor Restrictions	With Donor Restrictions	Total
<b><u>SUPPORT AND OTHER REVENUES:</u></b>			
Grant revenue	\$ 1,190,388	\$ 39,833	\$ 1,230,221
Expert fee reimbursements	-	-	-
Other income	6,667	-	6,667
Net assets released from restrictions	-	-	-
Total support and other revenues	1,197,055	39,833	1,236,888
<b><u>EXPENSES:</u></b>			
Program services	1,404,981	-	1,404,981
Supporting services:			
Management and general	46,981	-	46,981
Total expenses	1,451,962	-	1,451,962
Change in net assets	(254,907)	39,833	(215,074)
Net assets, beginning of year	443,065	-	443,065
Net assets, end of year	\$ 188,158	\$ 39,833	\$ 227,991

See accompanying NOTES TO FINANCIAL STATEMENTS



**THE CAPITAL APPEALS PROJECT**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services	Supporting Services	Total
Salaries and wages	\$ 707,568	\$ 7,147	\$ 714,715
Payroll taxes and employee benefits	217,905	-	217,905
 Total salaries and related expenses	 925,473	 7,147	 932,620
Administration	9,950	4,900	14,850
Continuing education	19,714	-	19,714
Depreciation	926	49	975
Dues and subscriptions	13,070	-	13,070
Fellowship awards	-	12,500	12,500
Insurance	8,350	6,560	14,910
Miscellaneous	17,733	4,160	21,893
Office supplies	2,848	88	2,936
Overhead	-	-	-
Postage	660	-	660
Professional fees	92,964	-	92,964
Rent expense	132,995	7,000	139,995
Telephone	5,778	304	6,082
Travel	38,544	-	38,544
 Total functional expenses	 <u>\$ 1,269,005</u>	 <u>\$ 42,708</u>	 <u>\$ 1,311,713</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**THE CAPITAL APPEALS PROJECT**  
**STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)**  
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services	Supporting Services	Total
Salaries and wages	\$ 779,357	\$ 7,872	\$ 787,229
Payroll taxes and employee benefits	253,747	-	253,747
 Total salaries and related expenses	 1,033,104	 7,872	 1,040,976
Administration	10,353	5,099	15,452
Continuing education	10,061	-	10,061
Depreciation	926	49	975
Dues and subscriptions	8,005	-	8,005
Fellowship awards	-	-	-
Insurance	17,801	13,987	31,788
Miscellaneous	48,664	11,415	60,079
Office supplies	18,610	576	19,186
Overhead	11,110	585	11,695
Postage	3,358	-	3,358
Professional fees	79,045	-	79,045
Rent expense	123,924	6,522	130,446
Telephone	16,646	876	17,522
Travel	23,374	-	23,374
 Total functional expenses	 <u>\$ 1,404,981</u>	 <u>\$ 46,981</u>	 <u>\$ 1,451,962</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**THE CAPITAL APPEALS PROJECT**  
**STATEMENTS OF CASH FLOWS**  
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u> (as restated)
<b><u>CASH FLOWS FROM (USED FOR)</u></b>		
<b><u>OPERATING ACTIVITIES:</u></b>		
Change in net assets	\$ (115,945)	\$ (215,074)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	975	975
Bad debt	-	16,958
(Increase) decrease in assets:		
Grants and fee receivable	-	1,500
Prepaid expenses	-	18,608
Increase (decrease) in liabilities:		
Accounts payable	(54,502)	(80,185)
Accrued 401(k) payable	<u>22,870</u>	<u>-</u>
Net cash from (used for) operating activities	<u>(146,602)</u>	<u>(257,218)</u>
Net (decrease) in cash and cash equivalents	(146,602)	(257,218)
Cash and cash equivalents, beginning of year, restated	<u>290,232</u>	<u>547,450</u>
Cash and cash equivalents, end of year	<u>\$ 143,630</u>	<u>\$ 290,232</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**THE CAPITAL APPEALS PROJECT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

The Capital Appeals Project (the Organization) is a non-profit law office founded in 2001 to provide high-quality representation to death penalty cases throughout Louisiana. The Organization represents capital defendants on direct appeal to the Louisiana Supreme Court and on *certiorari* to the United States Supreme Court. Furthermore, the staff provides support and resources to public defenders and criminal defense lawyers across the state.

