

REPORT  
ACADIANA  
LEGAL SERVICE CORPORATION  
FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
DECEMBER 31, 2019 AND 2018

ACADIANA LEGAL SERVICE CORPORATION

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## INDEPENDENT AUDITOR'S REPORT

May 21, 2020

Board of Directors  
Acadiana Legal Service Corporation  
Lafayette, LA

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

We have audited the accompanying financial statements of the Acadiana Legal Service Corporation (a nonprofit 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.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Acadiana Legal Service Corporation as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Acadiana Legal Service Corporation as a whole. The accompanying supplementary information and other supplementary information, as listed in the index to report, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information and schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The other supplementary information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2020, on our consideration of the Acadiana Legal Service Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Acadiana Legal Service Corporation's internal control over financial reporting and compliance.

*Duplantier, Sharpner, Hogan and Parker, LLP*

New Orleans, Louisiana

ACADIANA LEGAL SERVICE CORPORATION  
 STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2019 AND 2018

ASSETS

	<u>2019</u>	<u>2018</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 2,051,223	\$ 890,272
Grants receivable	208,822	331,721
Court fees and other receivables	8,513	6,071
Prepaid expenses	44,848	43,610
Client escrow funds, restricted	21,734	22,544
Total current assets	<u>2,335,140</u>	<u>1,294,218</u>
<b>PROPERTY AND EQUIPMENT - NET</b>	<u>3,083,890</u>	<u>2,955,693</u>
<b>TOTAL ASSETS</b>	<u>\$ 5,419,030</u>	<u>\$ 4,249,911</u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES:</b>		
Payable from current assets:		
Accounts payable	\$ 88,596	\$ 105,855
Accrued expenses	128,257	89,639
Refundable advances	1,434,175	-
Total payable from current assets	<u>1,651,028</u>	<u>195,494</u>
Payable from restricted assets:		
Client escrow funds	22,234	22,544
Total payable from restricted assets	<u>22,234</u>	<u>22,544</u>
Total current liabilities	<u>1,673,262</u>	<u>218,038</u>
<b>LONG-TERM LIABILITIES:</b>		
Compensated annual leave	242,033	186,801
Total long-term liabilities	<u>242,033</u>	<u>186,801</u>
<b>TOTAL LIABILITIES</b>	<u>1,915,295</u>	<u>404,839</u>
<b>NET ASSETS:</b>		
Without donor restrictions	411,822	159,153
Without donor restrictions - property	32,454	17
Total net assets without donor restrictions	<u>444,276</u>	<u>159,170</u>
With donor restrictions:		
Legal Services Corporation - grants	-	634,491
Legal Services Corporation - property	3,013,804	2,895,632
Louisiana Bar Foundation - grants	8,023	95,735
Louisiana Bar Foundation - property	37,632	60,044
Total net assets with donor restrictions	<u>3,059,459</u>	<u>3,685,902</u>
Total net assets	<u>3,503,735</u>	<u>3,845,072</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 5,419,030</u>	<u>\$ 4,249,911</u>

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

ACADIANA LEGAL SERVICE CORPORATION  
 STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:						
Grant revenue	\$ 313,085	\$ 5,670,148	\$ 5,983,233	\$ 244,383	\$ 5,878,304	\$ 6,122,687
Interest earnings	24	22,457	22,481	149	7,628	7,777
Donations	521	-	521	1,222	-	1,222
Other revenues	37,210	41,901	79,111	38,452	4,659	43,111
Net assets released from restrictions:						
Satisfaction of grant restrictions	<u>6,360,949</u>	<u>(6,360,949)</u>	<u>-</u>	<u>5,827,489</u>	<u>(5,827,489)</u>	<u>-</u>
Total revenue and support	<u>6,711,789</u>	<u>(626,443)</u>	<u>6,085,346</u>	<u>6,111,695</u>	<u>63,102</u>	<u>6,174,797</u>
EXPENSES:						
Legal services	5,620,823	-	5,620,823	5,138,336	-	5,138,336
Supportive services	<u>805,860</u>	<u>-</u>	<u>805,860</u>	<u>735,524</u>	<u>-</u>	<u>735,524</u>
Total expenses	<u>6,426,683</u>	<u>-</u>	<u>6,426,683</u>	<u>5,873,860</u>	<u>-</u>	<u>5,873,860</u>
CHANGE IN NET ASSETS	285,106	(626,443)	(341,337)	237,835	63,102	300,937
NET ASSETS (DEFICIT) AT BEGINNING OF YEAR	<u>159,170</u>	<u>3,685,902</u>	<u>3,845,072</u>	<u>(78,665)</u>	<u>3,622,800</u>	<u>3,544,135</u>
NET ASSETS AT END OF YEAR	<u>\$ 444,276</u>	<u>\$ 3,059,459</u>	<u>\$ 3,503,735</u>	<u>\$ 159,170</u>	<u>\$ 3,685,902</u>	<u>\$ 3,845,072</u>

