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ACADIANA LEGAL SERVICE CORPORATION
FINANCIAL REPORT
DECEMBER 31, 2003
RECIPIENT NO. 619051

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 5.12.04

ACADIANA LEGAL SERVICE CORPORATION

RECIPIENT NO. 619051

C O N T E N T S

	Page
INDEPENDENT AUDITOR'S REPORT	1 and 3
FINANCIAL STATEMENTS	
Statements of financial position	4 and 5
Statements of activities and changes in net assets	6-9
Statements of cash flows	10
Notes to financial statements	11-20
SUPPLEMENTARY INFORMATION	
Schedule of all temporarily restricted revenues and expenses, excluding property	22-25
Schedule of expenditures of Federal awards	26
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	27 and 28
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	29 and 30
Schedule of findings and questioned costs	31 and 32
Schedule of prior year findings	33



BROUSSARD, POCHE', LEWIS & BREAUX, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors
Acadiana Legal Service Corporation
Lafayette, Louisiana

We have audited the accompanying statement of financial position of Acadiana Legal Service Corporation (a nonprofit organization) as of December 31, 2003, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Eugene C. Gilder, CPA*
Donald W. Kelley, CPA*
Herbert Lemoine II, CPA*
Frank A. Stagno, CPA*
Scott J. Broussard, CPA*
L. Charles Abshire, CPA*
Kenneth R. Dugas, CPA*
P. John Blanchet III, CPA*
Stephen L. Lambousy, CPA*
Craig C. Babineaux, CPA*
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Gregory B. Milton, CPA*
S. Scott Sorlean, CPA*
Patrick D. McCarthy, CPA*
Martha B. Wyatt, CPA*
Troy J. Breaux, CPA*
Fayette T. Dupre', CPA*
Mary A. Castille, CPA*
Joey L. Breaux, CPA*
Terrel P. Dressel, CPA*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of the *Audit Guide for Recipients and Auditors* and the *Compliance Supplement for Audits of LSC Recipients*, issued by Legal Services Corporation. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Acadiana Legal Service Corporation as of December 31, 2003, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Retired:

Sidney L. Broussard, CPA 1980
Leon K. Poche', CPA 1984
James H. Breaux, CPA 1987
Erma R. Walton, CPA 1988
George A. Lewis, CPA* 1992
Geraldine J. Wimberley, CPA* 1995
Rodney I. Savoy, CPA* 1996
Larry G. Broussard, CPA* 1996
Lawrence A. Cramer, CPA* 1999
Michael P. Crochet, CPA* 1999
Ralph Friend, CPA 2002

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2004, on our consideration of Acadiana Legal Service Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Members of American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants*

* A Professional Accounting Corporation.

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To the Board of Directors
Acadiana Legal Service Corporation
Lafayette, Louisiana

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Acadiana Legal Service Corporation taken as a whole. The accompanying schedules listed in the table of contents, including the schedule of expenditures of Federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Corporation's financial statements for the year ended December 31, 2002, from which the summarized information was derived.

BROUSSARD, POCHE', LEWIS & BREAUX, L.L.P.

Crowley, Louisiana
April 28, 2004

ACADIANA LEGAL SERVICE CORPORATION

STATEMENTS OF FINANCIAL POSITION
December 31, 2003 and 2002

ASSETS	<u>2003</u>	<u>2002</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 42,077	\$ 409,065
Investments	260,521	332,782
Grant funds receivable	191,797	42,438
Other receivables	6,215	11,463
Prepaid expenses	<u>67,156</u>	<u>55,237</u>
Total current assets	<u>\$ 567,766</u>	<u>\$ 850,985</u>
RESTRICTED ASSETS		
Cash and cash equivalents:		
Client trust accounts - active	\$ 14,102	\$ 5,685
Client trust accounts - inactive	<u>12,106</u>	<u>11,995</u>
Total restricted assets	<u>\$ 26,208</u>	<u>\$ 17,680</u>
OTHER ASSETS		
Utility deposits	<u>\$ 1,735</u>	<u>\$ 1,735</u>
FIXED ASSETS, at cost, net of accumulated depreciation of \$2,100,722 and \$1,964,120 for 2003 and 2002, respectively		
	<u>\$ 640,468</u>	<u>\$ 688,145</u>
Total assets	<u>\$1,236,177</u>	<u>\$1,558,545</u>

See Notes to Financial Statements.

LIABILITIES AND NET ASSETS	<u>2003</u>	<u>2002</u>
CURRENT LIABILITIES (payable from current assets)		
Cash overdraft	\$ 102,717	\$ 238,605
Accounts payable	33,831	15,519
Accrued liabilities	145,230	177,818
Current portion of capital lease obligations	17,421	21,171
Due to subrecipients	-	4,959
Deferred revenue	<u>10,000</u>	<u>-</u>
Total current liabilities (payable from current assets)	<u>\$ 309,199</u>	<u>\$ 458,072</u>
CURRENT LIABILITIES (payable from restricted assets)		
Client trust deposits - active	\$ 14,102	\$ 5,679
Client trust deposits - inactive	<u>12,106</u>	<u>11,995</u>
Total current liabilities (payable from restricted assets)	<u>\$ 26,208</u>	<u>\$ 17,674</u>
Total current liabilities	\$ 335,407	\$ 475,746
LONG-TERM LIABILITIES		
Capital lease obligations	<u>11,482</u>	<u>26,243</u>
Total liabilities	<u>\$ 346,889</u>	<u>\$ 501,989</u>
NET ASSETS		
Temporarily restricted:		
Legal Services Corporation:		
Designated for building fund	\$ 20,000	\$ 20,000
Undesignated	257,423	395,825
Property	611,565	640,731
Non-LSC	<u>300</u>	<u>-</u>
Total net assets	<u>\$ 889,288</u>	<u>\$1,056,556</u>
Total liabilities and net assets	<u>\$1,236,177</u>	<u>\$1,558,545</u>

ACADIANA LEGAL SERVICE CORPORATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
 Year Ended December 31, 2003
 (With Comparative Totals for Year Ended December 31, 2002)