**Method of Accounting and Financial Reporting Framework**

Assets and liabilities and revenues and expenses are recognized on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as promulgated by the Financial Accounting Standards Board (FASB).

The financial statement presentation follows the recommendations of the FASB in its Accounting Standards Codification (ASC) 958-210-50-3, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-210-50-3, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets with donor restrictions - The part of net assets of a not-for-profit entity that is subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

Net assets without donor restrictions - The part of net assets of a not-for-profit entity that is not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

**Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

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

Pursuant to the terms of a contract agreement with the Louisiana Public Defender Board (LPDB), funds received under that contract must be maintained in a segregated bank account. The balance in this account was \$105,004 and \$86,779 at June 30, 2023 and 2022, respectively.

**THE CAPITAL APPEALS PROJECT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
JUNE 30, 2023 AND 2022

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Grants and Fee Receivable**

Management closely monitors outstanding receivable balances and estimates an allowance for uncollectible receivables based on prior experience. Balances that are determined to be uncollectible are written off. Management has determined that all receivable balances are fully collectible. Accordingly, no provision for doubtful accounts is considered necessary as of June 30, 2023 and 2022.

**Property and Equipment and Depreciation**

The Organization records property and equipment at cost or, if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives used in computing depreciation are as follows:

Computers and equipment	5 to 7 years
Furniture and fixtures	7 years

When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The carrying values of property and equipment are viewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considering impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2023 and 2022.

**Revenue Recognition**

Contributions are reported as increases in net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions. Grants and contributions without donor restrictions are recorded as revenue when received or unconditionally pledged. Contributions with donor restrictions are reported as increases in net assets without donor restrictions if the restrictions expire, that is, when a stipulated time restriction ends or purpose restriction is accomplished, in the reporting period in which the revenue is recognized.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

**THE CAPITAL APPEALS PROJECT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the statements of activities. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

**Leases**

The Organization applies judgment in determining whether a contract contains a lease and whether a lease is classified as an operating lease or a finance lease. The Organization determines the lease term as the non-cancellable term of the lease, which may include options to extend or terminate the lease when it is reasonably certain that The Organization will exercise that option. The lease term is used in determining classification between operating lease and finance lease, calculating the lease liability and determining the incremental borrowing rate.

The Organization's lease contracts may include extension and termination options. The Organization applies judgment in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date of the lease, The Organization reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Organization is required to discount lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate. The Organization generally uses the incremental borrowing rate when initially recording real estate leases. Information from the lessor regarding the initial direct costs incurred by the lessor related to the leased assets is not available.

The Organization determines the incremental borrowing rate of each lease by estimating the credit rating of the Organization at the time the lease is recognized, referencing market yields corresponding to the credit rating and weighted average life of the lease, and factoring in other lease-specific factors such as assumed collateral.

**THE CAPITAL APPEALS PROJECT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
JUNE 30, 2023 AND 2022

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization's evaluation as of June 30, 2023 and 2022 revealed no tax positions that would have a material impact on the financial statements. The 2020 through 2022 tax years remain subject to examination by the IRS. The Organization does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

**New Accounting Pronouncements – Adopted**

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under Topic 840, *Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; and ASU 2019-01, *Leases (Topic 842): Codification Improvements*. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the balance sheet. The adoption of these Updates did not have a material impact on the Organization's financial statements.

