

LOUISIANA PAROLE PROJECT, INC.

DECEMBER 31, 2024 AND 2023

BATON ROUGE, LOUISIANA

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Independent Auditor's Report

To the Board of Directors
Louisiana Parole Project, Inc.
Baton Rouge, Louisiana

Report on the Audit of Financial Statements

We have audited the accompanying financial statements of Louisiana Parole Project, Inc. (the Organization), (a nonprofit organization), which comprise the Statements of Financial Position as of December 31, 2024 and 2023, 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 our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Additionally, the 2024 audit was conducted with the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2025, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for 2024. 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 Organization's internal control over financial reporting and compliance.

Respectfully submitted,

Hannis T. Bourgeois, CPA

Baton Rouge, Louisiana
June 24, 2025

LOUISIANA PAROLE PROJECT, INC.

STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2024 AND 2023

	<u>ASSETS</u>	
	2024	2023
Current Assets:		
Cash and Cash Equivalents	\$ 1,586,505	\$ 1,207,971
Grants Receivable	90,092	216,853
Prepaid Expenses and Asset Deposit	44,045	27,029
Total Current Assets	1,720,642	1,451,853
Right of Use Asset - Operating Lease	295,943	194,384
Property and Equipment, Net	2,612,061	2,120,419
Total Assets	\$ 4,628,646	\$ 3,766,656

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts Payable	\$ 18,504	\$ 13,265
Tenant Deposit Payable	7,850	6,925
Accrued Expenses	31,212	29,679
Current Portion of Operating Lease Liability	107,549	84,343
Deferred Revenue	-	5,833
Total Current Liabilities	165,115	140,045
Operating Lease Liability	188,394	110,041
Net Assets:		
Without Donor Restrictions	3,837,200	3,436,570
With Donor Restrictions	437,937	80,000
Total Net Assets	4,275,137	3,516,570
Total Liabilities and Net Assets	\$ 4,628,646	\$ 3,766,656

The accompanying notes are an integral part of these financial statements.

LOUISIANA PAROLE PROJECT, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Contributions	\$ 345,186	\$ 50,000	\$ 395,186
Grants	685,595	2,035,544	2,721,139
Fundraising	201,766	-	201,766
Lease Income	190,475	-	190,475
Fees for Services	45,533	-	45,533
	1,468,555	2,085,544	3,554,099
Net Assets Released From Restriction	1,727,607	(1,727,607)	-
Total Revenues and Other Support	3,196,162	357,937	3,554,099
Expenses:			
Program Expenses	2,501,485	-	2,501,485
Supporting Services:			
Fundraising	77,255	-	77,255
General and Administrative	291,709	-	291,709
Total Expenses	2,870,449	-	2,870,449
Other Income:			
Dividends and Interest	74,917	-	74,917
	74,917	-	74,917
Change in Net Assets	400,630	357,937	758,567
Net Assets - Beginning of Year	3,436,570	80,000	3,516,570
Net Assets - End of Year	\$ 3,837,200	\$ 437,937	\$ 4,275,137

The accompanying notes are an integral part of these financial statements.

LOUISIANA PAROLE PROJECT, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Contributions	\$ 321,720	\$ -	\$ 321,720
Grants	378,874	1,842,145	2,221,019
Fundraising	222,689	-	222,689
Lease Income	116,350	-	116,350
Fees for Services	134,392	-	134,392
Employer Retention Tax Credit Income	32,365	-	32,365
	1,206,390	1,842,145	3,048,535
Net Assets Released From Restriction	1,903,714	(1,903,714)	-
Total Revenues and Other Support	3,110,104	(61,569)	3,048,535
Expenses:			
Program Expenses	2,284,457	-	2,284,457
Supporting Services:			
Fundraising	57,776	-	57,776
General and Administrative	223,555	-	223,555
Total Expenses	2,565,788	-	2,565,788
Other Income:			
Dividends and Interest	65,307	-	65,307
	65,307	-	65,307
Change in Net Assets	609,623	(61,569)	548,054
Net Assets - Beginning of Year	2,826,947	141,569	2,968,516
Net Assets - End of Year	\$ 3,436,570	\$ 80,000	\$ 3,516,570

The accompanying notes are an integral part of these financial statements.