	<u>Temporarily Restricted</u>		
	<u>Legal Services Corporation</u>	<u>Louisiana Bar Foundation - IOLTA</u>	<u>Cajun Area Agency on Aging, Inc.</u>
Support and revenues:			
Grants and contracts	\$2,029,069	\$ 205,237	\$ 33,889
Investment income	1,364	-	-
Donations	-	-	-
Miscellaneous	<u>37,230</u>	<u>-</u>	<u>-</u>
Total support and revenues	<u>\$2,067,663</u>	<u>\$ 205,237</u>	<u>\$ 33,889</u>
Expenses:			
Salaries and wages:			
Lawyers	\$ 462,705	\$ 97,330	\$ 15,400
Nonlawyers	756,897	38,292	9,679
Employee benefits	283,217	35,390	4,930
Space cost and renovations	152,423	-	794
Equipment rental and maintenance	31,551	-	-
Office supplies and expenses	49,913	542	980
Travel and training	78,292	583	266
Telephone	63,318	1,022	900
Insurance	36,188	-	400
Depreciation	-	-	-
Contractual services	53,488	15,234	140
Membership fees	2,504	9,046	-
Other supplies	33,182	-	-
Litigation costs	629	1,400	400
Subgrants	35,094	-	-
Access to Justice	10,000	6,398	-
Disaster recovery	41,244	-	-
Miscellaneous	<u>8,075</u>	<u>-</u>	<u>-</u>
Total expenses	<u>\$2,098,720</u>	<u>\$ 205,237</u>	<u>\$ 33,889</u>
Change in net assets before other changes	\$ (31,057)	\$ -	\$ -
Other changes:			
Equipment purchases and payments on capital lease obligations	<u>(107,345)</u>	<u>-</u>	<u>-</u>
Change in net assets	\$ (138,402)	\$ -	\$ -
Net assets, beginning	<u>415,825</u>	<u>-</u>	<u>-</u>
Net assets, ending	<u>\$ 277,423</u>	<u>\$ -</u>	<u>\$ -</u>

Temporarily Restricted

Cajun Area Agency on Aging, Inc. - Caregiver	Cenla Area Agency on Aging, Inc.	Cenla Area Agency on Aging, Inc. - Caregiver	Gillis W. Long Poverty Law Center	The Rapides Foundation	Vernon Parish Council on Aging, Inc.	
\$ 13,519	\$ 24,209	\$ 29,218	\$ 20,000	\$ 21,963	\$ 3,706	
-	-	-	-	-	-	
-	-	-	-	-	-	
<u>\$ 13,519</u>	<u>\$ 24,209</u>	<u>\$ 29,218</u>	<u>\$ 20,000</u>	<u>\$ 21,963</u>	<u>\$ 3,706</u>	C
						O
\$ 7,838	\$ 6,574	\$ 13,540	\$ -	\$ 3,286	\$ 1,766	N
2,913	4,630	7,350	20,000	8,098	583	
1,682	2,880	4,730	-	2,074	473	T
390	1,200	860	-	1,883	-	
-	550	225	-	-	139	I
250	1,448	700	-	1,064	120	
-	2,876	200	-	1,208	465	N
258	1,430	750	-	2,550	-	
-	459	375	-	-	-	U
-	-	-	-	-	-	
-	300	113	-	-	60	E
-	-	-	-	-	-	
-	-	-	-	-	-	D
188	800	375	-	-	-	
-	-	-	-	1,800	100	
-	-	-	-	-	-	
-	1,062	-	-	-	-	
<u>\$ 13,519</u>	<u>\$ 24,209</u>	<u>\$ 29,218</u>	<u>\$ 20,000</u>	<u>\$ 21,963</u>	<u>\$ 3,706</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	-	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
-	-	-	-	-	-	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

ACADIANA LEGAL SERVICE CORPORATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)
 Year Ended December 31, 2003
 (With Comparative Totals for Year Ended December 31, 2002)

	Temporarily Restricted		
	Lafayette Parish Bar Foundation	State of Louisiana, Department of Justice	Southwest Louisiana Parish Bar Association
Support and revenues:			
Grants and contracts	\$ 11,280	\$ 18,750	\$ 3,613
Interest income	-	-	-
Donations	-	-	-
Miscellaneous	-	-	-
Total support and revenues	<u>\$ 11,280</u>	<u>\$ 18,750</u>	<u>\$ 3,613</u>
Expenses:			
Salaries and wages:			
Lawyers	\$ 4,581	\$ 10,000	\$ 3,326
Nonlawyers	3,350	8,750	-
Employee benefits	-	-	-
Space cost and renovations	450	-	-
Equipment rental and maintenance	750	-	-
Office supplies and expenses	-	-	-
Travel and training	-	-	-
Telephone	850	-	-
Insurance	-	-	287
Depreciation	-	-	-
Contractual services	-	-	-
Membership fees	400	-	-
Other supplies	-	-	-
Litigation costs	899	-	-
Subgrants	-	-	-
Access to Justice	-	-	-
Disaster recovery	-	-	-
Miscellaneous	-	-	-
Total expenses	<u>\$ 11,280</u>	<u>\$ 18,750</u>	<u>\$ 3,613</u>
Change in net assets before other changes	\$ -	\$ -	\$ -
Other changes:			
Equipment purchases and payments on capital lease obligations	-	-	-
Change in net assets	\$ -	\$ -	\$ -
Net assets, beginning	-	-	-
Net assets, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