**Date of Management Review**

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

**(2) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

Financial assets available at year end and available to meet cash needs for general expenditures within one year as of June 30, 2023 and 2022 were \$143,630 and \$290,232, respectively. No amounts were unavailable for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**THE CAPITAL APPEALS PROJECT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

**(3) OPERATING LEASE**

The Organization entered a non-cancelable lease to rent office space through June 30, 2023. Beginning October 1, 2020, the Organization will owe \$10,000 per month for base rent and the Organization will share utility costs at an agreed upon annual administrative split. Effective July 1, 2022, monthly base rent will increase to \$17,406 and the lease will end June 30, 2023.

Rent and other operating expenses through the course of business paid to PJI totaled approximately \$208,875 and \$130,446 for the years ended June 30, 2023 and 2022, respectively.

Subsequent to June 30, 2023, the Organization entered into a new lease agreement for the same office space with a monthly commitment of \$12,129 through June 30, 2024 retroactive to July 1, 2023.

**(4) EMPLOYEE BENEFIT PLAN**

The Organization provides benefits and insurance to all full-time employees. The Organization pays 100% of all insurance premiums for employees, employee's dependents and/or employee's spouse. After six months of employment, full-time employees are eligible to participate in its 401(k) plan. The plan provides for employer contributions of 5% of an employee's salary. Employer contributions of the year ended June 30, 2023 and 2022, were \$24,725 and \$29,274, respectively.

**(5) CONCENTRATION OF CREDIT RISK**

The Organization maintains its cash balances in one financial institution. The cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2023 and 2022, cash balances did not exceed federally insured limits. To date, the Organization has not experienced losses in any of these amounts.

Approximately 99% of revenue is derived from LPDB for the years ended June 30, 2023 and 2022.

**(6) CONTINGENCY**

The Organization receives a significant amount of funding from the State of Louisiana and grantor agencies, which are governed by rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Organization has not complied with the rules and regulations governing the grant, refunds of any money received and the collectability of any related receivable at June 30, 2023 and 2022 might be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state grants, therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the Organization.



**THE CAPITAL APPEALS PROJECT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

**(7) PRIOR PERIOD ADJUSTMENTS**

During 2022 the Organization did not record \$33,333 in restricted grant revenues nor did it account for the effect of \$27,701 in outstanding checks from 2021 that needed to be written off. Additionally, \$6,500 in restricted grant funds were presented as net assets without restrictions. The effect of these adjustments was an increase of \$61,034 in cash and cash equivalents and net assets as of July 1, 2022.

**(8) RECLASSIFICATIONS**

The Organization made certain reclassifications to prior period amounts to conform to the current year presentation. These reclassifications did not have a material effect on the financial statements.

**THE CAPITAL APPEALS PROJECT**  
 SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD  
FOR THE YEAR ENDED JUNE 30, 2023

(See Independent Auditors' Report)

	Cecilia Kappel <u>Executive Director</u>
Time served	07/01/2022 through <u>06/30/2023</u>
Salary	\$ 110,000
Benefits - insurance	25,471
Benefits - disability/life	758
Benefits - retirement	<u>5,250</u>
Total compensation, benefits, and other payments	\$ <u><u>141,479</u></u>



**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***

To the Board of Directors of  
The Capital Appeals Project  
New Orleans, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Capital Appeals Project (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 29, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered The Capital Appeals Project's 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 Capital Appeals Project's internal control. Accordingly, we do not express an opinion on the effectiveness of The Capital Appeals Project's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*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. We consider the deficiencies described in the accompanying schedule of findings and questioned as items 2023-001 and 2023-002 to be material weaknesses.



To the Board of Directors of  
The Capital Appeals Project  
March 29, 2024

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2023-003 to be a significant deficiency.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether The Capital Appeals Project'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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2023-004.

### **The Capital Appeals Project's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on The Capital Appeals Project's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Capital Appeals Project's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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 Capital Appeals Project'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 Capital Appeals Project's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

March 29, 2024  
New Orleans, Louisiana

*Erickson Krentel, LLP*  
Certified Public Accountants

**THE CAPITAL APPEALS PROJECT**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**SECTION I - SUMMARY OF AUDITORS' REPORTS**

1. The auditors' report expresses an unmodified opinion on the financial statements of The Capital Appeals Project.
2. Two material weaknesses and one significant deficiency disclosed during the audit of the financial statements are reported in the 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*.
3. One instance of noncompliance material to the financial statements was reported in the 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*.

