

FIFTH JUDICIAL DISTRICT DRUG COURT, INC.

Financial Statements
For the Year Ended June 30, 2021

FIFTH JUDICIAL DISTRICT DRUG COURT, INC.
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Fifth Judicial District
Drug Court, Inc.
Oak Grove, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the Fifth Judicial District Drug Court, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of those risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fifth Judicial District Drug Court, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits and other payments to Agency Head and the Justice System Funding Schedule – Receiving Entity are presented for purposes of additional analysis and are 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated July 29, 2021, on my consideration of the Fifth Judicial District Drug Court, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Fifth Judicial District Drug Court, Inc.'s internal control over financial reporting and compliance.

David M. Santt, CPA (APAC)

West Monroe, Louisiana
July 29, 2021

FIFTH JUDICIAL DISTRICT DRUG COURT
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

ASSETS

Current Assets:		
Cash and Cash Equivalents	\$	48,673
Receivable from State		39,487
Total Current Assets		<u>88,160</u>
Property and Equipment:		
Computers		29,368
Office Furnitures		7,917
Less: Accumulated Depreciation		<u>(37,285)</u>
Net Property and Equipment		-
<u>TOTAL ASSETS</u>	\$	<u><u>88,160</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Payroll Liabilities		2,876
Net Assets:		
Without Donor Restrictions		<u>85,284</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$	<u><u>88,160</u></u>

The accompanying notes are an integral part of this financial statement.

FIFTH JUDICIAL DISTRICT DRUG COURT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

<u>PUBLIC SUPPORT, GRANT REVENUE</u>	
<u>AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS</u>	
Government Grants	\$ 467,950
Client Fees	13,096
	<hr/>
<u>TOTAL PUBLIC SUPPORT, GRANT REVENUE</u>	
<u>AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS</u>	481,046
 <u>EXPENSES</u>	
Program Services:	
Treatment	456,232
Support Services:	
Management and General	16,642
	<hr/>
<u>TOTAL EXPENSES</u>	<hr/> 472,874
 <u>INCREASE (DECREASE) IN NET ASSETS</u>	
<u>WITHOUT DONOR RESTRICTIONS</u>	8,172
 <u>NET ASSETS AT BEGINNING OF YEAR</u>	<hr/> 77,112
 <u>NET ASSETS AT END OF YEAR</u>	 <hr/> <u>\$ 85,284</u>

The accompanying notes are an integral part of this financial statement.

FIFTH JUDICIAL DISTRICT DRUG COURT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

Program Services:	
Treatment	\$ 394,067
Test & Laboratory	22,575
Utilities	4,814
Rent	6,000
Accounting & Auditing	7,620
Insurance	850
Travel & Training	11,624
Materials & Supplies	8,682
Total Program Services	<u>456,232</u>
Management & General:	
Administrative Personnel	6,000
Payroll Taxes	10,308
Depreciation	334
Total Management & General	<u>16,642</u>
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u><u>\$ 472,874</u></u>

The accompanying notes are an integral part of this financial statement.

FIFTH JUDICIAL DISTRICT DRUG COURT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

<u>Cash Flows From Operating Activities:</u>	
Increase in Net Assets	
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	8,172
Depreciation	334
(Increase) Decrease in Grants Receivable	10,889
Increase (Decrease) in Payroll Liabilities	(264)
Net Cash Provided by Operating Activities	19,131
 <u>Cash Flows From Investing Activities:</u>	
Net Cash Provided (Used) by Investing Activities	-
 <u>Cash Flows From Financing Activities:</u>	
Net Cash Provided (Used) by Financing Activities	-
<u>Increase in Cash and Cash Equivalents</u>	19,131
<u>Cash and Cash Equivalents at Beginning of Year</u>	29,542
<u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u>	\$ 48,673

The accompanying notes are an integral part of this financial statement.

