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**JUSTICE AND ACCOUNTABILITY CENTER OF LOUISIANA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the Board of Directors  
Justice and Accountability Center of Louisiana

Management is responsible for the accompanying financial statements of the Justice and Accountability Center of Louisiana (a nonprofit organization) (the Organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

*Postlethwaite & Netterville*

Metairie, Louisiana  
June 17, 2020

**JUSTICE AND ACCOUNTABILITY CENTER OF LOUISIANA**

**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2019 AND 2018**

**ASSETS**

	<u>2019</u>	<u>2018</u>
Current assets:		
Cash	\$ 189,505	\$ 44,737
Grants receivable	209,810	18,782
Prepaid expenses	<u>2,478</u>	<u>-</u>
Total current assets	<u>\$ 401,793</u>	<u>\$ 63,519</u>

**LIABILITIES AND NET ASSETS**

Current liabilities:		
Accounts payable	<u>\$ 25,438</u>	<u>\$ 306</u>
Total current liabilities	<u>25,438</u>	<u>306</u>
Net assets:		
Without donor restrictions	120,067	41,503
With donor restrictions	<u>256,288</u>	<u>21,710</u>
Total net assets	<u>376,355</u>	<u>63,213</u>
Total liabilities and net assets	<u>\$ 401,793</u>	<u>\$ 63,519</u>

See accompanying notes and independent accountants' compilation report.

**JUSTICE AND ACCOUNTABILITY CENTER OF LOUISIANA**

**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
<b><u>REVENUES AND SUPPORT</u></b>			
Grants	\$ 9,500	\$ 597,646	\$ 607,146
Contributions	8,642	-	8,642
Fees for services	17,301	-	17,301
Net assets released from restriction	363,068	(363,068)	-
	<u>398,511</u>	<u>234,578</u>	<u>633,089</u>
Total revenues and other support			
<b><u>EXPENSES</u></b>			
Program services	270,924	-	270,924
Support services	49,023	-	49,023
	<u>319,947</u>	<u>-</u>	<u>319,947</u>
Total expenses			
Change in net assets	78,564	234,578	313,142
<b><u>NET ASSETS AT BEGINNING OF THE YEAR</u></b>			
	41,503	21,710	63,213
<b><u>NET ASSETS AT END OF THE YEAR</u></b>			
	<u>\$ 120,067</u>	<u>\$ 256,288</u>	<u>\$ 376,355</u>

(continued)

See accompanying notes and independent accountants' compilation report.

**JUSTICE AND ACCOUNTABILITY CENTER OF LOUISIANA**

**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2018		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b><u>REVENUES AND SUPPORT</u></b>			
Grants	\$ -	\$ 188,852	\$ 188,852
Contributions	2,419		2,419
Special event, net	900		900
Fees for services	4,102		4,102
Net assets released from restrictior	260,724	(260,724)	-
	<u>268,145</u>	<u>(71,872)</u>	<u>196,273</u>
Total revenues and other support			
	<u>268,145</u>	<u>(71,872)</u>	<u>196,273</u>
<b><u>EXPENSES</u></b>			
Program services	191,206	-	191,206
Support services	42,578	-	42,578
	<u>233,784</u>	<u>-</u>	<u>233,784</u>
Total expenses			
	<u>233,784</u>	<u>-</u>	<u>233,784</u>
Change in net assets	34,361	(71,872)	(37,511)
	<u>7,142</u>	<u>93,582</u>	<u>100,724</u>
<b><u>NET ASSETS AT BEGINNING OF THE YEAR</u></b>			
	<u>7,142</u>	<u>93,582</u>	<u>100,724</u>
<b><u>NET ASSETS AT END OF THE YEAR</u></b>			
	<u>\$ 41,503</u>	<u>\$ 21,710</u>	<u>\$ 63,213</u>

See accompanying notes and independent accountants' compilation report.

**JUSTICE AND ACCOUNTABILITY CENTER OF LOUISIANA**

**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019			2018		
	Program Services	Support Services	Total	Program Services	Support Services	Total
		Management and General			Management and General	
benefits	\$ 122,410	\$ 27,615	\$ 150,025	\$ 100,537	\$ 20,476	\$ 121,013
subscriptions	6,913	768	7,681	12,919	454	13,373
	-	4,452	4,452	-	3,562	3,562
al and administrative	-	2,143	2,143	-	919	919
fees	111,848	10,368	122,216	30,256	10,593	40,849
ies	579	139	718	1,916	226	2,142
postage	1,293	323	1,616	3,704	417	4,121
	6,101	2,615	8,716	6,458	2,768	9,226
expense	431	108	539	2,650	800	3,450
	669	167	836	600	837	1,437
d court costs	9,590	-	9,590	25,307	274	25,581
meeting expense	11,090	325	11,415	6,859	1,252	8,111
expenses	<u>\$ 270,924</u>	<u>\$ 49,023</u>	<u>\$ 319,947</u>	<u>\$ 191,206</u>	<u>\$ 42,578</u>	<u>\$ 233,784</u>

independent accountants' compilation report.



**JUSTICE AND ACCOUNTABILITY CENTER OF LOUISIANA**

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b><u>OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ 313,142	\$ (37,511)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Grants receivable	(191,028)	75,051
Prepaid expenses	(2,478)	-
Accounts payable	25,132	-
Accrued expenses	-	(54)
Net cash provided by operating activities	<u>144,768</u>	<u>37,486</u>
Net increase in cash	144,768	37,486
Cash, beginning of year	<u>44,737</u>	<u>7,251</u>
Cash, end of year	<u>\$ 189,505</u>	<u>\$ 44,737</u>

See accompanying notes and independent accountants' compilation report.