Temporarily Restricted

Temporary Assistance for Needy Families	Legal Assistance for Victims	Subtotal	Property	Total - All Funds	
				2003	2002
\$ 64,092	\$ 249,823	\$2,728,368	\$ -	\$2,728,368	\$2,649,001
-	-	1,364	-	1,364	14,182
-	-	-	-	-	1,000
-	-	37,230	-	37,230	9,322
<u>\$ 64,092</u>	<u>\$ 249,823</u>	<u>\$2,766,962</u>	<u>\$ -</u>	<u>\$2,766,962</u>	<u>\$2,673,505</u>
\$ 28,395	\$ 86,985	\$ 741,726	\$ -	\$ 741,726	\$ 535,730
11,221	29,271	901,034	-	901,034	785,786
6,697	24,070	366,143	-	366,143	284,657
2,450	-	160,450	-	160,450	146,896
213	-	33,428	-	33,428	52,468
804	6,252	62,073	-	62,073	61,913
1,179	26,291	111,360	-	111,360	81,245
5,252	9,000	85,330	-	85,330	84,052
1,459	907	40,075	-	40,075	35,632
-	-	-	138,611	138,611	119,816
600	3,100	73,035	-	73,035	72,658
-	900	12,850	-	12,850	11,617
1,551	1,440	36,173	-	36,173	27,059
1,589	-	6,280	-	6,280	4,613
2,382	59,507	98,883	-	98,883	51,435
-	-	16,398	-	16,398	11,483
-	-	41,244	-	41,244	-
-	-	9,137	-	9,137	11,904
<u>\$ 63,792</u>	<u>\$ 247,723</u>	<u>\$2,795,619</u>	<u>\$ 138,611</u>	<u>\$2,934,230</u>	<u>\$2,378,964</u>
\$ 300	\$ 2,100	\$ (28,657)	\$ (138,611)	\$ (167,268)	\$ 294,541
-	(2,100)	(109,445)	109,445	-	-
<u>\$ 300</u>	<u>\$ -</u>	<u>\$ (138,102)</u>	<u>\$ (29,166)</u>	<u>\$ (167,268)</u>	<u>\$ 294,541</u>
-	-	415,825	640,731	1,056,556	762,015
<u>\$ 300</u>	<u>\$ -</u>	<u>\$ 277,723</u>	<u>\$ 611,565</u>	<u>\$ 889,288</u>	<u>\$1,056,556</u>

ACADIANA LEGAL SERVICE CORPORATION

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (167,268)	\$ 294,541
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	138,611	119,816
Change in assets and liabilities:		
(Increase) decrease in assets:		
Grant funds receivable	(149,359)	(22,563)
Other receivables	5,248	(9,307)
Due from Southwest Louisiana Legal	-	10,500
Prepaid expenses and other assets	(11,919)	(25,696)
Increase (decrease) in liabilities:		
Cash overdraft	(135,888)	238,605
Accounts payable	18,312	(18,151)
Accrued liabilities	(32,588)	37,840
Due to subrecipients	(4,959)	4,694
Deferred revenue	10,000	(368,643)
Client trust deposits	8,534	1,912
Net cash provided (used) by operating activities	<u>\$ (321,276)</u>	<u>\$ 263,548</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed assets	\$ (90,934)	\$ (177,946)
Purchases of investment securities	(510,521)	(332,782)
Sales and maturities of investment securities	582,782	94,000
Net cash used by investing activities	<u>\$ (18,673)</u>	<u>\$ (416,728)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from capital lease obligations	\$ -	\$ 45,421
Payments on capital lease payable obligations	(18,511)	(7,604)
Net cash provided (used) by financing activities	<u>\$ (18,511)</u>	<u>\$ 37,817</u>
Net decrease in cash and cash equivalents	\$ (358,460)	\$ (115,363)
Cash and cash equivalents, beginning	426,745	542,108
Cash and cash equivalents, ending	<u>\$ 68,285</u>	<u>\$ 426,745</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash payments for interest	<u>\$ 3,205</u>	<u>\$ 1,391</u>

See Notes to Financial Statements.

ACADIANA LEGAL SERVICE CORPORATION

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Acadiana Legal Service Corporation (the "Corporation") is a nonprofit organization created in 1978 to provide legal assistance in non-criminal proceedings or matters to persons unable to afford such counsel. The Corporation is funded primarily by Legal Services Corporation (LSC), a nonprofit corporation established by Congress to administer a nationwide legal assistance program. The financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America and the requirements of Legal Services Corporation. The more significant accounting policies of the Corporation are described below:

Basis of accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Basis of presentation:

The Corporation's financial statements are prepared in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. All support reported in the Corporation's financial statements are classified as temporarily restricted.

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Reclassifications:

Certain amounts from the prior year have been reclassified to conform to the current year presentation, which had no effect on total changes in net assets or total net assets.

Cash and cash equivalents:

For reporting purposes, the Corporation considers all highly liquid investment securities purchased with an original maturity of three months or less to be cash equivalents.

ACADIANA LEGAL SERVICE CORPORATION

NOTES TO FINANCIAL STATEMENTS

Client trust escrow funds:

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

Investments:

Investments are stated at cost or amortized cost, which approximates market.

Fixed assets:

Fixed assets are recorded at cost, when purchased, or if donated, at the estimated fair value on the date of donation. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The following is a summary of the estimated useful lives used:

Buildings and improvements	25 Years
Furniture and equipment	3 - 10 Years
Library	10 Years

Support:

The Corporation recognizes grant funds from LSC as support on a straight-line basis over the grant period. In accordance with LSC regulations, the Corporation may retain unexpended grant funds for use in future periods provided such funds are not in excess of 10% of the recipient's annualized funding and expenses incurred are in compliance with the specified terms of the grant agreement. LSC may, at its discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance on behalf of the Corporation with the terms of the grant agreement. In addition, should the Corporation terminate its legal assistance activities, all unexpended funds are to be returned to LSC.

The Corporation also received funding from the Louisiana Bar Foundation, Cajun Area Agency on Aging, Inc., Cenla Area Agency on Aging, Inc., Gillis W. Long Poverty Law Center, The Rapides Foundation, Vernon Parish Council on Aging, Inc., Lafayette Parish Bar Foundation, State of Louisiana, Department of Justice, Southwest Louisiana Parish Bar Foundation, State of Louisiana, Department of Social Services, and U.S. Department of Justice. Funds received under the contract with the Vernon Parish Council on Aging, Inc. are earned on a unit-of-service basis.

Contributions:

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.

ACADIANA LEGAL SERVICE CORPORATION

NOTES TO FINANCIAL STATEMENTS

Income taxes:

Acadiana Legal Service Corporation is exempt from Federal income taxes under Section 501 (c) (3) of the Internal Revenue Code and, accordingly, no provision for income taxes is included in the financial statements. In addition, the Corporation has been classified as an organization that is not a private foundation under Section 509(a) (2).

Private attorney involvement (PAI):

Legal Services Corporation requires a recipient of LSC funding to devote an amount of LSC and/or non-LSC funds equal to at least 12.5% of the recipient's LSC annualized basic field award for the involvement of private attorneys in the delivery of legal assistance to eligible clients. Expenses incurred in PAI include all expenses directly related to private attorney involvement as well as an allocation of indirect (overhead) expenses. In general, indirect (overhead) expenses are allocated based on the ratio of direct PAI salary costs in relation to total salary costs of all attorneys, paralegals, and support staff.

