

SCHAFFER GROUP LTD, LLC

Certified Public Accountants

CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

(AUDIT REPORT)

YEAR ENDED JUNE 30, 2019

CAPITAL DEFENSE FUND OF SOUTHEAST LOUISIANA
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SCHAFFER GROUP LTD, LLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Capital Defense Project of Southeast Louisiana (a Louisiana Not-For-Profit Corporation), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United State of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness

of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Capital Defense Project of Southeast Louisiana as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2019, on our consideration of Capital Defense Project of Southeast Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Capital Defense Project of Southeast Louisiana's internal control over financial reporting and compliance.

Schafer Group, ETD., LLC



Kermon T. Schafer, CPA
Managing Member
December 30, 2019

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019**

ASSETSCurrent Assets

Cash	\$	131,891
Certificates of Deposit		562,665
Contract Receivable		96,876
Reimbursements Receivable		14,616
Prepaid Expense		<u>110,341</u>
Total Current Assets		<u>916,389</u>

Property and Equipment

Equipment		103,995
Equipment - Capital Lease		11,382
Furniture and Fixtures		35,128
Leasehold Improvements		<u>23,392</u>
Total Property and Equipment		173,897
Less: Accumulated Depreciation		(122,291)
Less: Accumulated Depreciation - Capital Lease		<u>(1,138)</u>
Property and Equipment - Net		<u>50,468</u>

Other Assets

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

TOTAL ASSETS	\$	<u><u>973,348</u></u>
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See Independent Auditor's Report and Notes to the Financial Statements.

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019**

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$ 8,104
Payroll Liabilities	290
Compensated Absences Liability	96,253
Current Portion of Capital Lease	<u>3,773</u>
Total Current Liabilities	<u>108,420</u>

Long Term Liabilities

Capital Lease Payable	5,030
Less: Current Portion of Capital Lease	<u>(3,773)</u>
Total Long Term Liabilities	<u>1,257</u>
Total Liabilities	<u>109,677</u>

Net Assets

Net Assets Without Donor Restrictions	<u>863,671</u>
Total Net Assets	<u>863,671</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 973,348</u></u>
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See Independent Auditor's Report and Notes to the Financial Statements.

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

NET ASSETS WITHOUT DONOR RESTRICTIONS

Revenue

Contract Revenue	\$ 1,162,509
Expert Expenditure Reimbursement	90,265
Rental Income	<u>8,104</u>
Total Revenue	<u>1,260,878</u>

Expenses

Program Service	1,093,350
Management and General	<u>226,023</u>
Total Expenses	<u>1,319,373</u>
Income (Loss) from Operations	<u>(58,495)</u>

Other Income (Expenses)

Interest Income	8,862
Interest Expense	(33)
Other Income	<u>1,141</u>
Total Other Income (Expenses)	<u>9,970</u>

Change in Net Assets	<u>\$ (48,525)</u>
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Net Assets, Beginning of Year	\$ 912,196
Change in Net Assets	<u>(48,525)</u>
Net Assets, End of Year	<u>\$ 863,671</u>

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

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019**

	Program <u>Service</u>	Management <u>& General</u>	<u>Total</u>
Accounting Expense	\$ -	\$ 21,128	\$ 21,128
Capital Representation	50,105	-	50,105
Contract Attorney	175,997	-	175,997
Depreciation	6,683	6,683	13,366
Dues, Seminars, and Subscriptions	28,063	-	28,063
Experts	2,992	-	2,992
Insurance	54,267	16,048	70,315
Investigators	13,002	-	13,002
Office Expense	5,950	5,949	11,899
Payroll and Payroll Taxes	520,492	110,302	630,794
Professional Fees	-	4,903	4,903
Reimbursable Expert Expenditures	90,265	-	90,265
Rent	29,763	32,064	61,827
Repairs and Maintenance	325	325	650
SEP-IRA Contributions	38,975	9,625	48,600
Technical Support	6,442	6,442	12,884
Telephone	6,230	6,229	12,459
Travel	57,472	-	57,472
Utilities	5,000	4,999	9,999
Miscellaneous	<u>1,327</u>	<u>1,326</u>	<u>2,653</u>
Total Expenses	<u>\$ 1,093,350</u>	<u>\$ 226,023</u>	<u>\$ 1,319,373</u>

