

REPORT

ST. BERNARD PARISH ADULT
DRUG COURT, INC.

JUNE 30, 2019

ST. BERNARD PARISH ADULT DRUG COURT, INC.

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INDEPENDENT AUDITOR'S REPORT

December 19, 2019

To the Board of Directors of
St. Bernard Parish Adult Drug Court, Inc.
Chalmette, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of St. Bernard Parish Adult Drug Court, Inc. (a nonprofit organization) 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 *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 St. Bernard Parish Adult Drug Court, Inc. as of June 30, 2019, and the changes in its net assets, functional expenses and its cash flows for the year 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 schedule of compensation, benefits and other payments to agency head on page 12 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 19, 2019, on our consideration of the St. Bernard Parish Adult Drug Court, Inc.'s internal control over financial reporting and our tests of its compliance with 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 the St. Bernard Parish Adult Drug Court, Inc.'s internal control over financial reporting and compliance.

Duplantier, Sharpner, Hogan and Parker, LLP

New Orleans, Louisiana

ST. BERNARD PARISH ADULT DRUG COURT, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

ASSETS

Cash	\$ 7,941
Due from Juvenile Drug Court	12,942
Grant receivable	<u>23,594</u>
 TOTAL ASSETS	 \$ <u><u>44,477</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES:	
Accounts payable	\$ 16,311
Loan payable	6,928
Payroll liabilities	<u>3,043</u>
Total liabilities	<u>26,282</u>
 NET ASSETS:	
Without donor restrictions	<u>18,195</u>
Total net assets	<u>18,195</u>
 TOTAL LIABILITIES AND NET ASSETS	 \$ <u><u>44,477</u></u>

See accompanying notes.

ST. BERNARD PARISH ADULT DRUG COURT, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

REVENUES AND SUPPORT:

Grant revenue	\$ 237,000
Program fees	14,960
Interest	<u>153</u>
Total revenues and support	<u>252,113</u>

EXPENSES:

Program	232,869
General and administrative	<u>17,575</u>
Total expenses	<u>250,444</u>

Change in net assets without restrictions	1,669
Net assets without restrictions - beginning of year	<u>16,526</u>
Net assets without restrictions - end of year	<u>\$ 18,195</u>

See accompanying notes.

ST. BERNARD PARISH ADULT DRUG COURT, INC.
 SUPPLEMENTARY INFORMATION
 STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Program</u>	<u>General and Administrative</u>	<u>Total</u>
Accounting and auditing	\$ -	\$ 10,679	\$ 10,679
Fees and finance charges	-	10	10
Insurance	9,874	1,743	11,617
Membership, dues, and subscriptions	650	-	650
Miscellaneous	1,072	-	1,072
Office expense	6,074	675	6,749
Payroll and payroll taxes	111,775	4,468	116,243
Professional fees	800	-	800
Testing and laboratory	28,622	-	28,622
Travel and training	3,004	-	3,004
Treatment expense	<u>70,998</u>	<u>-</u>	<u>70,998</u>
	<u>\$ 232,869</u>	<u>\$ 17,575</u>	<u>\$ 250,444</u>

See accompanying notes

ST. BERNARD PARISH ADULT DRUG COURT, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 1,669
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Increase in grants receivable	(23,594)
Increase in due from St Bernard Juvenile Court	(6,500)
Increase in accounts payable	15,247
Increase in loan payable	6,928
Increase in payroll liabilities	<u>1,551</u>
Net cash used by operating activities	<u>(4,699)</u>
 NET CHANGE IN CASH	 (4,699)
 CASH AT BEGINNING OF YEAR	 <u>12,640</u>
 CASH AT END OF YEAR	 <u><u>\$ 7,941</u></u>

See accompanying notes.

ST. BERNARD PARISH ADULT DRUG COURT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NATURE OF ORGANIZATION

The St. Bernard Parish Adult Drug Court, Inc. (ADC) is a nonprofit entity established to provide an alternative to the singularly directed, traditional criminal justice case management system of pursuing only punitive based sanctions in response to drug addiction of incarceration and its resultant increased costs in public resources to little or no avail in addressing, diminishing, or reducing criminal activity related to drug addiction and its consequences. This program includes the administration of the St. Bernard Parish Adult Drug Court, Inc. which is a part of the 34th Judicial District Court. At June 30, 2019, the ADC consisted of two full-time and three part-time employees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A summary of the major accounting policies followed in the preparation of the accompanying financial statements is set forth below:

Basis of Accounting and Presentation:

The financial statements are prepared using the accrual basis of accounting. Revenues are recorded when earned and expenses recorded when they are incurred.

The statement of functional expenses charges expenses directly to supporting program services or general and administrative 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.

Support and Revenue:

As the State of Louisiana is the ADC's major source of revenue, all grant receivables are expected to be fully collectible. Therefore, no provision for uncollectible grant income has been recognized in the accompanying financial statements. A significant reduction in the level of support provided by the State of Louisiana could have a significant impact on the ADC's activities.

The ADC charges a \$200 program entry fee to individuals applying for entry into the ADC's Drug Court Program. The fees are used to process the applicant's paperwork (including background check). The program entry fees are non-refundable.

In addition, the ADC charges a \$10 drug testing fee for each test required to be administered to an ADC program participant. The \$10 fee is charged and payable at the time of testing. Failure to pay the \$10 fee results in a sanction against the ADC participant.

