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A Professional Accounting Corporation

March 8, 2021

Gayle Fransen, CPA
Engagement Manager
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, La 70804-9397

Dear Ms. Fransen:

Due to some type of technological glitch, the audited financial statements for the Capital Appeals Project for the year ended June 30, 2020 issued on the Louisiana Legislative Auditor's (LLA) website on March 3, 2021 did not include all pages of the report. The report was missing pages 10 onward.

No changes have been made to the report we issued, but we have resubmitted it to the LLA to ensure a complete version of the report can be made available to the general public.

Kind regards,

Elaine Garvey, CPA
Director

THE CAPITAL APPEALS PROJECT

FINANCIAL STATEMENTS

JUNE 30, 2020

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THE CAPITAL APPEALS PROJECT

FINANCIAL STATEMENTS

JUNE 30, 2020

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A Professional Accounting Corporation

INDEPENDENT AUDITORS' REPORT

The Board of Directors
The Capital Appeals Project

Report on the Financial Statements

We have audited the accompanying financial statements of The Capital Appeals Project (a non-profit organization) (the Organization), which comprise the statement of financial position as of June 30, 2020, 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.

Auditors' 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 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 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 auditors' 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Capital Appeals Project as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Organization adopted 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*, and ASU 2014-09, *Revenue from Contracts with Customers*, as of July 1, 2019.

Our opinion is not modified with respect to this matter.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedule of compensation, benefits, and other payments to the agency head as listed in the table of contents 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 28, 2020 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 Organization'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 Organization's internal control over financial reporting and compliance.

Postlethwaite & Netterville

New Orleans, Louisiana
December 28, 2020

THE CAPITAL APPEALS PROJECT
STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

ASSETS

Current assets:		
Cash, unrestricted	$	37,579
Cash, restricted		300,900
Grants and fees receivable		147,089
Total current assets		485,568
Property and equipment:		
Computers and equipment		4,876
Furniture and fixtures		6,958
		11,834
Less accumulated depreciation		(8,746)
Net property and equipment		3,088
Total assets	$	488,656

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued expenses	$	61,901
Due to related party		38,244
Total current liabilities		100,145
Net assets		
Without donor restrictions		388,511
Total net assets		388,511
Total liabilities and net assets	$	488,656

See accompanying notes to this financial statement.

THE CAPITAL APPEALS PROJECT
STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

WITHOUT DONOR RESTRICTIONS:		
REVENUES AND SUPPORT		
Grant revenues	$	1,312,736
Expert fee reimbursements		240,735
Other income		3,150
Paycheck Protection Program income		185,596
Total revenues and support		1,742,217
Net assets released from restrictions		124,395
Total revenues, support, and releases from restrictions		1,866,612
EXPENSES		
Program services		1,497,943
Support services		47,643
Total expenses		1,545,586
Change in net assets without donor restrictions		321,026
WITH DONOR RESTRICTIONS:		
Net assets released from restrictions		(124,395)
Change in net assets with donor restrictions		(124,395)
Total change in net assets		196,631
NET ASSETS AT BEGINNING OF YEAR		191,880
NET ASSETS AT END OF YEAR	$	388,511

THE CAPITAL APPEALS PROJECT
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	Program Services	Support Services	Total Expenses
Administration	$ 9,828	$ 7,840	$ 17,668
Continuing education	3,249	-	3,249
Depreciation	1,025	-	1,025
Dues and subscriptions	1,864	-	1,864
Employee benefits	256,885	615	257,500
Insurance	1,313	5,449	6,762
Loss on disposal of equipment	-	10,150	10,150
Miscellaneous	3,273	6,225	9,498
Office supplies	46,443	1,565	48,008
Overhead	17,762	773	18,535
Postage	5,809	-	5,809
Professional fees	165,962	-	165,962
Rent expense	111,150	5,850	117,000
Salary and wages	816,350	8,250	824,600
Telephone	17,601	926	18,527
Travel	39,429	-	39,429
Total expenses	$ 1,497,943	$ 47,643	$ 1,545,586

THE CAPITAL APPEALS PROJECT
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$	196,631
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation		1,025
Loss on disposal of equipment		10,150
Changes in operating assets and liabilities:		
Grants and fees receivable		(116,586)
Due to related party		60,822
Accounts payable and accrued expenses		38,294
Net cash provided by operating activities		190,336
Net change in cash		190,336
Cash, beginning of year		148,143
Cash, end of year	$	338,479
RECONCILIATION TO STATEMENT OF FINANCIAL POSITION		
Cash and cash equivalents, unrestricted	$	37,579
Cash and cash equivalents, restricted		300,900
	$	338,479