**JUSTICE AND ACCOUNTABILITY CENTER OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies**

Organization

The Justice and Accountability Center of Louisiana (the Organization) is a 501(c)(3) non-profit corporation incorporated on December 3, 2012 under the laws of the State of Louisiana. The Organization's mission is to identify and tackle deficiencies in the post-conviction phase of the criminal justice system while creating a supportive collaborative space for attorneys and advocates. The Organization has two programs focusing on expungements and collaborative lawyering that use legal services, education, and advocacy to achieve their mission.

The Organization received \$35,580 and \$104,170 of federal funds, which passed through the housing authority of a city government based in Louisiana, in 2019 and 2018, respectively. The Organization additionally received \$35,000 of municipal funds in 2019. The Organization did not receive any other government funding in 2019 and 2018.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

The financial statements of the Organization report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board of directors.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increase in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities and changes in net assets.

**JUSTICE AND ACCOUNTABILITY CENTER OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies (continued)**

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash consists of amounts held at financial institutions. The Organization considers all highly investments with initial maturity of three months or less to be cash equivalents. The Organization had no cash equivalents as of December 31, 2019 and 2018.

Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give – that is, those with measureable performance or other barriers and right of return (or release) – are not recognized until the conditions on which they depend have been substantially met.

As referred to on the previous page, the Organization was awarded governmental grants which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization recognized as revenue all funds related to these grants during the year ended December 31, 2019.

Contributed Services

Members of the Organization's board of directors and other volunteers have made significant contributions of their time to assist in the Organization's operations and related charitable programs. In accordance with U.S. GAAP, the value of this contributed time is not recorded in these financial statements.

# JUSTICE AND ACCOUNTABILITY CENTER OF LOUISIANA

## NOTES TO FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies (continued)

#### Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). There were no unrecognized tax benefits identified or recorded as liabilities at December 31, 2019 and 2018.

#### Functional Allocation of Expenses

The costs of program and supporting services have been summarized on a functional basis in the statements of activities and changes in net assets. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited.

All direct costs are charged directly to the appropriate program or functional area. Salaries and benefits are allocated on the basis of estimates of time and effort. Remaining indirect costs are allocated based on the relative staffing expense allocated to the program or functional area.

#### Recently Adopted Accounting Standards

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08 Not-for-Profit Entities (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The implementation of this new standard did not have a material impact on the measurement or recognition of revenue.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, to update its revenue recognition standard to clarify the principles of recognizing revenue and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The standard may be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. The Organization adopted this standard effective January 1, 2019 using the modified retrospective approach. The adoption did not have a significant impact on the Organization's financial statements and no adjustment was necessary to the beginning balance of net assets.

**JUSTICE AND ACCOUNTABILITY CENTER OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies (continued)**

Accounting Pronouncements Issued but Not Yet in Effect

In February 2016, the FASB issued ASU 2016-02, Leases. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. In July 2018, the FASB issued ASU 2018-11, Leases (Topic 842), Targeted Improvements, to simplify the lease standard's implementation. The amended guidance relieves businesses and other organizations of the requirement to present prior comparative years' results when they adopt the new lease standard. Instead of recasting prior year results using the new accounting when they adopt the guidance, companies can choose to recognize the cumulative effect of applying the new standard to leased assets and liabilities as an adjustment to the opening balance of net assets. This standard is effective for annual periods beginning after December 15, 2021. The Organization is currently assessing the impact of this pronouncement on its financial statements.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

**2. Availability and Liquidity**

The Organization receives significant contributions with donor restrictions, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization's financial assets available for general expenditures within one year of the date of the statements of financial position are as follows:

	<u>2019</u>	<u>2018</u>
Financial assets at year end:		
Cash	\$ 189,505	\$ 44,737
Grants receivable	209,810	18,782
Total financial assets:	<u>399,315</u>	<u>63,519</u>
Less amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restriction	-	21,710
Net assets with time restrictions	50,000	-
	<u>50,000</u>	<u>21,710</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 349,315</u>	<u>\$ 41,809</u>

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$30,000). As part of its liquidity plan, excess cash is separated and kept in a savings account to generate interest.

**JUSTICE AND ACCOUNTABILITY CENTER OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**3. Economic Dependency**

The primary sources of revenues and support for the Organization are grants and contributions provided through various funding sources. In 2019, the Organization had two major grantors that accounted for approximately 46% of revenue. In 2018, the Organization had two major grantors that accounted for approximately 95% of revenue. The continued operations of the Organization are dependent upon the renewal of grants and contributions from current funding sources as well as obtaining new funding.

**4. Restricted Assets**

Net assets with donor restrictions at December 31, 2019 of \$127,856 and \$128,432 are restricted for limited purposes approved by the donor and for time restrictions, respectively. Net assets with donor restrictions at December 31, 2018 of \$21,710 are restricted for limited purposes approved by the donor.

**5. Lease**

The Organization leases its operating facilities under an agreement which automatically extended on a month-to-month basis subsequent to November 31, 2017. Total lease expense for the year ended December 31, 2019 and 2018 was \$8,716 and \$9,225 respectively.

**6. Subsequent Events**

Management of the Organization has evaluated subsequent events through the date that the financial statements were available to be issued, June 17, 2020, and determined that the following matters required additional disclosure in the financial statements. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen; however, such potential impact is unknown at this time.

Subsequent to year-end, the Organization applied for and was approved a \$28,927 loan under the Paycheck Protection Program as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government.