LOUISIANA PAROLE PROJECT, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2024

		Supporting Services		
	Program		General and	Total
	Expenses	Fundraising	Administrative	Expenses
Salaries and Wages	\$ 1,344,603	\$ 31,270	\$ 187,619	\$ 1,563,492
Payroll Taxes	102,467	2,383	14,298	119,148
Employee Benefits	199,724	4,645	27,868	232,237
Advertising	16,700	-	1,855	18,555
Bank Fees	-	-	2,451	2,451
Legal & Professional Fees	55,123	-	6,125	61,248
Office Expenses	46,452	-	5,161	51,613
Rental Housing	71,565	-	-	71,565
Transitional Housing	76,580	-	-	76,580
Meetings and Events	-	38,957	-	38,957
Client Expenses	167,865	-	-	167,865
Lease Expense	115,515	-	12,835	128,350
Property Taxes	3,426	-	-	3,426
Insurance	84,201	-	9,356	93,557
Meals and Entertainment	22,343	-	2,482	24,825
Auto Expense	57,362	-	6,374	63,736
Depreciation	103,370	-	11,486	114,856
Travel	34,189	-	3,799	37,988
Total Expenses	<u>\$ 2,501,485</u>	<u>\$ 77,255</u>	<u>\$ 291,709</u>	<u>\$ 2,870,449</u>

The accompanying notes are an integral part of these financial statements.

LOUISIANA PAROLE PROJECT, INC.**STATEMENT OF FUNCTIONAL EXPENSES****FOR THE YEAR ENDED DECEMBER 31, 2023**

	Program Expenses	Supporting Services		Total Expenses
		Fundraising	General and Administrative	
Salaries and Wages	\$ 1,278,106	\$ 29,048	\$ 145,239	\$ 1,452,393
Payroll Taxes	96,740	2,199	10,993	109,932
Employee Benefits	139,360	3,168	15,836	158,364
Advertising	18,798	-	2,089	20,887
Bank Fees	-	-	133	133
Legal & Professional Fees	77,726	-	8,636	86,362
Office Expenses	56,291	-	6,254	62,545
Rental Housing	68,091	-	-	68,091
Transitional Housing	66,405	-	-	66,405
Meetings and Events	-	23,361	-	23,361
Client Expenses	172,258	-	-	172,258
Lease Expense	89,523	-	9,947	99,470
Property Taxes	1,305	-	-	1,305
Insurance	63,877	-	7,097	70,974
Meals and Entertainment	13,957	-	1,551	15,508
Auto Expense	49,957	-	5,551	55,508
Depreciation	73,522	-	8,169	81,691
Travel	18,541	-	2,060	20,601
Total Expenses	<u>\$ 2,284,457</u>	<u>\$ 57,776</u>	<u>\$ 223,555</u>	<u>\$ 2,565,788</u>

The accompanying notes are an integral part of these financial statements.

LOUISIANA PAROLE PROJECT, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 758,567	\$ 548,054
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	114,856	81,691
Amortization - Right of Use Asset	98,800	85,950
Changes in Assets and Liabilities:		
(Increase) Decrease in Grants Receivable	126,761	(145,716)
(Increase) Decrease in Prepaid Expenses and Asset Deposit	(17,016)	(10,345)
Increase (Decrease) in Accounts Payable	5,239	9,291
Increase (Decrease) in Accrued Expenses	1,533	9,622
Increase (Decrease) in Tenant Deposit Payable	925	1,500
Increase (Decrease) in Deferred Revenue	(5,833)	5,833
Increase (Decrease) in Operating Lease Liability	(98,800)	(85,950)
Net Cash Provided by Operating Activities	985,032	499,930
Cash Flows from Investing Activities:		
Purchase of Property and Equipment	(606,498)	(549,070)
Net Cash Used In Investing Activities	(606,498)	(549,070)
Net Increase (Decrease) in Cash and Cash Equivalents	378,534	(49,140)
Cash and Cash Equivalents at Beginning of Year	1,207,971	1,257,111
Cash and Cash Equivalents at End of Year	<u>\$ 1,586,505</u>	<u>\$ 1,207,971</u>

The accompanying notes are an integral part of these financial statements.

LOUISIANA PAROLE PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 1 - Nature of Activities and Summary of Significant Accounting Policies -

Nature of Activities

Louisiana Parole Project, Inc. (the Organization) opened in 2016. The mission of the Organization is to enhance public safety through effective advocacy, programming, and services for incarcerated and formerly incarcerated persons so that they may reach their full potential.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

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 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 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.