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

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (48,525)
Non Cash Items Included in Increase (Decrease) in Net Assets:	
Depreciation	13,366
Interest Income on Certificates of Deposit	(7,781)
Decrease (Increase) in Current Assets:	
Contract Receivable	(96,876)
Reimbursements Receivable	6,928
Prepaid Expense	(20,275)
Increase (Decrease) in Current Liabilities:	
Accounts Payable	(2,782)
Compensated Absences Payable	22,785
Payroll Liabilities	<u>(141)</u>
Net Cash Provided By (Used in) Operating Activities	<u>(133,301)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Property and Equipment	(1,757)
Proceeds from Sale of Property and Equipment	<u>-</u>
Net Cash Provided by (Used in) Investing Activities	<u>(1,757)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on Capital Lease Payable	<u>(3,773)</u>
Net Cash Provided by (Used in) Financing Activities	<u>(3,773)</u>

Net Increase (Decrease) in Cash	\$ (138,831)
Cash and Cash Equivalents, Beginning of Year	<u>270,722</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 131,891</u></u>

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

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019**

SUPPLEMENTAL DISCLOSURES ON CASH FLOW INFORMATION

Cash Paid During the Year For:

Interest	\$	-
Income Taxes	\$	-

SUPPLEMENTAL NONCASH INVESTING AND FINANCING
TRANSACTIONS

Purchase of Property and Equipment:

Purchase Price	\$	-
Cash Paid	\$	-
Amount Financed	\$	-
	<u>\$</u>	<u>-</u>

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

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

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

B. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

C. Financial Statement Presentation

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

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

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

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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

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

D. Functional Expense Allocation

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

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. Cash and Cash Equivalents

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

G. Reimbursements Receivable

Reimbursements Receivable consists of reimbursements approved by the Louisiana Public Defender Board for expenditures incurred by June 30, 2019 that had not been received by the Project by year-end.

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

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

H. Property and Equipment

Property and Equipment purchases are recorded and carried at cost. Depreciation is computed on the straight-line method over the following estimated useful lives:

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

Depreciation expense for the year ended June 30, 2019 was \$13,366.

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

The Project did not receive any donations of property and equipment during the year ended June 30, 2019.

I. Income Tax Status

The Project is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under Section 121(5) of Title 47 of the Louisiana Revised Statutes of 1950. However, income from certain activities not directly related to the Project's tax-exempt purpose would be subject to taxation as unrelated business income.

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

Note 2. CONTRACT REVENUE

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

The contracts for the year ended June 30, 2019 provided \$1,162,509 to the Project. Therefore, total contract revenue for the year ended June 30, 2019 was \$1,162,509.

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 3. RESTRICTIONS ON NET ASSETS

Net assets consist of the following:

	Without Donor Restrictions	With Donor Restrictions
Net Assets, Beginning of Year	\$912,196	\$ -
Change in Net Assets	(48,525)	\$ -
Net Assets, End of Year	<u>\$863,671</u>	<u>\$ -</u>

Note 4. CONCENTRATIONS OF CREDIT RISK

At times throughout the year, the Project's interest-bearing, cash accounts and certificates of deposit held at its financial institution exceeded federally insured limits. All deposits owned by the Project at the same financial institution are combined and insured up to \$250,000 by the Federal Deposit Insurance Corporation. All cash and certificates of deposit of the Project are held at one financial institution. At June 30, 2019, \$557,724 of cash and certificates of deposit was uninsured.

All contract revenue for the year ended June 30, 2019 was from the Louisiana Public Defender Board.

At June 30, 2019, all reimbursements receivable were due from the Louisiana Public Defender Board.