FIFTH JUDICIAL DISTRICT DRUG COURT, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

The Fifth Judicial District Drug Court, Inc. (Drug Court), is a nonprofit organization pursuant to articles of incorporation filed pursuant to LA R.S. 12:201-12:269 (1950 as amended), whose purpose is to implement a drug court program that will reduce crime rates, reduce recidivism, alleviate continued drug abuse, assist drug abusers in rehabilitating their lives and building a drug free future in a cost effective manner that will ultimately reduce jail overcrowding and crime, thereby reducing costs to governmental entities responsible for law enforcement. The organization is governed by a three-member board and serves the parishes of West Carroll, Richland and Franklin.

Use of Estimates

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

Basis of Presentation

The financial statements of the Drug Court have been prepared on the accrual basis of accounting as applicable to voluntary health and welfare organizations. The more significant accounting policies of the Drug Court are described below.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents represent cash and all highly liquid debt instruments purchased with original maturities of three months or less.

Grants Receivable

Grants receivable represent amounts that have been expensed for grant purposes and are to be reimbursed in full by the grantor (the State) and have been promised over the next twelve months.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method:

Furniture, Equipment & Vehicles	5 years
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FIFTH JUDICIAL DISTRICT DRUG COURT, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

Public Support and Revenue

Annual contributions are recorded as revenue when received and are generally available for unrestricted use unless specifically restricted by the donor.

Unreimbursed expenses are recorded as income and as grants receivable when requests for reimbursement are submitted to the grants.

Contributions of donated non-cash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance non-financial 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.

Functional Allocation of Expenses

The cost of providing the various programs and activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Liquidity

Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

Fair Value of Financial Instruments

ASC section 820 *Fair Value Measurements and Disclosures* and ASC section 825 *Financial Instruments* require all entities to disclose the fair value of financial instruments for which it is practicable to estimate fair value.

Contributions

In accordance with FASB ASC 958-205, *Not-For-Profit Entities – Revenue Recognition*, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending upon the existence of donor-imposed restrictions. The Drug Court has elected to recognize restricted contributions which are released from the restriction in the same year as unrestricted contributions.

FIFTH JUDICIAL DISTRICT DRUG COURT, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation

The financial statements of the Drug Court are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) *Audit and Accounting Guide for Not-for-Profit Organizations* (the Guide).

Not-For-Profit Accounting

The Drug Court reports information regarding its financial position and activities according to two classes of net assets; net assets without donor restrictions and net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. The Drug Court does not have any net assets with donor restrictions at June 30, 2021.

The net assets are composed of the following:

Net Assets Without Donor Restrictions – Net assets and revenue available and used for current operations and expenditures for current programs. These net assets are not subject to donor or grantor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor or grantor imposed restrictions. Some restrictions are temporary in nature, such as those that will be met with the passage of time or occurrence of other events. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained 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.

Note 2 - Cash and Cash Equivalents

The Drug Court maintains its cash balance in a local financial institution. At June 30, 2021, the bank balance was \$53,738, all of which are insured by the Federal Deposit Insurance Corporation.

Note 3 - Income Taxes

The Drug Court is a nonprofit corporation exempted from federal income taxes under Sec. 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made; however, should the Drug Court engage in activities unrelated to its exempt purpose, taxable income could result. The Drug Court had no material unrelated business income for the year ended June 30, 2021. The earliest income tax year that is subject to examination is 2017.

Note 4 - Receivable from State

For the year ended June 30, 2021, the Drug Court had \$39,487 receivable from the United States Department of Health and Human Services passed through the Louisiana Supreme Court.

FIFTH JUDICIAL DISTRICT DRUG COURT, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 5 - Property and Equipment

A summary of furniture, equipment and accumulated depreciation at June 30, 2021 is as follows:

Computers	\$ 29,368
Furniture & Equipment	7,917
Accumulated Depreciation	(<u>37,285</u>)
Net Property and Equipment	<u>\$ _____</u> -

Note 6 - Liquidity and Availability of Resources

The organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and Cash Equivalents	\$ 48,673
Receivable from State	<u>39,487</u>
Total	<u>\$ 88,160</u>

None of the financial assets is subject to donor restrictions or contractual restrictions that make them unavailable within one year.