Revenue Recognition

The significant revenues of the Organization are contributions, grant income, fee for services, lease income, and event proceeds and sponsorships. Contributions are discussed in detail below. Grants which represent exchange transactions are recorded as a receivable as the grant dollars are spent. Grants which represent contributed support are recognized in the same manner as contributions. Fee for services are recognized in the appropriate accounting period when earned. Lease income is recognized over time in the period in which the service is provided. Event proceeds and sponsorships are received from individuals, businesses, and other entities who participate in the Organization's events which are typically for raising awareness of the Organization's purpose and mission. The Organization generally conducts similar events each year however participation and financial support for these events is at the discretion of the attendees and can vary from year to year. Any payments received in advance from these sources are deferred and recognized as revenues in the period when the underlying performance obligation is satisfied.

Contributions

All contributions are considered available for use without donor restrictions 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 donor restricted support, either for time or purpose or in perpetuity, that increases net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends, or purpose of restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Accounts Receivable

The Organization assesses the collectability of its accounts receivable using the direct write-off method. Under this method, accounts receivable are charged directly against earnings when they are determined by management to be uncollectible. Use of this method does not result in a material difference from the current expected credit loss (CECL) method (ASC Topic 326). There was no credit loss expense for the years ended December 31, 2024 and 2023.

In accordance with ASC Topic 606, *Revenue from Contracts with Customers*, Grants Receivable totaled \$71,137 as of December 31, 2022.

Contributed and Volunteer Services

A substantial number of unpaid volunteers have made a significant contribution of service to develop the Organization's programs, principally in fundraising activities, operations, and board participation. The value of this service is not reflected in these statements since it does not meet the criteria for recognition.

Donated Property and Equipment

Donated materials and equipment are reflected as contribution income and expense (if the capitalization threshold is not met) in the accompanying financial statements at their estimated fair values at the date of receipt.

Property and Equipment

Property and equipment are recorded at cost with depreciation being recorded using the straight-line method over the estimated useful lives of the assets, which range from 5 to 27.5 years. Maintenance and repairs are charged to expense, while additions and improvements are capitalized.

When assets are retired or disposed of, the costs and related accumulated depreciation are removed from the accounts and any resulting gains and losses are recognized in the Organization's yearly operations.

Lease Accounting - Lessee

The Organization accounts for leases in accordance with Accounting Standards Codification (ASC) Topic 842, Leases. This guidance requires that right-of-use (ROU) assets and lease liabilities be recorded on the statement of financial position. The Organization determines if an arrangement is a lease at inception, and leases are then classified as either operating or finance leases depending on the characteristics of the lease. Right-of-use (ROU) assets represent the Organization's right to

control the use of a specified asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. In determining the present value of the lease payments, the Organization uses the risk-free discount rate when the discount rate is not implicit in the lease. Variable lease payments that are not index or rate based are recorded as expenses when incurred. The lease term is the non-cancelable period of the lease, including any options to extend, purchase, or terminate the lease depending on whether the Organization is reasonably certain to exercise those options. Assumptions made by the Organization at the commencement date are re-evaluated upon occurrence of certain events, including a lease modification when that modification is not accounted for as a separate contract.

The costs associated with operating leases are recognized on a straight-line basis, within operating expenses, over the period of the leases. Finance lease ROU assets are amortized on a straight-line basis, within operating expenses, over the shorter of their estimated useful lives or the lease terms, and interest expense incurred on the lease liabilities is included in interest expense. If the lease transfers ownership to the Organization or the Organization is reasonably certain to exercise an option to purchase the underlying asset, the ROU asset is amortized to the end of the useful life of the underlying asset.

The Organization does not recognize lease assets and lease liabilities on short-term leases (leases with an initial term of 12 months or less at commencement date and does not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise) but instead records lease expense on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred. The Organization does not separate lease and non-lease components for its (vehicle – you make this election on type of lease) leases and accounts for an entire contract (both lease and non-lease components) as a single lease component.

See Note 7 to these financial statements for additional information and disclosures related to operating leases, including qualitative and quantitative disclosures required by Topic 842. The Organization had no finance leases as of December 31, 2024 and 2023.