Note 2. Cash and Cash Equivalents

At December 31, 2003, the carrying amount of the Corporation's deposits (cash and investment securities) totaled \$328,806, and the bank balances totaled \$365,112. All balances at December 31, 2003, were fully secured by Federal Deposit Insurance Corporation (FDIC) coverage.

Note 3. Grant Funds Receivable

Grant funds receivable is comprised of the following at December 31, 2003:

Cajun Area Agency on Aging, Inc.	\$ 3,220
Cenla Area Agency on Aging, Inc.	7,252
Vernon Parish Council on Aging, Inc.	5,559
Lafayette Parish Bar Foundation	2,712
State of Louisiana, Department of Justice	18,750
State of Louisiana, Department of Social Services	4,392
U.S. Department of Justice	124,912
Legal Services of North Louisiana	5,000
Capital Area Legal Services Corporation	20,000
Total grant funds receivable	<u>\$ 191,797</u>

Note 4. Fixed Assets

Fixed assets, including a legal library, are considered owned by the Corporation while in use by the program or in future authorized programs. However, certain funding sources may maintain equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets.

ACADIANA LEGAL SERVICE CORPORATION

NOTES TO FINANCIAL STATEMENTS

Legal Services Corporation has a reversionary interest in those fixed assets purchased with LSC funds. Fixed assets are recorded at cost and depreciation is computed on a straight-line basis over the useful lives of the assets. A summary of fixed assets is as follows:

Buildings and improvements	\$ 887,943
Furniture and equipment	1,409,066
Library	240,516
Land	203,665
Total fixed assets	<u>\$ 2,741,190</u>
Less: accumulated depreciation	<u>(2,100,722)</u>
Net fixed assets	<u>\$ 640,468</u>

Depreciation expense for the years ended December 31, 2003 and 2002, totaled \$138,611 and \$119,816, respectively. Of the total assets, \$56,662, was acquired through capital leases.

Note 5. Accrued Liabilities

Included in accrued liabilities is annual leave which vests with the employee and is payable upon termination totaling \$109,035 and \$95,577, at December 31, 2003 and 2002, respectively. Maximum annual leave amounts which can be carried over to subsequent years are 225 hours per employee for employees with more than 3 years of service and 150 hours per employee for employees with less than 3 years of service. Also included in accrued liabilities is \$19,558 and \$63,617, of accrued wages and salaries at December 31, 2003 and 2002, respectively. The remaining balance in accrued liabilities represents miscellaneous items.

Note 6. Summary of Funding

The following details the funding of the Corporation for the year ended December 31, 2003:

<u>Funding Source</u>	<u>Period</u>	<u>Support</u>
Legal Services Corporation:		
Basic Field - General Grant	01/01/03 - 12/31/03	<u>\$2,029,069</u>
Louisiana Bar Foundation:		
IOLTA Grant	01/01/03 - 12/31/03	<u>\$ 205,237</u>
Cajun Area Agency on Aging, Inc.:		
Title III-B 2002-2003 Grant	07/01/02 - 06/30/03	\$ 16,944
Title III-B 2003-2004 Grant	07/01/03 - 06/30/04	16,945
Title III-E 2002-2003 Grant	07/01/02 - 06/30/03	13,519
Subtotal		<u>\$ 47,408</u>
Subtotal forward		<u>\$2,281,714</u>

ACADIANA LEGAL SERVICE CORPORATION

NOTES TO FINANCIAL STATEMENTS

<u>Funding Source</u>	<u>Period</u>	<u>Support</u>
Subtotal forwarded		<u>\$2,281,714</u>
Cenla Area Agency on Aging, Inc.:		
Title III-B 2002-2003 Grant	07/01/02 - 06/30/03	\$ 12,106
Title III-B 2003-2004 Grant	07/01/03 - 06/30/04	12,103
Title III-E 2002-2003 Grant	07/01/02 - 06/30/03	19,564
Title III-E 2003-2004 Grant	07/01/03 - 06/30/04	9,654
Subtotal		<u>\$ 53,427</u>
Gillis W. Long Poverty Law Center	06/01/03 - 08/31/03	<u>\$ 20,000</u>
The Rapides Foundation Grant	01/01/02 - 12/31/04	<u>\$ 21,963</u>
Vernon Parish Council on Aging, Inc.:		
2002-2003 Contract	07/01/02 - 06/30/03	\$ 1,853
2003-2004 Contract	07/01/03 - 06/30/04	1,853
Subtotal		<u>\$ 3,706</u>
Lafayette Parish Bar Foundation Grant	01/01/03 - 01/31/04	<u>\$ 11,280</u>
State of Louisiana, Department of Justice	11/24/03 - 06/30/04	<u>\$ 18,750</u>
Southwest Louisiana Parish Bar Foundation		<u>\$ 3,613</u>
State of Louisiana - Department of Social Services: Temporary Assistance for Needy Families	10/01/02 - 09/30/03	<u>\$ 64,092</u>
U.S. Department of Justice: Legal Assistance for Victims	10/01/02 - 09/30/04	<u>\$ 249,823</u>
Total grants and contracts		<u>\$2,728,368</u>

Note 7. Lease of Facilities

The Corporation leases various facilities to serve as branch offices. During the years ended December 31, 2003 and 2002, the Corporation expended \$70,281 and \$67,911, respectively, on lease payments.

ACADIANA LEGAL SERVICE CORPORATION

NOTES TO FINANCIAL STATEMENTS

The following details the written lease agreements in effect for the year ended December 31, 2003:

<u>Location</u>	<u>Initial Lease Term</u>	<u>Number of Renewal Options</u>	<u>Renewal Period</u>	<u>Monthly Payment</u>
Alexandria	04/01/2000 - 03/31/2001	2	One-Year	\$ 1,100
Lake Charles	02/01/2002 - 01/31/2004	1	Two-Year	\$ 600
Lake Charles	08/01/2002 - 07/31/2003	1	One-Year	\$ 1,700
Marksville	04/01/1997 - 04/02/1998	2	One-Year	\$ 275

In addition to the above, Acadiana Legal Service Corporation has verbal lease agreements for offices in New Iberia, Opelousas, Franklin, and Leesville, Louisiana, for monthly payments of \$500, \$459, \$250, and \$225, respectively.