Note 7 - Subsequent Events

In accordance with ASC 855, the Drug Court evaluated subsequent events through July 29, 2021, the date these financial statements were available to be issued and determined that there were no significant events to report.

Note 8 - Economic Dependency

The majority of the Drug Court's revenues and receivables are from grants from the Louisiana Supreme Court. A change in funding could substantially affect the operations of the Organization.

Note 9 - Litigation and Claims

Fifth Judicial District Drug Court, Inc. is not involved in any litigation at June 30, 2021, nor is it aware of any asserted claims.

SUPPLEMENTAL INFORMATION

FIFTH JUDICIAL DISTRICT DRUG COURT, INC.
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO
AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2021

	Judge Clay Hamilton	
<i>Purpose:</i>		
Salary	\$	-
Benefits - Insurance		-
Benefits - Retirement		-
Benefits - Dental		-
Travel Reimbursements		348
Cell Phone Reimbursements		-
 Total	 \$	 348

FIFTH JUDICIAL DISTRICT DRUG COURT
JUSTICE SYSTEM FUNDING SCHEDULE - RECEIVING ENTITY

FOR THE YEAR ENDED JUNE 30, 2021

	<u>First Six Month Period Ended 12/31/2020</u>	<u>Second Six Month Period Ended 6/30/2021</u>
Receipts From:		
Louisiana Supreme Court, TANF Reimbursement	\$ 21,935	\$ 22,908
Louisiana Supreme Court, Non-TANF Reimbursement	200,048	223,059
Total Receipts	<u>\$ 221,983</u>	<u>245,967</u>
 Ending Balance of Amounts Assessed But Not Received	 <u>\$ -</u>	 <u>\$ -</u>

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

Fifth Judicial District
Drug Court, Inc.
Oak Grove, Louisiana

I 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 Fifth Judicial District Drug Court, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 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 my report thereon dated July 29, 2021.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Drug Court's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Drug Court's internal control. Accordingly, I do not express an opinion on the effectiveness of the Drug Court's internal control.

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

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Drug Court's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

David M. South, CPA (APAC)

West Monroe, Louisiana
July 29, 2021

FIFTH JUDICIAL DISTRICT DRUG COURT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Fifth Judicial District
Drug Court, Inc.
Oak Grove, Louisiana

I have audited the financial statements of the Fifth Judicial District Drug Court, Inc. as of and for the year ended June 30, 2021, and have issued my report thereon dated July 29, 2021. I conducted my 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. My audit of the financial statements as of June 30, 2021, resulted in an unqualified opinion.

Section I- Summary of Auditor's Results

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

Internal Control

Material Weakness _____ yes X no

Significant Deficiencies not considered to be
Material Weaknesses _____ yes X no

Compliance

Compliance Material to Financial Statements _____ yes X no

B. Federal Awards

Material Weakness Identified _____ yes X no

Significant Deficiencies not considered to be
Material Weaknesses _____ yes X no

Type of Opinion on Compliance For Major Programs (No Major Programs)

Unqualified _____ Qualified _____

Disclaimer _____ Adverse _____

Are their findings required to be reported in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)? N/A

C. Identification of Major Programs: N/A

Name of Federal Program (or cluster)

CFDA Number(s)

Dollar threshold used to distinguish between Type A and Type B Programs. N/A

Is the auditee a "low-risk" auditee, as defined by the Uniform Guidance? N/A

FIFTH JUDICIAL DISTRICT DRUG COURT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Section II- Financial Statement Findings

There were no findings in this section.

Section III- Federal Award Findings and Questioned Costs

There were no findings in this section.

FIFTH JUDICIAL DISTRICT DRUG COURT, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

Internal Control and Compliance Material to the Financial Statements

This section not applicable.

Internal Control and Compliance Material to Federal Awards

This section not applicable.

Management Letter

This section not applicable.