Lease Accounting - Lessor

The Organization leases housing space to program participants as operating leases. The lease terms range from one to six months and lease revenue is earned on a monthly basis. Building and improvements subject to the operating leases is recorded at costs and depreciated using a straight-line method over estimated useful lives ranging from 5 to 27.5 years for financial statement purposes. Depreciation expense relating to the assets subject to the operating leases was \$46,443 and \$29,764, respectively, for the years ended December 31, 2024 and 2023.

Assets subject to the operating leases consist of the following as of December 31, 2024 and 2023:

	2024	2023
Buildings	\$ 1,615,592	\$ 1,113,382
Less: Accumulated Depreciation	(105,110)	(58,666)
	<u>\$ 1,510,482</u>	<u>\$ 1,054,716</u>

Income Taxes

The Organization has been recognized by the Internal Revenue Service as a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes. Accordingly, no provision for income taxes on related income has been included in the financial statements.

The Organization files an income tax return in the U.S. federal jurisdiction. With few exceptions, the Organization is no longer subject to federal tax examinations by tax authorities for years before 2021. Any interest and penalties assessed by income taxing authorities are not significant and are included in general and administrative expenses in these financial statements, if applicable.

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 this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. There were no unrecognized tax benefits identified or recorded as liabilities for the years ended December 31, 2024 and 2023.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

At various times during the year, cash on deposit with one banking institution may exceed the Federal Deposit Insurance Corporation limit. Management believes the risk is limited.

Prepaid

Insurance and similar services which extend over more than one accounting period have been recorded as prepaid and are amortized.

Functional Allocation of Expenses

The costs of providing for the various programs and other activities of the Organization have been summarized on their functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and the supporting services benefited based on management's estimates of time and effort. Program services expenses are the direct and indirect costs related to accomplishing the Organization's objectives. All other expenses are classified as fundraising and general and administrative.

Advertising

The Organization incurred advertising expenses of \$18,555 and \$20,887, respectively, for the years ended December 31, 2024 and 2023. The Organization expenses advertising costs as incurred.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and such differences may be material.

Reclassifications

Certain items in the 2023 report may have been reclassified to conform to the presentation in the current year financial statements. Such reclassifications had no effect on previously reported change in net assets.

Subsequent Events

The Organization evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through June 24, 2025, the date which the financial statements were available to be issued.

Note 2 - Liquidity and Availability -

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The following reflects the Organization'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.

Financial Assets at Year-end:

Cash and Cash Equivalents	\$ 1,586,505
Grants Receivable	<u>90,092</u>
	1,676,597

Less Amounts Not Available for General Expenditures Within One Year Due to:

Net Assets with Donor Restrictions	<u>(437,937)</u>
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Financial Assets Available to Meet Cash Needs for General Expenditures

Within One Year	<u><u>\$ 1,238,660</u></u>
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At December 31, 2023, the Organization had \$1,344,824 of financial assets available within one year of the statement of financial positions date to meet its liquidity needs. All of these funds were available for general expenditure within one year of the Statement of Financial Position date.

Note 3 - Restrictions of Net Assets -

Net Assets with Donor Restrictions are available for the following purposes at December 31, 2024 and 2023:

	2024	2023
Second Chances Initiative	\$ 80,000	\$ 80,000
Impacted Leaders Fellowship	160,864	-
Policy Development, Education and Advocacy	197,073	-
	<u>\$ 437,937</u>	<u>\$ 80,000</u>

Note 4 - Net Assets Released from Restrictions -

Net assets were released from restrictions for the years ended December 31, 2024 and 2023 for incurring expenses satisfying their restricted purposes as follows:

	2024	2023
Policy Development, Education and Advocacy	\$ 177,927	\$ -
Reentry Assistance	150,000	-
Second Chances Initiative	80,000	80,000
Leadership Development	-	15,000
Clemency	-	500,000
Capital - Housing & Automobiles	150,000	75,000
Redemption Initiative	-	455,495
Impacted Leaders Fellowship	39,136	-
Grants - Other	1,130,544	778,219
	<u>\$ 1,727,607</u>	<u>\$ 1,903,714</u>

Note 5 - Property and Equipment -

A summary of property and equipment, and accumulated depreciation at December 31, 2024 and 2023 is as follows:

	2024	2023
Automobiles	\$ 197,451	\$ 147,069
Building	2,677,654	2,148,674
Furniture and Fixtures	4,379	4,379
	2,879,484	2,300,122
Less: Accumulated Depreciation	<u>(309,969)</u>	<u>(211,749)</u>
	2,569,515	2,088,373
Land	42,546	32,046
	<u>\$ 2,612,061</u>	<u>\$ 2,120,419</u>

Note 6 - Retirement Contributions -

The Organization has a Simple-IRA Plan and matches 100% of the employee contributions up to the first 3% of eligible employees' annual salary. The Organization's contributions for the years ended December 31, 2024 and 2023 totaled \$38,430 and \$34,191, respectively, and are included in employee benefits in the statement of functional expenses.