Note 8. Grants to Other Agencies

During the year, the Corporation granted \$17,000, of LSC funds to the Lafayette Parish Bar Foundation's *Lafayette Volunteer Lawyers Project* and \$10,574, to the Central Louisiana Pro Bono Project. Both subgrantees are pro bono programs, which use the funds to provide civil legal services to low-income persons eligible for representation by the Corporation. As of December 31, 2003, both subgrantees had expended all these funds.

Note 9. Grant Agreements

Louisiana Bar Foundation:

Acadiana Legal Service Corporation entered into a grant agreement with the Louisiana Bar Foundation (LBF) to provide free legal assistance in civil matters according to the eligibility standards approved by the Board of Directors in accordance with LSC regulations under the LBF's *Interest on Lawyers' Trust Accounts (IOLTA) Program*. This grant agreement encompassed the period from January 1, 2003 through December 31, 2003, and totaled \$205,237. As of December 31, 2003, the Corporation had received and expended all these funds.

Cajun Area Agency on Aging, Inc.:

The Corporation entered into a grant agreement with the Cajun Area Agency on Aging, Inc. to provide supportive services under Title III-B of the Older Americans' Act of 1965 to the elderly. This grant agreement encompassed the period from July 1, 2002 through June 30, 2003, and totaled \$33,889. As of December 31, 2003, the Corporation had received and expended all these funds. Acadiana Legal Service Corporation entered into a second grant agreement with the Cajun Area Agency on Aging, Inc. to provide supportive services under Title III-B of the Older Americans' Act of 1965 to the elderly. This grant agreement encompasses the period from July 1, 2003 through June 30, 2004, and totals \$33,889. As of December 31, 2003, the Corporation had received, or accrued, as necessary and expended \$16,945, approximately one-half of the total funds granted.

ACADIANA LEGAL SERVICE CORPORATION

NOTES TO FINANCIAL STATEMENTS

Acadiana Legal Service Corporation entered into a grant agreement with the Cajun Area Agency on Aging, Inc. to provide caregiver support under Title III-E of the Older Americans' Act of 1965 to the elderly. This grant agreement encompassed the period from July 1, 2002 through June 30, 2003, and totaled \$27,037. As of December 31, 2003, the Corporation had received and expended all these funds.

Cenla Area Agency on Aging, Inc.:

The Corporation entered into a grant agreement with the Cenla Area Agency on Aging, Inc. to provide supportive services under Title III-B of the Older Americans' Act of 1965 to the elderly. This grant agreement encompassed the period from July 1, 2002 through June 30, 2003, and totaled \$24,208. As of December 31, 2003, the Corporation had received and expended all these funds. Acadiana Legal Service Corporation entered into a second grant agreement with the Cenla Area Agency on Aging, Inc. to provide supportive services under Title III-B of the Older Americans' Act of 1965 to the elderly. This grant agreement encompasses the period from July 1, 2003 through June 30, 2004, and totals \$24,208. As of December 31, 2003, the Corporation had received, or accrued, as necessary and expended \$12,103, approximately one-half of the total funds granted.

Acadiana Legal Service Corporation entered into a grant agreement with the Cenla Area Agency on Aging, Inc. to provide caregiver support under Title III-E of the Older Americans' Act of 1965 to the elderly. This grant agreement encompassed the period from July 1, 2002 through June 30, 2003, and totaled \$39,130. As of December 31, 2003, the Corporation had received and expended all these funds. The Corporation entered into a second grant agreement with the Cenla Area Agency on Aging, Inc. to provide caregiver support under Title III-E of the Older Americans' Act of 1965 to the elderly. This grant agreement encompasses the period from July 1, 2003 through June 30, 2004, and totals \$19,134. As of December 31, 2003, the Corporation had received, or accrued, as necessary and expended \$9,654, approximately one-half of the total funds granted.

Gillis W. Long Poverty Law Center:

The Corporation entered into an agreement with the Gillis W. Long Poverty Law Center (the "Law Center") to employ interns participating in the *Gillis W. Long Poverty Law Center Summer Internship Program* for 10 weeks. The Law Center provided the Corporation with funds totaling \$20,000, to be used specifically for the payment of the salary associated with these interns. As of December 31, 2003, the Corporation had received and expended all these funds.

The Rapides Foundation:

Acadiana Legal Service Corporation entered into an agreement with The Rapides Foundation to offset the costs associated with expanding services for victims of domestic violence in Evangeline Parish, Louisiana, through technology and paralegal services. This agreement encompasses the period from January 1, 2002 through December 31, 2004, and totals \$60,000. As of December 31, 2003, the Corporation had received and expended all these funds.

ACADIANA LEGAL SERVICE CORPORATION

NOTES TO FINANCIAL STATEMENTS

Vernon Parish Council on Aging, Inc.:

The Corporation entered into a contract with the Vernon Parish Council on Aging, Inc. for the period from July 1, 2002 through June 30, 2003, in the amount of \$3,706. These funds are restricted for use in providing legal education seminars for the elderly of Vernon Parish, Louisiana. As of December 31, 2003, the Corporation had received and expended all these funds. Acadiana Legal Service Corporation also entered into a second contract with the Vernon Parish Council on Aging, Inc. for the period from July 1, 2003 through June 30, 2004, in the amount of \$3,706. These funds are restricted for use in providing legal education seminars for the elderly of Vernon Parish, Louisiana. As of December 31, 2003, the Corporation had received, or accrued, as necessary and expended \$1,853, approximately one-half of the contract amount.

Lafayette Parish Bar Foundation:

Acadiana Legal Service Corporation entered into an agreement with the Lafayette Parish Bar Foundation (LPBF) to provide free legal assistance in civil matters according to the eligibility standards approved by the Board of Directors in accordance with LSC regulations under the LPBF's *Lafayette Volunteer Lawyers Program*. This agreement encompasses the period from January 1, 2003 through January 31, 2004. As of December 31, 2003, the Corporation had received, or accrued, as necessary and expended \$11,280.

State of Louisiana, Department of Justice:

The Corporation entered into a cooperative endeavor agreement with the State of Louisiana, Department of Justice to provide civil legal services to low-income persons, including but not limited to the areas of family, domestic violence, consumer, housing, employment, and administrative law. This grant agreement encompasses the period from November 24, 2003 through June 30, 2004, and totals \$75,000. As of December 31, 2003, the Corporation had received, or accrued, as necessary and expended \$18,750, approximately one-fourth of the cooperative endeavor agreement amount.