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**Material Weaknesses**

**Finding 2023-01 Improper Bank Reconciliation Procedures**

Condition: The Organization performed the first bank reconciliation on a cash account many months after the account was opened. The unadjusted balance on one of the Organization's cash accounts had a credit balance.

Effect: Two prior period adjustments were recorded to properly present cash, revenue, and beginning net assets as all were understated.

Cause: The Organization did not perform timely bank reconciliation procedures on all bank accounts. The Organization did not record all transactions occurring in a smaller, less active bank account.

Recommendation: The Organization should perform bank reconciliation each month. The Organization should record all activity relating to the Organization, despite the disaggregation of cash accounts.

View of Responsible Officials: See Management's Corrective Action plan for further information.

**THE CAPITAL APPEALS PROJECT**  
**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**Finding 2023-02 Improper 401(K) Plan Management**

Condition: Employer 401(k) matching contributions were erroneously not paid and not recorded during the fiscal year end.

Effect: Payroll benefits and payables are understated. The Organization's employees do not receive full benefits.

Cause: The Organization changed contact persons with the payroll provider and did not provide accurate information.

Recommendation: The Organization should monitor the payment and recording of expenses to ensure expenses are recorded in the fiscal year end when incurred. The Organization should consult with an ERISA attorney to determine liability for missing contributions, interest, and penalties.

View of Responsible Officials: See Management's Corrective Action plan for further information.

**Significant Deficiencies**

**Finding 2023-03 Improper Revenue/Expense Recognition**

Condition: The Organization recorded grant expenses against grant revenue. Generally accepted accounting principles require revenues and expenses to be presented gross.

Effect: Grant revenue and expenses are understated.

Cause: The Organization's internal accounting personnel was unfamiliar with the more technical aspects of generally accepted accounting principles.

Recommendation: The Organization should record grant revenue separately from grant expenses.

View of Responsible Officials: See Management's Corrective Action plan for further information.

**THE CAPITAL APPEALS PROJECT**  
**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**Noncompliance**

**Finding 2023-004 Noncompliance with Louisiana Audit Law Reporting Requirements**

Criteria: The Organization is required to provide an annual financial report to the Louisiana Legislative Auditor no later than six months after its year end in accordance with Louisiana Revised Statutes 24:513 and 24:514.

Condition: The Organization did not comply with these laws, submitting the required report after the required deadline.

Effect: The Organization is not in compliance with Louisiana Revised Statutes 24:513 and 24:514.

Cause: The Organization experienced turnover within the agency and hired a new Finance Director. The turnover caused significant disruption to operations and a reduction in operating capacity during the audit engagement period.

Recommendation: The Organization should put additional policies and procedures in place to ensure that required annual reports are filed in a timely manner.

Views of Responsible Officials: See Management's Corrective Action plan for further information.

**THE CAPITAL APPEALS PROJECT**  
**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

There were no findings related to the financial statements for the year ended June 30, 2022.

**SECTION II – MANAGEMENT LETTER ITEMS**

There was no management letter items for the year ended June 30, 2022.



# CAPITAL APPEALS PROJECT

A Non-Profit Law Office

March 29, 2024

Louisiana Legislative Auditor

The Capital Appeals Project respectfully submits the following corrective action plan for the year ended June 30, 2023.

Name and address of independent public accounting firm:

Ericksen Krentel, L.L.P.  
4227 Canal Street  
New Orleans, LA 70119

Audit Period: July 1, 2022 – June 30, 2023

The findings from the June 30, 2023, schedule of findings are discussed below. The findings are numbered consistently with the number assigned in the schedule.