Subsequent to year end, effective January 1, 2025, the Organization established a defined contribution plan under Section 401(k) of the Internal Revenue Code for employees who meet the minimum age and service requirements. Participants may elect to defer a portion of their compensation to the Plan. Under this plan, the employer can make a discretionary matching contribution equal to a uniform percentage of the employee's salary deferrals. The retirement plan is available to those employees who attain the age of 21 and complete 1 month of service.

Note 7 - Leases -

The Organization has a facility operating lease agreement for office space in Baton Rouge, Louisiana extending beyond a 12-month period. The initial lease term is 36 months and commenced on September 1, 2024. The prior year agreement was amended during the current year. The lease does not contain an option to purchase the leased asset at the end of the term. The Organization's lease agreement does not contain any material residual value guarantees or material restrictive covenants.

The Organization also has short-term lease expense related to office equipment and additional office space. Leases with initial terms of 12 months or less are not recorded on the Statement of Financial Position, and the Organization recognizes lease expense for these leases on a straight-line basis over the lease terms.

The following information provides details of the lease contracts for the years ended December 31, 2024 and 2023:

	2024	2023
Lease Expense		
Operating lease expense	\$ 98,800	\$ 85,950
Short term operating lease expense	29,550	13,520
	<u>\$ 128,350</u>	<u>\$ 99,470</u>

Supplemental Cash Flow Information

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$ 98,800	\$ 85,950
ROU assets obtained in exchange for new operating lease liabilities	\$ 192,399	\$ 200,354

Other Information

Weighted-average remaining lease term in years for operating leases	2.67	2.25
Weighted-average discount rate for operating leases	3.73%	3.81%

As of December 31, 2024 and 2023, operating lease liabilities consisted of the following:

	2024	2023
Current Portion	\$ 107,549	\$ 84,343
Long-Term Portion	188,394	110,041
	<u>\$ 295,943</u>	<u>\$ 194,384</u>

The maturities of the operating lease liabilities are as follows:

December 31, 2025	\$ 116,400
December 31, 2026	116,400
December 31, 2027	<u>77,600</u>
Total Undiscounted Cash Flows	310,400
Less: Present Value Discount	<u>(14,457)</u>
Total Lease Liability	<u>\$ 295,943</u>

Note 8 - Commitments and Contingencies -

The Paycheck Protection Program (PPP) loans are subject to audit for six years from the date of forgiveness. Department of Treasury guidance states that loans over \$2 million will be fully audited and loans under \$2 million are subject to random audits. If audited, the SBA could redetermine the amount of forgiveness. The Organization received two PPP loans (which were both forgiven in 2021) in the amounts of \$42,196 and \$59,925.

Note 9 - Concentrations -

The Organization received approximately 24% and 26% of its revenues from two organizations as of December 31, 2024 and 2023, respectively. If these organizations have significant declines in revenues or changes in their operating environment, revenues received from these organizations could be significantly reduced and the effect of such reduction could have a significant impact to the operations of the Organization.

The Organization entered into a contractor agreement with the State of Louisiana. The Organization received approximately 12% and 16%, respectively, of its funding for the years ended December 31, 2024 and 2023 from this agreement. The continuation of the agreement is contingent upon the appropriation of funds by the Louisiana Legislature. If the legislature fails to appropriate sufficient funds or if the appropriation is reduced to provide insufficient monies for the continuation of the contract, the contract shall terminate on the date of the beginning of the fiscal year for which funds are not appropriated. The Organization is unaware of any modifications or reductions to the current appropriations that fund this agreement.

The Organization entered into a federal grant agreement with the Department of Justice. The Organization received approximately 10% and 6%, respectively, of its funding for the years ended December 31, 2024 and 2023 from this agreement. The continuation of the agreement is contingent upon the appropriation of funds by the Federal Government. If the Federal Government fails to appropriate sufficient funds or if the appropriation is reduced to provide insufficient monies for the continuation of the contract, the contract shall terminate on the date of the beginning of the fiscal

year for which funds are not appropriated. The Organization is unaware of any modifications or reductions to the current appropriations that fund this agreement.