NOTES TO FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

Organization

The Capital Appeals Project (the Organization) is a 501(c)(3) non-profit law office established in 2001 to provide representation to all indigent defendants sentenced to death in Louisiana. The office represents clients in their direct appeals to the Louisiana Supreme Court and on *certiorari* to the United States Supreme Court. In addition to direct representation, the staff members also resource ongoing capital trials, provide training and consultation for capital defense attorneys, engage in public outreach and education on issues relating to capital punishment, and advocate for continued improvement in the criminal justice system.

Basis of Presentation of Net Assets

The accompanying financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP), which require the Organization to report 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 (or grantor) 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 the 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 the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization had no net assets with donor restrictions as of June 30, 2020.

Donor restricted contributions are reported as increases 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 statement of activities.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash

The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Organization held no cash equivalents as of June 30, 2020.

(1) Summary of Significant Accounting Policies (continued)

Cash (continued)

Cash consists of both unrestricted and restricted balances. Unrestricted cash represents cash available for general operating purposes. Restricted cash represents funds that must be maintained in a segregated account pursuant to a contract agreement with the Louisiana Public Defender Board (LPDB). See Note 5.

Grants and Fees Receivable

Grants and fees receivable are stated at the amount the Organization expects to collect from outstanding balances. The Organization determines the allowance for uncollectable receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed collectable. At June 30, 2020, the Organization did not deem any receivables to be uncollectable; therefore, no allowance was recorded.

Property and Equipment

The Organization records property and equipment at cost or, if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives used in computing depreciation are as follows:

Computers and equipment	5 to 7 years
Furniture and fixtures	7 years

When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2020.

Income Taxes

The Organization is a not-for-profit corporation organized under the laws of the State of Louisiana. The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the Code.

(1) Summary of Significant Accounting Policies (continued)

Income Taxes (continued)

The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions.

The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Revenue and Revenue Recognition

Fee revenues and revenues from state grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has met the performance requirements and/or 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 June 30, 2020.

The Organization recognizes non-state grants and 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. The Organization did not have any conditional promises to give at June 30, 2020.

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are charged directly to program or support services categories based on specific identification where possible. Indirect expenses have been allocated using the following methodologies: salaries and employee-related expenses – time and effort; occupancy and other expenses – management's estimates and usage of the leased premises. Approximately $5,250 was incurred in relation to fundraising for the year ended June 30, 2020. This consists primarily of direct costs and an allocation of salaries and benefits based on time and effort estimates.

(1) Summary of Significant Accounting Policies (continued)

Recently Adopted Accounting Standards

Effective July 1, 2019, the Organization adopted 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 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.

The FASB has issued ASU 2014-09, *Revenue from Contracts with Customers*, 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. There were no material changes to recognition or presentation of revenue as a result of the application of this ASU. As a result, no cumulative effect adjustment was recorded upon adoption.

Accounting Pronouncements Issued but Not Yet in Effect

On September 17th, the FASB issued ASU 2020-07 Topic 958, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The FASB ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The FASB ASU requires the new standard to be applied retrospectively, with amendments taking effect for annual reporting periods beginning after June 15, 2021.

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 retained earnings. On June 3, 2020, the FASB deferred the effective date of this standard for certain entities. This standard will be effective for the Organization's fiscal year ending June 30, 2023.

The Organization is currently assessing the impact of these pronouncements on its financial statements.

(2) Liquidity and Availability

The table below presents the Organization's financial assets available for general expenditures within one year at June 30, 2020:

Cash and cash equivalents	$ 338,479
Grants and fees receivable, net	147,089
	$ 485,568

The Organization strives to keep a three-month operating reserve; however, due to budgetary constraints and limits to state funding, the Organization typically maintains a lower cash reserve.

(3) Operating Lease

The Organization entered into a noncancelable operating lease in October 2018 with a related party to rent office space through September 2019. The lease was subsequently extended through September 2021. Future minimal rental payments under this lease are as follows:

Year Ending June 30,	Amount
2021	120,000
2022	30,000

(4) Employee Benefit Plan

The Organization offers full-time employees who have completed six months of continuous service participation in its 401(k) plan. Employees may contribute up to the maximum level of deferral allowed by the Internal Revenue Service. The plan provides for employer contributions of 5% of each employee's eligible compensation. Employer contributions for the year ended June 30, 2020 was $34,402.