Southwest Louisiana Parish Bar Foundation:

The Corporation received and expended \$3,613, from the Southwest Louisiana Parish Bar Foundation.

State of Louisiana, Department of Social Services:

The Corporation entered into a professional agreement with the State of Louisiana, Department of Social Services for the period from October 1, 2002 through September 30, 2003, not to exceed \$500,000. These funds are restricted for use in providing services to the Office of Family Support's *TANF Parental Involvement Initiative* and are earned on a unit-of-service basis. For the years ended December 31, 2003 and 2002, the Corporation received, or accrued, as necessary, and expended \$64,092 and \$2,400, respectively under this professional agreement.

ACADIANA LEGAL SERVICE CORPORATION

NOTES TO FINANCIAL STATEMENTS

U.S. Department of Justice:

Acadiana Legal Service Corporation entered into a grant agreement with the U.S. Department of Justice, Office of Justice Programs, Violence Against Women Office to provide legal services to victims of domestic violence, sexual assault, and/or stalking. This grant agreement encompasses the period from October 1, 2002 through September 30, 2004, and totals \$499,646. For the years ended December 31, 2003 and 2002, the Corporation received, or accrued, as necessary, and expended \$249,823, and \$62,456, respectively, which represents approximately 63% of the total funds granted.

Of the above funds, the Corporation has committed the following amounts to the listed agencies as subgrantees:

Chez Hope	\$ 28,372
New Start Center	26,884
Faith House	26,503
Safety Net for Abused Persons (SNAP)	24,425
Turning Point	12,830
Total subgrant commitments	<u>\$ 119,014</u>

For the years ended December 31, 2003 and 2002, remitted, or accrued, as necessary \$59,507 and \$14,877, respectively which represents approximately 63% of the total amount of subgrant commitments.

Note 10. Retirement Plan

Acadiana Legal Service Corporation established a 403(b) retirement plan (the "Plan") for those employees who meet the eligibility requirements set forth in the Plan. The amount of contributions to the Plan is at the discretion of the Board of Directors. The Corporation contributed \$14,096 and \$13,320, to the Plan for the years ended December 31, 2003 and 2002, respectively.

Note 11. Capital Leases

The Corporation has entered into non-cancelable leases for equipment, which transfers ownership of the equipment to the Corporation at a bargain purchase option at the end of the lease term. The leased assets, which are included in property and equipment, are recorded at \$56,662, at an interest rate of 4.96% to 8.00% over the term of the lease. Accumulated depreciation as of December 31, 2003, totaled \$16,978.

ACADIANA LEGAL SERVICE CORPORATION

NOTES TO FINANCIAL STATEMENTS

The following is a schedule by years of the future minimum lease payments required under the capital lease together with the present value of the net minimum lease payments as of December 31, 2003:

Years Ending <u>December 31,</u>	
2004	\$ 17,421
2005	<u>11,482</u>
Total future minimum lease payments	<u>\$ 28,903</u>

Note 12. Classification of Expenses

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries and wages:			
Lawyers	\$ 697,838	\$ 43,888	\$ 741,726
Nonlawyers	705,615	195,419	901,034
Employee benefits	296,100	70,043	366,143
Space cost and renovations	148,279	12,171	160,450
Equipment rental and maintenance	31,036	2,392	33,428
Office supplies and expenses	50,198	11,875	62,073
Travel and training	91,248	20,112	111,360
Telephone	69,006	16,324	85,330
Insurance	34,635	5,440	40,075
Depreciation	112,095	26,516	138,611
Contractual services	27,850	45,185	73,035
Membership fees	11,673	1,177	12,850
Other supplies	36,173	-	36,173
Litigation costs	6,280	-	6,280
Subgrants	98,883	-	98,883
Access to Justice	16,398	-	16,398
Disaster recovery	33,354	7,890	41,244
Miscellaneous	<u>7,389</u>	<u>1,748</u>	<u>9,137</u>
Total expenses	<u>\$2,474,050</u>	<u>\$ 460,180</u>	<u>\$2,934,230</u>

SUPPLEMENTARY INFORMATION

ACADIANA LEGAL SERVICE CORPORATION

SCHEDULE OF ALL TEMPORARILY RESTRICTED REVENUES
AND EXPENSES, EXCLUDING PROPERTY
Year Ended December 31, 2003

	Basic Field		
	<u>General</u>	<u>Private Attorney Involvement</u>	<u>Total</u>
Support and revenues:			
Grants and contracts:			
Legal Services Corporation	\$1,774,431	\$ 229,638	\$2,004,069
Other	209,366	20,871	230,237
Investment income	1,364	-	1,364
Miscellaneous	37,230	-	37,230
Total support and revenues	<u>\$2,022,391</u>	<u>\$ 250,509</u>	<u>\$2,272,900</u>
Expenses:			
Salaries and wages:			
Lawyers	\$ 505,116	\$ 54,919	\$ 560,035
Nonlawyers	758,134	37,055	795,189
Employee benefits	292,470	26,137	318,607
Space cost and renovations	138,357	14,066	152,423
Equipment rental and maintenance	28,639	2,912	31,551
Office supplies and expenses	45,849	4,606	50,455
Travel and training	69,230	9,645	78,875
Telephone	58,497	5,843	64,340
Insurance	32,849	3,339	36,188
Contractual services	23,902	44,820	68,722
Membership fees	11,319	231	11,550
Other supplies	31,467	1,715	33,182
Litigation costs	2,029	-	2,029
Subgrants	7,520	27,574	35,094
Access to Justice	-	16,398	16,398
Disaster recovery	41,244	-	41,244
Miscellaneous	6,090	1,985	8,075
Total expenses	<u>\$2,052,712</u>	<u>\$ 251,245</u>	<u>\$2,303,957</u>
Excess (deficiency) of support and revenues over expenses	\$ (30,321)	\$ (736)	\$ (31,057)
Other changes:			
Equipment purchases and payments on capital lease obligations	<u>(106,185)</u>	<u>(1,160)</u>	<u>(107,345)</u>
Excess (deficiency) of support and revenues over expenses and other changes	<u>\$ (136,506)</u>	<u>\$ (1,896)</u>	<u>\$ (138,402)</u>