The accompanying notes are an integral part of these financial statements

ACADIANA LEGAL SERVICE CORPORATION  
 STATEMENTS OF FUNCTIONAL EXPENSES  
 FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			2018		
	Legal Services	Supportive Services	Total Expenses	Legal Services	Supportive Services	Total Expenses
Salaries and wages:						
Lawyers	\$ 2,167,041	\$ 40,799	\$2,207,840	\$1,967,824	\$ 42,868	\$2,010,692
Paralegals and law clerks	765,360	191,269	956,629	740,504	184,691	925,195
Other	764,957	191,168	956,125	674,889	168,325	843,214
Employee benefits	817,189	204,222	1,021,411	654,835	163,324	818,159
Office rent and utilities	181,942	24,810	206,752	191,923	26,171	218,094
Equipment rentals and maintenance	71,955	17,982	89,937	63,549	15,850	79,399
Office supplies and expenses	144,736	36,170	180,906	122,225	30,485	152,710
Telephone	41,340	10,331	51,671	57,312	14,294	71,606
Travel and training	121,884	7,780	129,664	138,789	8,859	147,648
Depreciation	110,743	27,676	138,419	92,880	23,165	116,045
Library and other supplies	55,124	-	55,124	46,451	-	46,451
Insurance	74,522	18,624	93,146	73,224	18,263	91,487
Professional services	25,491	6,371	31,862	26,504	6,611	33,115
Contractual services	90,848	22,704	113,552	104,484	26,059	130,543
Membership fees	28,515	582	29,097	32,655	666	33,321
Litigation costs	5,656	-	5,656	6,022	-	6,022
Subgrant awards	132,026	-	132,026	132,026	-	132,026
Interest	-	-	-	-	2,840	2,840
Miscellaneous	21,494	5,372	26,866	12,240	3,053	15,293
 Total expenses	 <u>\$5,620,823</u>	 <u>\$ 805,860</u>	 <u>\$6,426,683</u>	 <u>\$5,138,336</u>	 <u>\$ 735,524</u>	 <u>\$5,873,860</u>

The accompanying notes are an integral part of these financial statements



ACADIANA LEGAL SERVICE CORPORATION  
 STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (341,337)	\$ 300,937
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Gain on disposal of property, plant, and equipment	(35,263)	(4,659)
Depreciation	138,419	116,045
Effects on operating cash flows due to change in:		
Grants receivable	122,899	(35,596)
Court fees and other receivables	(2,442)	4,382
Prepaid expenses	(1,238)	18,757
Client escrow funds	(310)	1,773
Accounts payable	(17,259)	53,398
Bank payable	-	(23,767)
Accrued expenses	38,618	20,847
Refundable advances	1,434,175	-
Compensated annual leave	55,232	(16,507)
Net cash provided by operating activities	<u>1,391,494</u>	<u>435,610</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of property and equipment	(264,116)	(197,576)
Insurance proceeds	32,763	8,419
Net cash used by investing activities	<u>(231,353)</u>	<u>(189,157)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments on note	-	(81,224)
Net cash used by financing activities	<u>-</u>	<u>(81,224)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>1,160,141</b>	<b>165,229</b>
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	<u>912,816</u>	<u>747,587</u>
Cash, Cash Equivalents, and Restricted Cash - End of Year	<u><u>\$ 2,072,957</u></u>	<u><u>\$ 912,816</u></u>
Cash paid during the year for interest	<u><u>\$ -</u></u>	<u><u>\$ 2,840</u></u>

The accompanying notes are an integral part of these financial statements

ACADIANA LEGAL SERVICE CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Operations

The Acadiana Legal Service Corporation (the Corporation) is a non-profit organization which was created in 1978 to primarily provide civil legal services to low income and elderly residents of Louisiana. The Corporation is funded primarily by the Legal Services Corporation (LSC), a non-profit corporation established by Congress to administer a nationwide legal assistance program.