Note 5. LEASES

Operating Leases:

The Project leases office space from an unrelated party. Rent expense for the year ended June 30, 2019 was \$59,525. Effective September 1, 2017, the Project entered into a new lease that expires August 30, 2020. The Project also leases miscellaneous office equipment accounted for under operating leases. Future minimum lease payments are as follows:

<u>Year Ending June 30:</u>	
2020	\$ 60,927
2021	10,286
2022	-
2023	-
2024	-

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

The Project also leases storage space from an unrelated party on a month to month basis. Rent expense for the year ended June 30, 2019 was \$2,302.

Capital Leases:

The Project leases office equipment classified as a capital lease. This office equipment and related accumulated depreciation is presented on the accompanying balance sheet. The capital lease obligation bears interest of 0% and matures in October 2021. Interest has not been imputed on the capital lease obligation since the imputation of interest would be immaterial to the financial statements as a whole. As of June 30, 2019, the outstanding balance on the capital lease payable was \$5,030.

Annual maturities of the capital lease payable are as follows:

<u>Year Ending June 30:</u>	
2020	\$ 3,773
2021	1,257
2022	-
2023	-
2024	-
	<u>\$ 5,030</u>

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

<u>Year Ending June 30:</u>	
2020	\$ 3,773
2021	1,257
2022	-
2023	-
2024	-
	<u>\$ 5,030</u>
Less: Interest	<u>-</u>
	<u>\$ 5,030</u>

Note 6. SEP-IRA

The Project offers a Simplified Employee Pension plan (SEP-IRA) to its employees after one year of employment. The Project contributes a maximum of 10% of an employee's annual base salary. Contributions for the year ended June 30, 2019 were \$48,600.

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 7. COMPENSATED ABSENCES

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

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

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

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

Note 8. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Project's financial assets available to meet cash needs as of June 30, 2019 was \$806,048, of which \$0 was unavailable for general expenditures within one year. Therefore, the financial assets available to meet cash needs for general expenditures within one year are \$806,048.

As part of the Project's liquidity management, it invests any excess cash in Certificates of Deposit. The Project has a capital lease payable with an outstanding balance at June 30, 2019 of \$5,030.

Note 9. SUBSEQUENT EVENTS

Management evaluated subsequent events through December 30, 2019, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO DIRECTOR
YEAR ENDED JUNE 30, 2019**

DIRECTOR: Kerry P. Cuccia

PURPOSE	AMOUNT
Payroll:	
Salary	\$ 131,241
Compensatory Time	\$ 12,294
Simple IRA Contributions	\$ 14,354
Insurance - Health	\$ 13,373
Insurance - Disability	\$ 1,371
 <u>Reimbursements</u>	
Travel	\$ 5,265
Office Expense	\$ 577
Contract Attorney	\$ 495

See Independent Auditor's Report.

SCHAFFER GROUP LTD, LLC ^{IX.}

Certified Public Accountants

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Capital Defense Project of Southeast Louisiana (a Louisiana Not-for-Profit Corporation), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 30, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Capital Defense Project of Southeast Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Capital Defense Project of Southeast Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Capital Defense Project of Southeast Louisiana's internal control.

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

combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

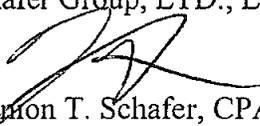
Compliance and Other Matters

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

Purpose of this Report

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

Schafer Group, LTD., LLC



Kerron T. Schafer, CPA
Managing Member

December 30, 2019

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2019**

We have audited the financial statements of Capital Defense Project of Southeast Louisiana as of and for the year ended June 30, 2019, and have issued our report thereon dated December 30, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2019, resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

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

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

b. Federal Awards Not Applicable

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Type of Opinion On Compliance for Major Programs

Unqualified Qualified Disclaimer Adverse

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

Yes No

Was a management letter issued? Yes No

c. Identification of Major Programs: Not Applicable

CFDA Number (s)

Name of Federal Program (or Cluster)

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

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

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2019**

Section II - Financial Statement Findings

No Section II Findings.

Section III - Federal Award Findings and Questioned Costs

No Section III Findings.

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2019**

SECTION I

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

Not applicable.

SECTION II

INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

Not applicable.

SECTION III

MANAGEMENT LETTER

Not applicable.

THIS SCHEDULE HAS BEEN PREPARED BY MANAGEMENT.