

**BATON ROUGE CAPITAL  
CONFLICT OFFICE, INC.  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDING  
DECEMBER 31, 2020 AND 2019**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Baton Rouge Capital Conflict Office, Inc.  
Baton Rouge, LA

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Baton Rouge Capital Conflict Office, Inc. (a non-profit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, 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.

### **Auditors' 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.

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 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 Baton Rouge Capital Conflict Office, Inc. as of December 31, 2020 and 2019, and 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**

### *Other 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 the Executive 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.

The Statewide Agreed Upon Procedures are not a required part of the basic financial statements but is supplementary information required by Louisiana State Law. 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. We have applied certain limited procedures, which are described in the Independent Accountant's Report on Applying Agreed Upon Procedures. However we did not audit this information and, accordingly, express no opinion on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2021 on our consideration of Baton Rouge Capital Conflict Office, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Baton Rouge Capital Conflict Office, Inc.'s internal control over financial reporting and compliance.



Daigrepoint & Brian, APAC  
Baton Rouge, LA

June 17, 2021

**BATON ROUGE CAPITAL CONFLICT OFFICE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Current Assets		
Cash	\$ 703,688	\$ 444,457
Contract receivable	107,954	107,954
Prepaid expenses	6,355	30,099
Total Current Assets	<u>817,997</u>	<u>582,510</u>
Property and Equipment, net	<u>9,170</u>	<u>13,808</u>
Total Assets	<u>\$ 827,167</u>	<u>\$ 596,318</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accrued liabilities	<u>\$ 27,757</u>	<u>\$ 14,372</u>
Total Current Liabilities	<u>27,757</u>	<u>14,372</u>
Total Liabilities	27,757	14,372
Net Assets		
Without donor restrictions	<u>799,410</u>	<u>581,946</u>
Total Liabilities and Net Assets	<u>\$ 827,167</u>	<u>\$ 596,318</u>

See accompanying notes and independent auditors' report.

**BATON ROUGE CAPITAL CONFLICT OFFICE, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>REVENUES</b>		
Louisiana Public Defender Board	\$ 1,280,000	\$ 1,217,277
Expense reimbursements	14,195	74,992
Interest income	710	1,062
In-kind contributions	4,000	4,000
PPP Loan Forgiveness	180,073	-
Other income	1,564	-
Total Revenues	<u>1,480,542</u>	<u>1,297,331</u>
<b>EXPENSES</b>		
Program services	1,217,849	1,227,093
Management and general	45,229	41,646
Total Expenses	<u>1,263,078</u>	<u>1,268,739</u>
<b>CHANGE IN NET ASSETS</b>	217,464	28,592
Net assets - beginning of year	<u>581,946</u>	<u>553,354</u>
Net assets - end of year	<u><u>\$ 799,410</u></u>	<u><u>\$ 581,946</u></u>

See accompanying notes and independent auditors' report.

**BATON ROUGE CAPITAL CONFLICT OFFICE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Program Services	Management & General	Total
Accounting	\$ 9,840	\$ 410	\$ 10,250
Client supplies	121	-	121
Computer expenses	5,630	235	5,865
Education and reference	6,535	-	6,535
Employee benefits	18,221	759	18,980
Depreciation expense	4,638	-	4,638
Dues and subscriptions	6,993	-	6,993
Expert expenses	14,523	-	14,523
Insurance	138,311	5,763	144,074
Investigative expenses	1,837	-	1,837
Medical records	1,873	-	1,873
Office expenses	11,907	496	12,403
Parking	2,976	-	2,976
Payroll taxes	58,679	2,445	61,124
Postage and delivery	741	15	756
Printing and reproduction	4,076	-	4,076
Rent	74,582	-	74,582
Salaries and wages	833,765	34,740	868,505
Telephone	8,776	366	9,142
Travel	13,825	-	13,825
	<u>\$ 1,217,849</u>	<u>\$ 45,229</u>	<u>\$ 1,263,078</u>

See accompanying notes and independent auditors' report.

**BATON ROUGE CAPITAL CONFLICT OFFICE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Program Services	Management & General	Total
Accounting	\$ 9,840	\$ 410	\$ 10,250
Client supplies	80	-	80
Computer expenses	12,985	541	13,526
Education and reference	8,236	-	8,236
Employee benefits	16,705	696	17,401
Depreciation expense	4,118	-	4,118
Dues and subscriptions	5,673	-	5,673
Expert expenses	76,758	-	76,758
Insurance	109,560	4,565	114,125
Investigative expenses	3,736	-	3,736
Medical records	1,648	-	1,648
Office expenses	17,679	737	18,416
Parking	2,793	-	2,793
Payroll taxes	57,492	2,395	59,887
Postage and delivery	907	19	926
Printing and reproduction	9,447	-	9,447
Rent	73,169	-	73,169
Salaries and wages	767,709	31,988	799,697
Telephone	7,068	295	7,363
Travel	41,490	-	41,490
	<u>\$ 1,227,093</u>	<u>\$ 41,646</u>	<u>\$ 1,268,739</u>

See accompanying notes and independent auditors' report.



