

FINANCIAL REPORT
THE LOUISIANA APPELLATE PROJECT
JUNE 30, 2018 AND 2017

THE LOUISIANA APPELLATE PROJECT

JUNE 30, 2018 AND 2017

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Duplantier
Hrapmann
Hogan &
Maher, LLP

William G. Stamm, CPA
Lindsay J. Calub, CPA, LLC
Guy L. Duplantier, CPA
Michelle H. Cunningham, CPA
Dennis W. Dillon, CPA
Grady C. Lloyd, III CPA

Heather M. Jovanovich, CPA
Terri L. Kitto, CPA

Michael J. O'Rourke, CPA
David A. Burgard, CPA
Clifford J. Giffin, Jr., CPA

A.J. Duplantier, Jr., CPA
(1919-1985)

Felix J. Hrapmann, Jr., CPA
(1919-1990)

William R. Hogan, Jr., CPA
(1920-1996)

James Maher, Jr., CPA
(1921-1999)

New Orleans
1615 Poydras Street,
Suite 2100
New Orleans, LA 70112
Phone: (504) 586-8866
Fax: (504) 525-5888

Northshore
1290 Seventh Street
Slidell, LA 70458
Phone: (985) 641-1272
Fax: (985) 781-6497

Houma
247 Corporate Drive
Houma, LA 70360
Phone: (985) 868-2630
Fax: (985) 872-3833

Napoleonville
5047 Highway 1
P.O. Box 830
Napoleonville, LA 70390
Phone: (985) 369-6003
Fax: (985) 369-9941

INDEPENDENT AUDITOR'S REPORT

November 6, 2018

To the Board of Directors of
The Louisiana Appellate Project
Covington, Louisiana

We have audited the accompanying financial statements of The Louisiana Appellate Project (a Louisiana nonprofit corporation), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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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 statements.

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 The Louisiana Appellate Project as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to agency head or chief executive officer is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 November 6, 2018, on our consideration of The Louisiana Appellate Project's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Louisiana Appellate Project's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Louisiana Appellate Project's internal control over financial reporting and compliance.



New Orleans, Louisiana

THE LOUISIANA APPELLATE PROJECT
 STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS:		
Cash	\$ 349,099	\$ 958,178
Total current assets	<u>349,099</u>	<u>958,178</u>
PROPERTY AND EQUIPMENT:		
Computer equipment	4,462	4,462
Less: Accumulated depreciation	<u>(4,462)</u>	<u>(4,462)</u>
Net property and equipment	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 349,099</u>	<u>\$ 958,178</u>

LIABILITIES AND NET ASSETS

LIABILITIES:		
Accounts payable	\$ 11,400	\$ 6,087
Deferred revenue	<u>-</u>	<u>613,605</u>
Total liabilities	<u>11,400</u>	<u>619,692</u>
NET ASSETS:		
Unrestricted	<u>337,699</u>	<u>338,486</u>
Total net assets	<u>337,699</u>	<u>338,486</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 349,099</u>	<u>\$ 958,178</u>

See accompanying notes.

THE LOUISIANA APPELLATE PROJECT
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
REVENUE:		
Operating income - Louisiana Public Defender Board	\$ 1,523,891	\$ 1,523,891
Expert witness income	-	410,904
Annual seminar	5,875	5,375
Interest income	1,585	2,720
Total revenue	<u>1,531,351</u>	<u>1,942,890</u>
EXPENSES:		
Program services	1,517,660	1,944,812
Supporting services:		
Management and general	<u>14,478</u>	<u>15,102</u>
Total expenses	<u>1,532,138</u>	<u>1,959,914</u>
CHANGE IN NET ASSETS	(787)	(17,024)
Net assets - Beginning of year	<u>338,486</u>	<u>355,510</u>
Net assets - End of year	<u>\$ 337,699</u>	<u>\$ 338,486</u>

See accompanying notes.