## SECTION II - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

### Material Weaknesses

#### **Finding 2023-01 Improper Bank Reconciliation Procedures**

Recommendation: The Organization should perform bank reconciliation each month. The Organization should record all activity relating to the Organization, despite the disaggregation of cash accounts.

View of Responsible Officials: CAP will properly perform bank reconciliations each month moving forward, including all activity relating to the Organization.

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#### THE CAPITAL APPEALS PROJECT

1024 Elysian Fields Avenue, New Orleans, LA 70117

capitalappealsproject.org | Tel: (504) 529-5955 | Fax: (504) 595-8006

### **Finding 2023-02 Improper 401(K) Plan Management**

Recommendation: The Organization should monitor the payment and recording of expenses to ensure expenses are recorded in the fiscal year end when incurred. The Organization should consult with an ERISA attorney to determine liability for missing contributions, interest, and penalties.

View of Responsible Officials: CAP will monitor the payment and properly record expenses within the fiscal year when incurred. CAP will also consult with an ERISA attorney to determine liability for missing contributions, interest, and penalties.

### **Significant Deficiencies**

#### **Finding 2023-03 Improper Revenue/Expense Recognition**

Recommendation: The Organization should record grant revenue separately from grant expenses.

View of Responsible Officials: CAP will properly record grant revenue separately from grant expenses.

### **Noncompliance**

#### **Finding 2023-004 Noncompliance with Louisiana Audit Law Reporting Requirements**

Recommendation: The Organization should put additional policies and procedures in place to ensure that required annual reports are filed in a timely manner.

Views of Responsible Officials: CAP will review and update the policies and procedures to ensure that the required annual reports are filed in a timely manner.

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#### **THE CAPITAL APPEALS PROJECT**

1024 Elysian Fields Avenue, New Orleans, LA 70117

capitalappealsproject.org | Tel: (504) 529-5955 | Fax: (504) 595-8006

If there are any questions regarding this plan, please contact Cecilia Kappel, Executive Director, at (504)-529-5955.

Sincerely,

*Cecilia Kappel*

Cecilia Kappel  
Executive Director

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**THE CAPITAL APPEALS PROJECT**

1024 Elysian Fields Avenue, New Orleans, LA 70117

capitalappealsproject.org | Tel: (504) 529-5955 | Fax: (504) 595-8006

March 29, 2024

To the Board of Directors of  
The Capital Appeals Project  
New Orleans, Louisiana

We have audited the financial statements of The Capital Appeals Project (the Organization) for the year ended June 30, 2023, and have issued our report thereon dated March 29, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letters to you dated August 11, 2023. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Matters

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 1 to the financial statements. No new accounting policies with a material impact to the financial statements were adopted and the application of existing policies were not changed during the year ended June 30, 2023. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements were:

Management's estimate of the valuation of grants and fee receivable is based on historical information regarding the collectability of grants and an evaluation of the grantors' credit worthiness. We evaluated the key factors and assumptions used to develop the valuation of grants receivable in determining that it is reasonable in relation to the financial statements as a whole.



To the Board of Directors of  
The Capital Appeals Project  
March 29, 2024  
Page 2

Management's estimate of the operating lease obligation is based on management's evaluation regarding the office space lease agreements. We evaluated the key factors and assumptions used to calculate the finance lease obligation in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the functional allocation of expenses is based on periodic time and expense studies. We evaluated the key factors and assumptions used to develop the functional allocation of expenses in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 29, 2024.



To the Board of Directors of  
The Capital Appeals Project  
March 29, 2024  
Page 3

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Organization’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We issued a separate report dated March 29, 2024 in which we identified two material weaknesses, one significant deficiency, and an instance of noncompliance.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors of The Capital Appeals Project and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Certified Public Accountants

**LOUISIANA LEGISLATIVE AUDITOR**  
**STATEWIDE AGREED-UPON PROCEDURES**  
**THE CAPITAL APPEALS PROJECT**  
**NEW ORLEANS, LOUISIANA**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2023**



**ERICKSEN KRENTEL**<sup>LLP</sup>  
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS



**INDEPENDENT ACCOUNTANTS' REPORT**  
**ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors of  
The Capital Appeals Project  
New Orleans, Louisiana

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. The Capital Appeals Project's management is responsible for those C/C areas identified in the SAUPs.