Note 10- Functional Expenses -

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applicable. Salaries and the majority of expenses are allocated based on management's best estimate of time and effort spent on program or supporting activities. Other expenses are allocated directly to either program or supporting services.

Note 11 - Employee Retention Credits -

In addition to PPP funds, The Economic Aid Act also allowed for organizations who received original funds under the CARES Act in 2020 to also retroactively claim employee retention credits if certain eligibility requirements were met. The credits allowed in 2020 equal 50% of wages up to \$10,000 or a maximum credit per employee of \$5,000 per applicable quarter.

The Taxpayer Certainty and Disaster Tax Relief Act of 2020 (Relief Act), enacted December 27, 2020, amended and extended the employee retention credit under the CARES Act to the first and second calendar quarters of 2021. The provisions of the Relief Act were subsequently extended to include the third calendar quarter of 2021. The 2021 credits equal 70% of wages up to \$10,000 or a maximum credit per employee of \$7,000 per applicable quarter.

The Organization met the eligibility requirements for the third calendar quarter in 2020. The Organization has recognized \$32,365 for these employee retention credits. This amount is included in the Statement of Activities for the year ended December 31, 2023 as the funds were received during the year.

Note 12 - Related Party -

The Organization utilized the services of a real estate company (whose owner is directly related to a member of the Board) with Board approval and oversight. Several properties were purchased utilizing the real estate company during the fiscal years. All fees were paid directly by the property sellers. Payments made directly to this company totaled \$-0- for the years ended December 31, 2024 and 2023.

Note 13 - Compensation, Benefits and Other Payments to Agency Head -

R.S. 24:513 (A) (3) requires reporting of the total compensation, reimbursements, and benefits paid to the agency head or chief executive officer. This law was further amended by Act 642 of the 2015 Regular Session which clarified that nongovernmental or not for profit local auditees are required to report only the compensation, reimbursements, and benefits paid to the agency head or chief executive officer paid from public funds.

The Executive Director, Andrew Hundley, did not receive any compensation that was paid from public funds.

SUPPLEMENTARY INFORMATION



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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

To the Board of Directors
Louisiana Parole Project
Baton Rouge, 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 Louisiana Parole Project, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2024, 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 June 24, 2025.

Report on 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 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 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 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 or significant deficiencies may exist that have not been identified.

Report on 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 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 matter that is required to be reported under *Government Auditing Standards*.

We noted certain other matters that we have reported to management of the Organization in a separate letter dated June 24, 2025.

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.

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

Respectfully submitted,

Hannis T. Bourgeois, CPA

Baton Rouge, Louisiana
June 24, 2025

LOUISIANA PAROLE PROJECT, INC.

SUMMARY SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED DECEMBER 31, 2024

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified: ☐ Yes ☒ No

Significant deficiencies identified? ☐ Yes ☒ None Reported

Noncompliance material to the financial statements noted: ☐ Yes ☒ No

B. Internal Control Over Financial Reporting

None

C. Compliance and Other Matters

None

LOUISIANA PAROLE PROJECT, INC.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2024

*The prior year audit was not required to be conducted in accordance with *Government Auditing Standards*

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified: ☐ Yes ☒ No

Significant deficiencies identified? ☐ Yes ☒ None Reported

Noncompliance material to the financial statements noted: ☐ Yes ☒ No

B. Internal Control Over Financial Reporting

None

C. Compliance and Other Matters

Finding - Timely Filing of Audit Report (As Reported in Prior Year Management Letter)

Criteria: Louisiana Revised Statute 24:513 requires that an annual financial report or other type report be submitted to the Louisiana Legislative Auditor (LLA) within six months of the close of the fiscal/calendar year.

Cause: The Organization's management was unaware it had a reporting requirement since this was the first year public funding was received whereby the Organization was a subrecipient. The audit was not scheduled to start until after June 30, 2024, therefore the reporting requirement was not known by the statutory deadline.

Effect: The Organization did not meet the deadline as required by the LLA.

Recommendation: The Organization will make every effort to meet the deadline in the future.

Management's Response: Management will review grant reporting requirements with independent auditor before audit fieldwork start date which will give independent auditor time to complete the audit by the statutory deadline.