ST. BERNARD PARISH ADULT DRUG COURT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Support and Revenue: (Continued)

Through an agreement with the St. Bernard Parish District Attorney's office, the ADC services pre-plea clients. This program is for first time offenders who have drug charges brought against them and who exhibit high-risk behavior which disqualifies them from participating in the District Attorney's Diversion Program. Each pre-plea client must pay a \$750 non-refundable program entry fee and a \$50 per month supervisory fee as well as the \$10 drug testing fee referenced above.

Cash:

Cash includes demand deposits accounts.

Income Taxes:

The ADC qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. However, should the ADC engage in activities unrelated to its exempt purpose, taxable income could be earned.

The ADC's Federal Return of Organization Exempt from Income Tax (Form 990) for 2018, 2017, 2016, and 2015 are subject to examination by the IRS, generally for three years after they were filed.

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 and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of support and revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Statement of Cash Flows:

For the purposes of the statement of cash flows, the ADC considers cash and cash equivalents to be all items designated as cash on the statement of financial position.

New Accounting Pronouncement:

As of July 1, 2018, the ADC adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14)*. This Update addresses the

ST. BERNARD PARISH ADULT DRUG COURT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

New Accounting Pronouncement:

the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is a change in the net asset classes used in the financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with restrictions. A footnote on liquidity and availability of financial statements has also been added to the financial statements.

Contributions:

All contributions are considered to be without donor restrictions and available for use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as with donor restrictions. However, if a restriction is fulfilled in the same reporting period in which the contribution is received, the ADC reports the support as without restrictions.

2. CASH:

The ADC's cash balance consists of undeposited funds and interest bearing demand deposits maintained at a local financial institution. Deposits are insured up to \$250,000 per depositor by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2019, undeposited funds were \$460, and the ADC's bank balance totaling \$13,646 was fully covered by FDIC insurance.

Interest bearing demand deposits	\$ 13,646
Undeposited funds	<u>460</u>
	<u>\$ 14,106</u>

3. RECEIVABLES:

Receivables include grants receivable for the State of Louisiana in the amount of \$23,594 as of June 30, 2019. These receivables are considered to be fully collectible.

4. RELATED PARTY TRANSACTIONS:

As of June 30, 2019, the ADC was owed \$12,942 from the St. Bernard Parish Juvenile Drug Court, Inc. (JDC). The ADC makes advances to the JDC to cover general operating

ST. BERNARD PARISH ADULT DRUG COURT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

4. RELATED PARTY TRANSACTIONS: (Continued)

expenses. The JDC then reimburses the ADC as funding is received. The ADC and JDC share common control as both entities' board of directors are made up of the Judges of the 34th Judicial District Court.

The St. Bernard Parish Adult Drug Court, Inc. shares office space with the St. Bernard Parish Juvenile Drug Court, Inc. Office expenses, including telephone and internet charges, are allocated between the ADC and JDC based on the number of participants in each program during the month. During the year ended June 30, 2019, office expenses incurred by ADC related to the shared office space was \$6,749. Office expenses incurred by JDC during the year ended June 30, 2019, was \$6,162.

5. LOAN PAYABLE:

As of June 30, 2019, the ADC owes St. Bernard Parish Pre-Trial Drug Testing (PTDT) \$6,928. The PTDT is used for individuals sent to drug screening but are not in the Adult Drug Court program. ADC obtained a loan from PTDT to cover general operating expenses. The loan has no interest and is due on demand. The ADC will reimburse the PTDT as funding is received.

6. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following reflects the drug court's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts available include donor restricted amounts that are available for general expenditure in the following year.

Financial assets, at year end:	
Cash and cash equivalents	\$ 7,941
Due from Juvenile Drug Court	12,942
Grant receivable	<u>23,594</u>
Total financial assets at year end	44,477
Current Liabilities, at year end:	
Accounts payable	16,311
Loan payable	6,928
Payroll Liabilities	<u>3,043</u>
Total Current Liabilities at year end	26,282
Less contracted or donor-imposed restrictions:	
Total contractual or donor-imposed restrictions	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 18,195</u></u>

ST. BERNARD PARISH ADULT DRUG COURT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

8. DATE OF MANAGEMENT'S REVIEW:

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 19, 2019, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in the financial statements.

ST. BERNARD PARISH ADULT DRUG COURT, INC.
SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2019

Agency Head Name: Nicolle Tourdot

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 41,461
Benefits - insurance	11,617
Benefits - cell phone	808
Reimbursements - office expense	549
Reimbursements - travel and training	<u>864</u>
	<u>\$ 55,299</u>



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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

December 19, 2019

To the Board of Directors of
St. Bernard Parish Adult Drug Court, Inc.
Chalmette, Louisiana

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 St. Bernard Parish Adult Drug Court, Inc. (a nonprofit organization), 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 19, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the St. Bernard Parish Adult Drug Court, Inc.'s internal control over financial reporting 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 St. Bernard Parish Adult Drug Court, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the St. Bernard Parish Adult Drug Court, Inc.'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 St. Bernard Parish Adult Drug Court, Inc.'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 St. Bernard Parish Adult Drug Court, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Duplantier, Sharpner, Hogan and Graker, LLP

New Orleans, Louisiana

ST. BERNARD PARISH ADULT DRUG COURT, INC.
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

Auditor's Opinion:

The opinion issued on the financial statements of the St. Bernard Parish Adult Drug Court, Inc. for the year ended June 30, 2019 was unmodified.

Internal Control over Financial Reporting:

Material weaknesses: None noted.

Significant deficiencies: None noted.

Noncompliance material to financial statements: None noted.

Summary of Prior Year Findings:

None noted.