The Capital Appeals Project 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 LLA's SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, 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 attached in Schedule "1."

We were engaged by The Capital Appeals Project 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 The Capital Appeals Project 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 result 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 LLA as a public document.

April 1, 2024  
New Orleans, Louisiana

*Erickson Krentel, LLP*  
Certified Public Accountants



**THE CAPITAL APPEALS PROJECT**  
**AGREED-UPON PROCEDURES**  
**JULY 1, 2022 – JUNE 30, 2023**

**WRITTEN POLICIES AND PROCEDURES**

1. **Procedures:** 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(s) 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) ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
  - h) ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
  - 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.

THE CAPITAL APPEALS PROJECT  
AGREED-UPON PROCEDURES (CONTINUED)  
JULY 1, 2022 – JUNE 30, 2023

**WRITTEN POLICIES AND PROCEDURES (CONTINUED)**

- 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) ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

**Results:** No exceptions were found as a result of applying the procedures. Debt is not applicable as the Organization has not issued any debt. Ethics and sexual harassment are not applicable as the Organization is a private not-for-profit entity.

**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. Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.
  - 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.
  - d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

**Results:** No exceptions were found as a result of applying the procedure.

THE CAPITAL APPEALS PROJECT  
AGREED-UPON PROCEDURES (CONTINUED)  
JULY 1, 2022 – JUNE 30, 2023

**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 written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (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:** Not all bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date, written evidence that a member of management or a board member has reviewed each bank reconciliation, nor has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

**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):
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 (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
- a) Employees responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

THE CAPITAL APPEALS PROJECT  
AGREED-UPON PROCEDURES (CONTINUED)  
JULY 1, 2022 – JUNE 30, 2023

**COLLECTIONS (CONTINUED)**

- 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, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. **Procedure:** Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
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). Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:
- 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 that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
  - e) Trace the actual deposit per the bank statement to the general ledger.

**Results:** Not all deposits were deposited within one business day of receipts at the collection location.

**NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES, 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):
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, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:

THE CAPITAL APPEALS PROJECT  
AGREED-UPON PROCEDURES (CONTINUED)  
JULY 1, 2022 – JUNE 30, 2023

**NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES/PAYMENTS,  
TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES) (CONTINUED)**

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or 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.
  - e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
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, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity.
  - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
11. **Procedure:** Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was
- a) Approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy,
  - b) Approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

**Results:** Evidence of written approval does not exist for all transactions. 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.

THE CAPITAL APPEALS PROJECT  
AGREED-UPON PROCEDURES (CONTINUED)  
JULY 1, 2022 – JUNE 30, 2023

**CREDIT CARDS/DEBIT CARDS/FUEL CARDS/PURCHASE CARDS (CARDS)**

12. **Procedure:** Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
13. **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 (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported).
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
14. **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 inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

**Results:** No exceptions were found as a result of applying the procedures.

**TRAVEL AND TRAVEL-RELATED EXPENSE REIMBURSEMENTS (EXCLUDING CARD TRANSACTIONS)**

15. **Procedure:** Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

THE CAPITAL APPEALS PROJECT  
AGREED-UPON PROCEDURES (CONTINUED)  
JULY 1, 2022 – JUNE 30, 2023

**TRAVEL AND TRAVEL-RELATED EXPENSE REIMBURSEMENTS (EXCLUDING CARD TRANSACTIONS) (CONTINUED)**

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Results:** Not all transactions tested were supported by an original itemized receipts that identifies precisely what was purchased, supported by documentation of the business/public purpose, now included written approval by someone other than the person receiving reimbursement.