Effective January 3, 2017, the Corporation expanded its operations when the Legal Services Corporation awarded the Corporation an expansion grant to provide services to eligible clients in 26 new parishes, in the northern sections of Louisiana. The Corporation now serves 42 parishes in the State of Louisiana.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and the requirements of the Legal Services Corporation Accounting Guide.

Basis of Presentation

Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Corporation and changes therein are classified and reported as follows:

- a) *Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Revenues are reported as increases in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions.
- b) *Net assets with donor restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulated that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

For financial statement purposes, the Corporation considers all highly-liquid investments purchased with a maturity of three months or less to be cash equivalents.

ACADIANA LEGAL SERVICE CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

*Client Trust Escrow Funds*

Funds received from clients are deposited into a separate cash account and restricted for the payment of expenses in connection with related litigation.

*Property and Equipment*

Property and equipment is recorded at cost. Depreciation of property and equipment is based upon the estimated useful service lives, which range from 1 to 39 years, using the straight-line method. Maintenance and repairs are charged to expense, while additions and improvements are capitalized. During the year ended December 31, 2018, the Corporation's asset capitalization policy was modified, retroactive to January 1, 2018, to reflect the following change: property acquisitions of non-expendable items with a value in excess of \$5,000 and a useful life of more than one year are capitalized and depreciated. Any purchases below this threshold are expensed.

Property and equipment acquired with the Legal Services Corporation funds are considered to be owned by the Acadiana Legal Service Corporation while used in the program or future authorized programs. However, the Legal Services Corporation has a reversionary interest in those assets and has a right to determine the use of any proceeds from the sales of assets purchased with its funds. Legal Services Corporation has a reversionary interest in all assets of the Corporation.

*Revenue and Support*

The Corporation receives as revenue and support grant revenues which management has determined are contributions. The Corporation recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Once the condition is met contributions are recorded as increases in net assets without donor restrictions or increases in net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with restrictions are reclassified to net assets without restrictions, and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

*Attorney's Fees*

Attorney's fees received are recorded during the accounting period in which the money from the fee award is actually received by the Corporation and is expended for any purpose permitted by the Legal Services Corporation Act.

ACADIANA LEGAL SERVICE CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses which are directly associated with legal services or supportive services are charged directly to that functional area. Office rent and utilities expenses have been allocated based upon the square footage allocated to supportive services. All other expenses have been allocated to legal services or supportive services based on administrative time devoted by the Corporation staff.

Donated Services and Assets

Donated services are legal services rendered at no charge to the Corporation. The value of donated services is based upon estimated fees normally charged by the professional rendering the service.

Donated services are recognized both as support and expenses and, therefore, do not affect net assets. Donated services amounted to \$18,421 and \$19,654 for the years ended December 31, 2019 and 2018, respectively.

Donated land, buildings, and furniture and equipment are recorded at their fair value at the date of donation. These donations are either expensed or capitalized.

Income Taxes

The Corporation is exempt from federal tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Corporation has been classified as an organization that is not a private foundation under Section 509(a)(2). Accordingly, no provision for income taxes has been made. However, if the Corporation were to engage in activities unrelated to the purpose for which it was created, taxable income could result. In management's judgment, the Corporation does not have any tax positions that would result in a loss contingency considering the facts, circumstances, and information available at the reporting date.

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.

ACADIANA LEGAL SERVICE CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Advertising

The Corporation expenses the cost of advertising as incurred. Total advertising expenses for the years ended December 31, 2019 and 2018, were \$9,673 and \$15,292, respectively.