THE LOUISIANA APPELLATE PROJECT
 STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018			2017		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Bank charges	\$ -	\$ 185	\$ 185	\$ -	\$ 190	\$ 190
Contractual services	1,400,292	-	1,400,292	1,410,000	-	1,410,000
Expert witness payments	-	-	-	415,876	-	415,876
General insurance	8,794	-	8,794	8,794	-	8,794
Office	36,000	4,000	40,000	34,088	3,788	37,876
Professional fees	-	10,293	10,293	-	11,124	11,124
Seminar	3,205	-	3,205	3,364	-	3,364
Subscriptions	69,369	-	69,369	72,690	-	72,690
 Total expenses	 \$ <u>1,517,660</u>	 \$ <u>14,478</u>	 \$ <u>1,532,138</u>	 \$ <u>1,944,812</u>	 \$ <u>15,102</u>	 \$ <u>1,959,914</u>

See accompanying notes.

THE LOUISIANA APPELLATE PROJECT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (787)	\$ (17,024)
Adjustments to reconcile increase in net assets to net cash flows provided by (used in) operating activities:		
Increase (decrease) in accounts payable	5,313	(75,839)
Increase (decrease) in deferred revenue	<u>(613,605)</u>	<u>(25,904)</u>
Net cash provided (used) by operating activities	<u>(609,079)</u>	<u>(118,767)</u>
Net (decrease) increase in cash	(609,079)	(118,767)
Cash at beginning of year	<u>958,178</u>	<u>1,076,945</u>
CASH AT END OF YEAR	<u><u>\$ 349,099</u></u>	<u><u>\$ 958,178</u></u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash paid for:

Interest	\$ <u> -</u>	\$ <u> -</u>
Income taxes	\$ <u> -</u>	\$ <u> -</u>

See accompanying notes.

THE LOUISIANA APPELLATE PROJECT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

DESCRIPTION OF ORGANIZATION:

The Louisiana Appellate Project (LAP) was formed as a 501(c)(3) nonprofit law office on April 1, 1996. It was the first program or agency established by The Louisiana Indigent Defender Board (now Louisiana Public Defender Board). The Louisiana Appellate Project provides appellate services for indigents on appeals of felony convictions in all Louisiana districts and also for felony grade delinquency adjudications.

Appellate work includes work in the appellate courts of Louisiana and, when appropriate, filing writs to the Louisiana Supreme Court. It also includes cases appealed by the State, such as when a court declares a statute unconstitutional.

Every district public defender office has contracted with LAP to supplement their staff with these services. There is no cost to the district public defender. Almost all funding for LAP comes from the Louisiana Public Defender Board, with minor income from the LAP annual seminar. By concentrating appellate work across all five Louisiana Circuit Courts to LAP attorneys, client's appeals are handled by attorneys with the skills, experience, and time to focus on the unique needs of appellate work. This arrangement similarly allows public defenders to focus on trial practice and their primary duties.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A summary of LAP's significant accounting policies applied in the preparation of the accompanying financial statement follows:

Basis of Accounting and Financial Statement Presentation

The financial statements have been prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

LAP follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958, *Presentation of Financial Statements for Not-for-Profit Entities*. Under ASC 958-205, LAP 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. Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets.

The three classifications of net assets are defined as follows:

Unrestricted Net Assets – Those net assets whose use is not restricted by donors.

THE LOUISIANA APPELLATE PROJECT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Accounting and Financial Statement Presentation (Continued)

Temporarily Restricted Net Assets – Those net assets whose use by LAP has been limited by donors (a) to later periods of time or after specified dates, or (b) to specific purposes. LAP did not have temporarily restricted net assets as of June 30, 2018 and 2017.

Permanently Restricted Net Assets – Those net assets that must be maintained in perpetuity due to donor-imposed restrictions that will neither expire with the passage of time nor be removed by meeting certain requirements. LAP did not have permanently restricted net assets as of June 30, 2018 and 2017.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, LAP considers cash in banks and cash on hand to be cash equivalents.

Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost or, in the case of donated property, at their estimated fair value at the date of receipt. Depreciation is calculated by the straight-line method over the estimated useful life of the assets, which is five years for the assets currently held. Expenditures for repairs and maintenance are charged to operating expenses as incurred.

LAP has a policy of capitalizing property and equipment with a cost greater than \$1,000. There was no depreciation expense during the years ended June 30, 2018 and 2017, as the assets were fully depreciated.

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. Accordingly, actual results could differ from those estimates.

Income Tax

LAP is exempt from income taxes under Internal Revenue Code Section 501(c)(3) as a nonprofit organization and, accordingly, the financial statements do not reflect a provision for income taxes. LAP's Federal Return of Organization Exempt from Income Tax (Form 990) for 2017, 2016, 2015, and 2014 are subject to examination by the IRS, generally for three years after they were filed. There was no unrelated business income during the years ended June 30, 2018 or 2017.

THE LOUISIANA APPELLATE PROJECT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Deferred Revenue

Deferred revenue related to funding received in advance from The Louisiana Public Defender Board for expert witness payments received in advance, but not available for LAP to use. Effective July 1, 2017, LAP was no longer handling the expert witness funds and had no deferred revenue for 2018.

Accounting for Uncertain Tax Positions under FASB ASC 740-10

Accounting standards provide detailed guidance for the financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an enterprise's financial statements. Under these accounting standards, an entity is required to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. Management has evaluated the significant tax positions against the criteria established by these accounting standards and believes there are no such tax positions requiring accounting recognition.

Functional Expenses

Expenses are charged directly to supporting program services or administrative and general in categories based on specific identification. Expenses which cannot be functionally categorized are allocated between functions based upon management's estimate of usage applicable to conducting those functions.

2. CONCENTRATIONS OF CREDIT RISK:

LAP's income is derived primarily from funding under contracts with the Louisiana Public Defender Board to support its operations. Income is recognized when earned.

LAP maintains its cash balances at two financial institutions located within the State of Louisiana. Deposits are insured up to \$250,000 per depositor, per insured bank, for each account of ownership. At June 30, 2018 and 2017, the bank balances were fully insured.

3. DATE OF MANAGEMENT'S REVIEW:

Subsequent events have been evaluated through November 6, 2018, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

THE LOUISIANA APPELLATE PROJECT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
 TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2018

Agency head name: James H. Looney, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Contract	
Compensation	101,500
Costs for running office, including taxes, phones, fax, software, internet, computer, travel, CLE, office supplies, books etc.	40,000
Benefits - insurance	-
Benefits - retirement	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
	<hr/>
	\$ <u>141,500</u>



Duplantier
Hrapmann
Hogan &
Maher, LLP

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New Orleans
1615 Poydras Street,
Suite 2100
New Orleans, LA 70112
Phone: (504) 586-8866
Fax: (504) 525-5888

Northshore
1290 Seventh Street
Slidell, LA 70458
Phone: (985) 641-1272
Fax: (985) 781-6497

Houma
247 Corporate Drive
Houma, LA 70360
Phone: (985) 868-2630
Fax: (985) 872-3833

Napoleonville
5047 Highway 1
P.O. Box 830
Napoleonville, LA 70390
Phone: (985) 369-6003
Fax: (985) 369-9941

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

November 6, 2018

To the Board of Directors of
The Louisiana Appellate Project

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Louisiana Appellate Project (a Louisiana nonprofit corporation), which comprise the statement of financial position as of June 30, 2018, 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 November 6, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Louisiana Appellate Project's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Louisiana Appellate Project'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.



New Orleans, Louisiana

THE LOUISIANA APPELLATE PROJECT
LOUISIANA APPELLATE PROJECT
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of The Louisiana Appellate Project for the year ended June 30, 2018, was unmodified.
2. Internal Control:
 Significant deficiencies: none noted
 Material weaknesses: none noted
3. Compliance and Other Matters:
 Noncompliance material to financial statements: none noted

FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED
GOVERNMENTAL AUDITING STANDARDS:

None noted.

SUMMARY OF PRIOR YEAR FINDINGS:

None noted.