<u>Cajun Area Agency on Aging, Inc.</u>	<u>Cajun Area Agency on Aging, Inc. - Caregiver</u>	<u>Cenla Area Agency on Aging, Inc.</u>	<u>Cenla Area Agency on Aging, Inc. - Caregiver</u>	<u>Gillis W. Long Poverty Law Center</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	
33,889	13,519	24,209	29,218	20,000	
-	-	-	-	-	
-	-	-	-	-	
<u>\$ 33,889</u>	<u>\$ 13,519</u>	<u>\$ 24,209</u>	<u>\$ 29,218</u>	<u>\$ 20,000</u>	C
					O
\$ 15,400	\$ 7,838	\$ 6,574	\$ 13,540	\$ -	N
9,679	2,913	4,630	7,350	20,000	
4,930	1,682	2,880	4,730	-	T
794	390	1,200	860	-	I
-	-	550	225	-	
980	250	1,448	700	-	
266	-	2,876	200	-	N
900	258	1,430	750	-	
400	-	459	375	-	U
140	-	300	113	-	
-	-	-	-	-	E
-	-	-	-	-	
400	188	800	375	-	D
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	1,062	-	-	
<u>\$ 33,889</u>	<u>\$ 13,519</u>	<u>\$ 24,209</u>	<u>\$ 29,218</u>	<u>\$ 20,000</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

ACADIANA LEGAL SERVICE CORPORATION

SCHEDULE OF ALL TEMPORARILY RESTRICTED REVENUES (CONTINUED)
AND EXPENSES, EXCLUDING PROPERTY
Year Ended December 31, 2003

	The Rapides Foundation	Vernon Parish Council on Aging, Inc.	Lafayette Parish Bar Foundation
Support and revenues:			
Grants and contracts:			
Legal Services Corporation	\$ -	\$ -	\$ -
Other	21,963	3,706	11,280
Investment income	-	-	-
Miscellaneous	-	-	-
	<u>21,963</u>	<u>3,706</u>	<u>11,280</u>
Total support and revenues	\$ 21,963	\$ 3,706	\$ 11,280
Expenses:			
Salaries and wages:			
Lawyers	\$ 3,286	\$ 1,766	\$ 4,581
Nonlawyers	8,098	583	3,350
Employee benefits	2,074	473	-
Space cost and renovations	1,883	-	450
Equipment rental and maintenance	-	139	750
Office supplies and expenses	1,064	120	-
Travel and training	1,208	465	-
Telephone	2,550	-	850
Insurance	-	-	-
Contractual services	-	60	-
Membership fees	-	-	400
Other supplies	-	-	-
Litigation costs	-	-	899
Subgrants	1,800	100	-
Access to Justice	-	-	-
Disaster recovery	-	-	-
Miscellaneous	-	-	-
	<u>21,963</u>	<u>3,706</u>	<u>11,280</u>
Total expenses	\$ 21,963	\$ 3,706	\$ 11,280
Excess (deficiency) of support and revenues over expenses	\$ -	\$ -	\$ -
Other changes:			
Equipment purchases and payments on capital lease obligations	-	-	-
Excess (deficiency) of support and revenues over expenses and other changes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>State of Louisiana, Department of Justice</u>	<u>Southwest Louisiana Parish Bar Foundation</u>	<u>Temporary Assistance for Needy Families</u>	<u>Legal Assistance for Victims</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$2,004,069
18,750	3,613	64,092	249,823	724,299
-	-	-	-	1,364
-	-	-	-	37,230
<u>\$ 18,750</u>	<u>\$ 3,613</u>	<u>\$ 64,092</u>	<u>\$ 249,823</u>	<u>\$2,766,962</u>
\$ 10,000	\$ 3,326	\$ 28,395	\$ 86,985	\$ 741,726
8,750	-	11,221	29,271	901,034
-	-	6,697	24,070	366,143
-	-	2,450	-	160,450
-	-	213	-	33,428
-	-	804	6,252	62,073
-	-	1,179	26,291	111,360
-	-	5,252	9,000	85,330
-	287	1,459	907	40,075
-	-	600	3,100	73,035
-	-	-	900	12,850
-	-	1,551	1,440	36,173
-	-	1,589	-	6,280
-	-	2,382	59,507	98,883
-	-	-	-	16,398
-	-	-	-	41,244
-	-	-	-	9,137
<u>\$ 18,750</u>	<u>\$ 3,613</u>	<u>\$ 63,792</u>	<u>\$ 247,723</u>	<u>\$2,795,619</u>
\$ -	\$ -	\$ 300	\$ 2,100	\$ (28,657)
-	-	-	(2,100)	(109,445)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ -</u>	<u>\$ (138,102)</u>

ACADIANA LEGAL SERVICE CORPORATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2003

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
Legal Services Corporation:		
Basic Field - General Grant	09.619051	\$2,004,069
U.S. Department of Health and Human Services:		
Pass-Through Program From:		
State of Louisiana, Department of Social Services:		
Temporary Assistance for Needy Families (TANF)	93.558	63,792
U.S. Department of Justice:		
Legal Assistance for Victims	16.524	<u>249,823</u>
Total expenditures of Federal awards		<u>\$2,317,684</u>

Note 1. Basis of Presentation

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of Acadiana Legal Service Corporation and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.



BROUSSARD, POCHE', LEWIS & BREAU, L.L.P.

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Sidney L. Broussard, CPA 1980
Leon K. Poche', CPA 1984
James H. Breaux, CPA 1987
Erna R. Walton, CPA 1988
George A. Lewis, CPA* 1992
Geraldine J. Wimberly, CPA* 1995
Rodney L. Savoy, CPA* 1996
Larry G. Broussard, CPA* 1996
Lawrence A. Cramer, CPA* 1999
Michael P. Crochet, CPA* 1999
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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Acadiana Legal Service Corporation
Lafayette, Louisiana

We have audited the financial statements of Acadiana Legal Service Corporation (a nonprofit organization) as of and for the year ended December 31, 2003, and have issued our report thereon dated April 28, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of the *Audit Guide for Recipients and Auditors* and the *Compliance Supplement for Audits of LSC Recipients*, issued by Legal Services Corporation.

Compliance

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

Internal Control over Financial Reporting

In planning and performing our audit, we considered Acadiana Legal Service Corporation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that

To the Board of Directors
Acadiana Legal Service Corporation
Lafayette, Louisiana

would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Audit Committee, Board of Directors, management, Legislative Auditor, Federal awarding agencies, and pass-through entities, is not intended to be, and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Broussard, Poche, Lewis & Breaux, L.L.P.