(5) Concentrations and Credit Risk

The Organization receives its support primarily from the LPDB. The Organization received approximately 94% of its funding from the LPDB for the year ended June 30, 2020.

The Organization manages deposit concentration risk by placing cash with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, the Organization has not experienced losses in any of these accounts.

(6) Contingency

The Organization receives a significant amount of funding from the State of Louisiana and grantor agencies, which are governed by rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Organization has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable at June 30, 2020 might be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the Organization.

(7) Outbreak of COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread throughout the United States. The COVID-19 pandemic has negatively impacted the global economy and created significant volatility and disruption of financial markets. The extent of the continuing impact of the COVID-19 pandemic on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on the Organization's donors, employees and vendors, all of which are uncertain and cannot be predicted.

(8) Paycheck Protection Program

During the year ended June 30, 2020, the Organization applied for and was approved for a $185,596 loan under the Paycheck Protection Program administered by the Small Business Administration as part of the relief efforts related to COVID-19. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized. The Organization recognized the loan as an unconditional contribution, which is recorded in the statement of activities for the year ended June 30, 2020, having met the conditions for forgiveness by incurring eligible expenditures.

(9) Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 28, 2020, and determined that other than the matters regarding the continuing impact of the outbreak of COVID-19 described in Note 7, there were no other events occurred that require additional disclosure. No events after this date have been evaluated for inclusion in the financial statements.

SUPPLEMENTAL INFORMATION

THE CAPITAL APPEALS PROJECT

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO THE AGENCY HEAD

FOR THE YEAR ENDED JUNE 30, 2020

Agency Head Name: Cecelia Kappel, Executive Director

Purpose	The Capital Appeals Project
Salary	$105,000
Benefits-insurance	$24,542
Benefits-retirement	$5,250
Benefits-Disability/Life	$6,706
Travel	$368
Registration fees	$448

See accompanying independent auditors' report.

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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
The Capital Appeals 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 Capital Appeals Project (the Organization), which comprise the statement of financial position as of June 30, 2020, 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 28, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 over financial reporting 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 financial statements. 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.

Postlethwaite & Netterville

New Orleans, Louisiana
December 28, 2020

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To the Board of Directors
The Capital Appeals 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 The Capital Appeals Project (the Organization), as of and for the year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated December 28, 2020.

In planning and performing our audit of the financial statements, we considered the Organization'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

During our audit we noted certain matters involving internal control and other operational matters that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are summarized as follows.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the Organization gained during our work to make comments and suggestions that we hope will be useful to you.

We would be pleased to discuss these comments and recommendations with you at any time.

The Organization's written response to our comments and recommendations has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, Board of Directors, and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite & Netterville

New Orleans, Louisiana
December 28, 2020

THE CAPITAL APPEALS PROJECT

MANAGEMENT LETTER COMMENTS

FOR THE YEAR ENDED JUNE 30, 2020

2020-01 Accounts Receivable and Payable Completeness and Cutoff

Observation: During our search for unrecorded liabilities, we noted a number of exceptions relating to goods received or services performed prior to the year-end date which were not recorded as payables in the proper period. In addition, we noted insurance expense for the next fiscal year were improperly accrued at year-end.

We also noted revenue that had been incorrectly recorded in fiscal year 2021 rather than fiscal year 2020.

Proper cutoffs are critical for the accuracy of the accrual basis of accounting.

Recommendation: We recommend that the Organization review and follow accounting policies and procedures that ensure proper cutoff of revenue and expenses.

Management Response: Due to COVID-19 limitations, our outside bookkeeper was unable to assist in the year-end booking process. Going forward management does not anticipate this interruption in service and we are dedicated to fulfilling all appropriate accrual documentation.

2020-02 Review Policy of Outstanding Checks

Observation: During the course of our audit procedures, we noted several errors in the Organization's bank reconciliations and the recording expenses, resulting in incorrect account balances in the general ledger.

Recommendation: We recommend that the Organization follow established policy to prepare and review bank reconciliations on a timely basis, including the investigation of all large and long outstanding checks on a regular basis. This practice will provide a much stronger control over cash and the bank reconciliation process.

Management Response: Due to COVID-19 limitations, our outside bookkeeper was unable to assist in our year-end booking process to eliminate outstanding checks from the general ledger. Going forward management does not anticipate this interruption in services.