**BATON ROUGE CAPITAL CONFLICT OFFICE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 217,464	\$ 28,592
<u>Adjustments to reconcile net revenues over expenses to net cash provided by (used in) operating activities:</u>		
Depreciation	4,638	4,118
Forgiveness of PPP loan	(180,073)	-
Increase in contract receivable	-	(10,453)
Decrease (increase) in prepaids	23,744	(24,415)
Increase (decrease) in accrued liabilities	13,385	(3,239)
Net cash provided by (used in) operating activities	79,158	(5,397)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(8,167)
Net cash used in investing activities	-	(8,167)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP loan	180,073	-
Net cash provided by financing activities	180,073	-
NET INCREASE (DECREASE) IN CASH	259,231	(13,564)
CASH, BEGINNING OF YEAR	444,457	458,021
CASH, END OF YEAR	<u>\$ 703,688</u>	<u>\$ 444,457</u>

See accompanying notes and independent auditors' report.

**BATON ROUGE CAPITAL CONFLICT OFFICE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

1. Summary of Significant Accounting Policies

Nature of Operations

Baton Rouge Capital Conflict Office, Inc. (the Organization) was formed as a non-profit organization in December of 2001. The Organization provides criminal defense services to indigent persons in the State of Louisiana who are facing the death penalty at no charge to the defendant. Support for the Organization comes from the Louisiana Public Defender Board.

Basis of Accounting

The financial statements of Baton Rouge Capital Conflict Office, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The financial statements are prepared in accordance with generally accepted accounting principles promulgated in the United States of America for not-for-profit organizations. The Organization reports information about its financial position and activities using two classes of net assets that recognize the existence and nature of restrictions on its net assets.

Net Assets

Baton Rouge Capital Conflict Office reports information regarding its financial position and activities according to two classes of net assets:

*Net Assets Without Donor Restrictions* are net assets that are not subject to donor-imposed restrictions and are available for use at the organization's discretion.

*Net Assets With Donor Restrictions* are net assets subject to donor-imposed restrictions that may or will be met by either actions of the organization or the passage of time. Once the restrictions are met they are reclassified to net assets without donor restrictions.

Revenue Recognition

The Organizations main source of revenue comes from a contract with the Louisiana Public Defender Board to provide legal services to indigent persons who are facing the death penalty. This contract is invoiced in equal amounts over a twelve month period with no consideration given to the number of cases tried or hours worked. From time to time there are increases in the contract to account for additional workload at the request of the Louisiana Public Defender Board. When the contract is increased the amount is prorated over the remaining months on the contract.

The Organization is also reimbursed by the Louisiana Public Defender Board for expenses incurred such as expert witnesses, forensic experts, psychologists, and out of state investigations that are not covered under the contract. These expenses are invoiced as incurred.

**BATON ROUGE CAPITAL CONFLICT OFFICE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

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

Cash

Cash includes all funds in checking and savings accounts.

Income Taxes

The Organization accounts for income taxes in accordance with FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management believes it has no material uncertain tax positions and, accordingly has not recognized a liability for any unrecognized tax benefits.

The Organization is a non-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization files Form 990 in the U.S. federal jurisdiction. The Organization is no longer subject to federal information return examinations by tax authorities for years before 2017.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through the date of the independent auditors' report, which is the date the financial statements were available to be issued.

Functional Expenses

The Organization allocates its expenses on a functional basis between program service or management and general. Expenses that can be identified with a specific program are allocated directly according to their natural expense classification. Other expenses are allocated between programs and supporting services based on management's best estimate of time, percentage, or square footage used, among other factors.

2. Property and Equipment

All acquisitions of property and equipment in excess of \$500 and all expenditures for betterments that materially prolong the useful lives of assets are capitalized and are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives which is typically 5-7 years.

**BATON ROUGE CAPITAL CONFLICT OFFICE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

2. Property and Equipment (continued)

Property and equipment consists of the following:

	<u>2020</u>	<u>2019</u>
Furniture and fixtures	\$ 8,381	\$ 8,381
Machinery and equipment	<u>52,628</u>	<u>52,628</u>
	61,009	61,009
Accumulated depreciation	<u>(51,839)</u>	<u>(47,201)</u>
	<u>\$ 9,170</u>	<u>\$ 13,808</u>

3. Commitments and Contingencies

The Organization receives the majority of its revenue from a contract with the Louisiana Public Defender Board. Funds paid out under this contract are subject to approval by the legislature. It is possible that funding under the contract could be reduced or eliminated based on decisions by the legislature. Management is not aware of any pending reductions or elimination of the contract.