**CONTRACTS**

16. **Procedure:** Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- 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 that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval)
- 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 that the invoice and related payment agreed to the terms and conditions of the contract.

**Results:** Not all contracts included proof of approval by the governing body/board.

THE CAPITAL APPEALS PROJECT  
AGREED-UPON PROCEDURES (CONTINUED)  
JULY 1, 2022 – JUNE 30, 2023

**PAYROLL AND PERSONNEL**

17. **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.
18. **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 that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
  - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
  - c) Observe that 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.
19. **Procedure:** Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and, obtain related documentation of the hours, and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files and agree the termination payment to entity policy.
20. **Procedure:** Obtain management's representation that employer and employee portions of third-part 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:** No exceptions were found as a result of applying the procedures.

**ETHICS**

21. **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 that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1770.



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AGREED-UPON PROCEDURES (CONTINUED)  
JULY 1, 2022 – JUNE 30, 2023

**ETHICS (CONTINUED)**

b) Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

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

**Results:** Not applicable as the Organization is a private not-for-profit entity.

**DEBT SERVICE**

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

24. **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:** Not applicable as the Organization does not issue any debt nor does it have any outstanding debt.

**FRAUD NOTICE**

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

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

**Results:** No exceptions were found as a result of applying the procedures.

THE CAPITAL APPEALS PROJECT  
AGREED-UPON PROCEDURES (CONTINUED)  
JULY 1, 2022 – JUNE 30, 2023

**INFORMATION TECHNOLOGY/DISASTER RECOVERY/ BUSINESS CONTINUITY**

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

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- 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.

28. **Procedure:** Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19. Observe evidence that the selected terminated employees have been removed or disabled from the network.

**Results:** We performed the procedures and discussed the results with management.

**PREVENTION OF SEXUAL HARASSMENT**

29. **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 that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

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

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

- 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;

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AGREED-UPON PROCEDURES (CONTINUED)  
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**PREVENTION OF SEXUAL HARASSMENT (CONTINUED)**

- 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:** Not applicable as the Organization as a private non-profit is not subject to the sexual harassment law, R.S. 42:344.

# CAPITAL APPEALS PROJECT

A Non-Profit Law Office

April 1, 2024

Louisiana Legislative Auditor

The Capital Appeals Project respectfully submits the following corrective action plan for items identified pursuant to the agreed-upon procedures in accordance with Statewide Agreed Upon Procedures.

Name and address of independent public accounting firm:

Ericksen Krentel, L.L.P.  
4227 Canal Street  
New Orleans, LA 70119

Engagement Period: July 1, 2022 – June 30, 2023

The exceptions from the statewide agreed-upon procedures report are discussed below:

## **Bank Reconciliations**

**Exceptions:** Not all bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date, written evidence that a member of management or a board member has reviewed each bank reconciliation, nor has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

## **Collections**

**Exceptions:** Not all deposits were deposited within one business day of receipts at the collection location.

## **Non-Payroll Disbursements**

**Exceptions:** Evidence of written approval does not exist for all transactions. 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.

**Travel and Travel-Related Expense Reimbursements (Excluding Card Transactions)**

**Exceptions:** Not all transactions tested were supported by an original itemized receipts that identifies precisely what was purchased, supported by documentation of the business/public purpose, now included written approval by someone other than the person receiving reimbursement.

**Contracts**

**Exceptions:** Not all contracts included proof of approval by the governing body/board.

**Management's Response to Exceptions:**

- CAP will handle bank reconciliations on a monthly basis, with evidence of review by management.
- CAP will deposit all incoming payments within one business day of receipt.
- CAP will administer written approval for all transactions.
- CAP will provide all original itemized receipts along with supported documentation for travel related expenses, associated with reimbursements.
- CAP will include proof of approval for all contracts.

If there are any questions regarding this plan, please contact Cecilia Kappel, Executive Director at (504) 529-5955.

Sincerely,

*Cecelia Kappel*  
\_\_\_\_\_  
Signature

Executive Director  
\_\_\_\_\_  
Title