Crowley, Louisiana
April 28, 2004



BROUSSARD, POCHE', LEWIS & BREAUX, L.L.P.

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L. Charles Abshire, CPA*
Kenneth R. Dugas, CPA*
P. John Blanchet III, CPA*
Stephen L. Lambousy, CPA*
Craig C. Babineaux, CPA*
Peter C. Borrello, CPA*
George J. Trappey III, CPA*
Gregory B. Milton, CPA*
S. Scott Soileau, CPA*
Patrick D. McCarthy, CPA*
Martha B. Wyatt, CPA*
Troy J. Breaux, CPA*
Fayette T. Dupre', CPA*
Mary A. Castille, CPA*
Joey L. Breaux, CPA*
Terrel P. Dressel, CPA*

Retired:

Sidney L. Broussard, CPA 1980
Leon K. Poche', CPA 1984
James H. Breaux, CPA 1987
Erma R. Walton, CPA 1988
George A. Lewis, CPA* 1992
Geraldine J. Wimberley, CPA* 1995
Rodney L. Savoy, CPA* 1996
Larry G. Broussard, CPA* 1996
Lawrence A. Cramer, CPA* 1999
Michael P. Crochet, CPA* 1999
Ralph Friend, CPA 2002

*Members of American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants*

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
Acadiana Legal Service Corporation
Lafayette, Louisiana

Compliance

We have audited the compliance of Acadiana Legal Service Corporation (a nonprofit organization) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *Compliance Supplement for Audits of LSC Recipients*, issued by Legal Services Corporation, that are applicable to each of its major Federal programs for the year ended December 31, 2003. Acadiana Legal Service Corporation's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of the Corporation's management. Our responsibility is to express an opinion on Acadiana Legal Service Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the provisions of the *Audit Guide for Recipients and Auditors* and the *Compliance Supplement for Audits of LSC Recipients*, issued by Legal Services Corporation. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Acadiana Legal Service Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Acadiana Legal Service Corporation's compliance with those requirements.

In our opinion, Acadiana Legal Service Corporation complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended December 31, 2003.

To the Board of Directors
Acadiana Legal Service Corporation
Lafayette, Louisiana

Internal Control over Compliance

The management of Acadiana Legal Service Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered Acadiana Legal Service Corporation's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Acadiana Legal Service Corporation's ability to administer a major Federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. This reportable condition is described in the accompanying schedule of findings and questioned costs as item #2003-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major Federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe that the reportable conditions described above are material weaknesses.

This report is intended solely for the information and use of the Audit Committee, Board of Directors, management, Legislative Auditor, Federal awarding agencies, and pass-through entities, is not intended to be, and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

BROUSSARD, POCHÉ, LEWIS & BREUX, L.L.P.

Crowley, Louisiana
April 28, 2004

ACADIANA LEGAL SERVICE CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2003

We have audited the financial statements of Acadiana Legal Service Corporation as of and for the year ended December 31, 2003, and have issued our report thereon dated April 28, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the provisions of Legal Services Corporation's Audit Guide for *Recipients and Auditors and Compliance Supplement for Audits of LSC Recipients*. Our audit of the financial statements as of December 31, 2003, resulted in an unqualified opinion.

Section I. Summary of Auditor's Reports

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

Internal Control

Material Weaknesses Yes No Reportable Conditions Yes No

Compliance

Compliance Material to Financial Statements Yes No

b. Federal Awards

Internal Control

Material Weaknesses Yes No Reportable Conditions Yes No

Type of Opinion on Compliance
For Major Programs

Unqualified Qualified
Disclaimer Adverse

Are their findings required to be reported in accordance with Circular A-133, Section 510(a)? Yes No

c. Identification of Major Programs

CDFA Number

Name of Federal Program

09.619051

Basic Field - General

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 300,000

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133?

Yes No

Section II. Financial Statement Findings

There were no matters noted relating to reportable conditions, material weaknesses, or instances of noncompliance related to the financial statements for the year ended December 31, 2003.

(Continued)

ACADIANA LEGAL SERVICE CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended December 31, 2003

Section III. Federal Award Findings and Questioned Costs

#2003-1 - LSC Reporting Requirements

Finding: While performing our compliance testing relating to case files, we noted that two cases randomly selected for testing that should have been reported on the Corporation's Semiannual Case Disclosure Reports were not.

Recommendation: We recommend that a revised Semiannual Case Disclosure Report for the period July 1 - December 31, 2003, be submitted to LSC that includes the two cases referred to above.

Response: Management concurs with this recommendation and will prepare and submit a revised Semiannual Case Disclosure Report for the period July 1 - December 31, 2003, to Legal Services Corporation.

ACADIANA LEGAL SERVICE CORPORATION

SCHEDULE OF PRIOR YEAR FINDINGS
Year Ended December 31, 2003

Section I. Internal Control and Compliance Material to the Financial Statements

There were no matters noted relating to reportable conditions, material weaknesses, or instances of noncompliance related to the financial statements reported for the year ended December 31, 2002.

Section II. Internal Control and Compliance Material to Federal Awards

There were no matters noted relating to reportable conditions, material weaknesses, or instances of noncompliance, including questioned costs, related to Federal awards reported for the year ended December 31, 2002.

Section III. Management Letter

There were no matters reported in a separate management letter for the year ended December 31, 2002.

LAW OFFICES OF
ACADIANA LEGAL SERVICE CORPORATION

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P.O. Box 4823
LAFAYETTE, LOUISIANA 70502-4823
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MANAGEMENT'S CORRECTIVE ACTION PLAN
Year Ended December 31, 2003

Section I. Internal Control and Compliance Material to the Financial Statements

There were no matters noted relating to reportable conditions, material weaknesses, or instances of noncompliance related to the financial statements for the year ended December 31, 2003.

Section II. Internal Control and Compliance Material to Federal Awards

#2003-1 - LSC Reporting Requirements

Management will prepare and submit a revised Semiannual Case Disclosure Report for the period July 1 - December 31, 2003, to Legal Services Corporation.

Section III. Management Letter

There were no matters reported in a separate management letter for the year ended December 31, 2003.

Responsible Party: Joseph R. Oelkers, III, Executive Director