4. Concentrations

Approximately all of the Organization's revenue is from funding provided by the Louisiana Public Defender Board. All of the Organizations accounts receivable is due from the Louisiana Public Defender Board.

Financial instruments, which potentially subject the Organization to concentrations of credit risk consist of cash deposits held with local banks. Cash deposits are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. As of December 31, 2020 and 2019, Baton Rouge Capital Conflict Office had \$280,293 and \$195,927 above the insured limit. The Organization places its deposits with high-credit, quality financial institutions and does not believe that it is exposed to any significant credit risk on uninsured amounts.

5. In-Kind Contributions

The Organization uses five licenses to the LexisNexis database provided by The Louisiana Appellate Project at no cost to the Organization. The use of these five licenses is valued at \$4,000. The value of the in-kind contribution is reported as revenue and an education and reference expense of the Organization.

6. Leases

The Organization leases office space and office equipment under non-cancelable operating leases of various lengths. Total lease payments for office space were \$74,582 and \$73,169 for the years ending December 31, 2020 and 2019, respectively. Total lease payments for office equipment were \$0 and \$1,868 for the years ending December 31, 2020 and 2019, respectively.

**BATON ROUGE CAPITAL CONFLICT OFFICE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

6. Leases (continued)

Future minimum lease payments are as follows:

	Office Space
2021	<u>76,257</u>
2022	77,288
2023	78,318

7. Liquidity and Availability of Financial Assets

The Organization has \$631,569 of financial assets available within one year of the statement of financial position date to meet cash needs for general and operating expenditures, consisting of cash of \$523,615 and accounts receivable of \$107,954. There are no amounts unavailable for general use due to contractual or donor imposed restrictions within one year of the statement of financial position date.

As part of the organization's liquidity management plan, excess cash is placed in a savings account that can be accessed to meet unexpected liquidity needs or in the event of financial distress.

8. Reimbursed Expenses

In accordance with the contract, the Louisiana Public Defender Board reimburses the Organization for expenditures relating to expert witnesses, forensic experts, psychologists and out of state investigations. These expenditures fluctuate from year to year depending on the number of experts needed and number of cases that go to trial. The expenditure is shown on the Statement of Functional Expenses under the caption expert expenses.

9. PPP LOAN

During fiscal year 2020 the Company received a Payroll Protection Program (PPP) loan from the SBA in the amount of \$180,073. The purpose of this loan is to maintain payroll and other operating expenses during the COVID-19 pandemic. The terms of the loan allowed for the amount to be forgiven in full if the funds were used for payroll and certain operating expenses prior to December 31, 2020. As of December 31, 2020, management has determined that the Company has substantially met the conditions and, as such, has recognized the loan amount as revenue.

**BATON ROUGE CAPITAL CONFLICT OFFICE, INC.  
SCHEDULE OF COMPENSATION, BENEFITS, AND  
OTHER PAYMENTS TO THE EXECUTIVE DIRECTOR  
FOR THE YEAR ENDING DECEMBER 31, 2020**

Executive Director	K. Romanach
Salary	\$ 123,671
Travel Reimbursements	893
	<u>\$ 124,564</u>

See accompanying notes and independent auditors' report.

INDEPENDENT AUDITORS' 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  
Baton Rouge Capital Conflict Office, Inc.  
Baton Rouge, LA

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 Baton Rouge Capital Conflict Office, Inc., (a non-profit organization) which comprise the statement of financial position as of December 31, 2020 and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 17, 2021.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Baton Rouge Capital Conflict Office, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Baton Rouge Capital Conflict Office, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Baton Rouge Capital Conflict Office Inc.'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 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 the 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 Baton Rouge Capital Conflict Office, Inc.'s financial statements are free of 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 audits, 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document. This report is intended solely for the information and use of the audit committee, management, others within the organization, the Legislative Auditor, and federal awarding agencies and pass-through entities and 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.



Daigrepoint & Brian, APAC  
Baton Rouge, LA

June 17, 2021



**BATON ROUGE CAPITAL CONFLICT OFFICE, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Summary of Auditors' Reports**

Type of auditor's report issued	Unmodified		
Material weakness(es) identified?	Yes _____	No _____	<u>  X  </u>
Significant deficiencies identified that are not considered to be a material weakness?	Yes _____	No _____	<u>  X  </u>
Compliance			
Noncompliance material to the financial statements	Yes _____	No _____	<u>  X  </u>

**Findings**

There are no findings for the year ended December 31, 2020

**Questioned Costs**

There are no questioned costs for the year ended December 31, 2020

**BATON ROUGE CAPITAL CONFLICT OFFICE, INC.  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Summary of Prior Audit Findings**

There were no prior year audit findings.