New Accounting Pronouncements

Beginning January 1, 2019, the Corporation adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The amendments in this Update require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The adoption of the Update has resulted in the Corporation including the client escrow funds, restricted, and the change in client escrow funds liability on the statements of cash flows for the years ended December 31, 2019 and 2018. Net assets are unchanged due to the adoption of the Update.

Beginning January 1, 2019, the Corporation adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The Update clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. A footnote on the change in accounting principle has also been added to the financial statements (Note 19).

Beginning January 1, 2018, the Corporation adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14)*. This Update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is a change in the net asset classes used in the financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity and availability of financial assets has also been added to the financial statements (Note 18).

ACADIANA LEGAL SERVICE CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

2. CASH, CASH EQUIVALENTS, AND RESTRICTED CASH:

At December 31, 2019 and 2018, the Corporation had cash, cash equivalents, and restricted cash (book balances) totaling \$2,072,957 and \$912,816 consisting primarily of demand deposit and money market accounts at several financial institutions. These deposits were stated at cost, which approximates market. Accounts are insured by Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Insurance Fund (NCUSIF) up to \$250,000. All of the Corporation's cash balances were insured by the FDIC, NCUSIF, or letters of credit at December 31, 2019 and 2018. The Corporation's cash, cash equivalents, and restricted cash consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 2,051,223	\$ 890,272
Client escrow funds, restricted	21,734	22,544
Total cash, cash equivalents, and restricted cash	<u>\$ 2,072,957</u>	<u>\$ 912,816</u>

3. GRANTS RECEIVABLE:

Grants receivable for the Corporation consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
Allen Parish Council on Aging, Inc.	\$ -	\$ 3,590
Beauregard Parish Council on Aging, Inc.	-	377
Bienville Parish Council on Aging, Inc.	573	70
Bossier Council on Aging, Inc.	-	1,555
Caddo Council on Aging, Inc.	571	-
Cajun Area Agency on Aging, Inc.	18,107	18,132
Calcasieu Parish Council on Aging, Inc.	8,200	8,200
Caldwell Parish Council on Aging, Inc.	291	168
Cameron Parish Council on Aging, Inc.	973	48
CENLA Area Agency on Aging, Inc.	13,049	1,684
Claiborne Parish Council on Aging, Inc.	827	224
Desoto Parish Council on Aging, Inc.	-	147
Jefferson Davis Parish Council on Aging, Inc.	1,095	337
Lincoln Parish Council on Aging, Inc.	1,654	1,316
Louisiana Bar Foundation - Child Fellowship	-	18,704
Louisiana Bar Foundation - IOLTA	-	265,391
Louisiana Bar Foundation - Title IV-E	153,613	-
Morehouse Parish Council on Aging, Inc.	1,300	238
Natchitoches Parish Council on Aging, Inc.	3,416	4,000
North Delta Area Agency on Aging, Inc.	-	1,540
Ouachita Council on Aging, Inc.	2,073	-
Red River Council on Aging, Inc.	-	364
Sabine Parish Council on Aging, Inc.	261	2,100
Vernon Council on Aging, Inc.	1,255	1,044
Webster Council on Aging, Inc.	1,448	2,492
West Carroll Parish Council on Aging, Inc.	116	-
Total Grants Receivable	<u>\$ 208,822</u>	<u>\$ 331,721</u>

ACADIANA LEGAL SERVICE CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
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4. PROPERTY AND EQUIPMENT:

The following is a summary of changes in property and equipment for the year ended December 31, 2019:

	01/01/19	Additions	Deletions	12/31/19	LSC	Non-LSC
<u>Assets not being depreciated:</u>						
Land	\$ 886,665	\$ -	\$ -	\$ 886,665	\$ 886,665	\$ -
<u>Assets being depreciated:</u>						
Buildings and improvements	2,893,942	170,866	(32,763)	3,032,045	3,001,253	30,792
Law library	38,082	-	-	38,082	38,082	-
Furniture and equipment	531,420	95,750	(3,342)	623,828	550,308	73,520
	<u>3,463,444</u>	<u>266,616</u>	<u>(36,105)</u>	<u>3,693,955</u>	<u>3,589,643</u>	<u>104,312</u>
<u>Less: accumulated depreciation:</u>						
Buildings and improvements	(1,055,605)	(63,781)	32,763	(1,086,623)	(1,082,329)	(4,294)
Law library	(31,392)	(3,109)	-	(34,501)	(34,501)	-
Furniture and equipment	(307,419)	(71,529)	3,342	(375,606)	(345,674)	(29,932)
	<u>(1,394,416)</u>	<u>(138,419)</u>	<u>36,105</u>	<u>(1,496,730)</u>	<u>(1,462,504)</u>	<u>(34,226)</u>
Net property and equipment being depreciated	<u>2,069,028</u>	<u>128,197</u>	<u>-</u>	<u>2,197,225</u>	<u>2,127,139</u>	<u>70,086</u>
Net property and equipment	<u>\$ 2,955,693</u>	<u>\$ 128,197</u>	<u>\$ -</u>	<u>\$ 3,083,890</u>	<u>\$ 3,013,804</u>	<u>\$ 70,086</u>

The following is a summary of changes in property and equipment for the year ended December 31, 2018:

	01/01/18	Additions	Deletions	12/31/18	LSC	Non-LSC
<u>Assets not being depreciated:</u>						
Land	\$ 886,665	\$ -	\$ -	\$ 886,665	\$ 886,665	\$ -
<u>Assets being depreciated:</u>						
Buildings and improvements	2,820,929	73,013	-	2,893,942	2,874,930	19,012
Law library	38,082	-	-	38,082	38,082	-
Furniture and equipment	469,747	124,563	(62,890)	531,420	472,229	59,191
	<u>3,328,758</u>	<u>197,576</u>	<u>(62,890)</u>	<u>3,463,444</u>	<u>3,385,241</u>	<u>78,203</u>
<u>Less: accumulated depreciation:</u>						
Buildings and improvements	(999,710)	(55,895)	-	(1,055,605)	(1,053,282)	(2,323)
Law library	(28,283)	(3,109)	-	(31,392)	(31,392)	-
Furniture and equipment	(309,508)	(57,041)	59,130	(307,419)	(291,600)	(15,819)
	<u>(1,337,501)</u>	<u>(116,045)</u>	<u>59,130</u>	<u>(1,394,416)</u>	<u>(1,376,274)</u>	<u>(18,142)</u>
Net property and equipment being depreciated	<u>1,991,257</u>	<u>81,531</u>	<u>(3,760)</u>	<u>2,069,028</u>	<u>2,008,967</u>	<u>60,061</u>
Net property and equipment	<u>\$ 2,877,922</u>	<u>\$ 81,531</u>	<u>\$ (3,760)</u>	<u>\$ 2,955,693</u>	<u>\$ 2,895,632</u>	<u>\$ 60,061</u>

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4. PROPERTY AND EQUIPMENT: (Continued)

Depreciation expense for the years ended December 31, 2019 and 2018, was \$138,419 and \$116,045, respectively.

5. DONATED PROPERTY AND EQUIPMENT:

Donations of property and equipment are recorded as contributions at fair value at the date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as increases in net assets with donor restrictions. It is the Corporation's policy to imply a time restriction, based on the assets' estimated useful lives, on donations of property and equipment that are not restricted as to their use by the donor. Accordingly, those donations are recorded as increases in net assets with donor restrictions. The Corporation reclassifies net assets with donor restrictions to net assets without donor restrictions each year for the amount of depreciation expense relating to the donated property and equipment.

During the years ended December 31, 2019 and 2018, the Corporation received no donations for which capitalization was necessary.

6. LEASE COMMITMENTS:

Operating Leases

The Corporation leases office space in Lake Charles, Louisiana. The lease has a two year lease term commencing January 1, 2018, with monthly rent ranging from \$3,350 to \$3,449. In November 2019, the Corporation signed a one year extension commencing January 1, 2020, with monthly rental payments of \$3,457.

The Corporation also entered into agreements to lease postage meters, ranging from \$62 to \$228, for each of its offices. The terms of these agreements range from 51 to 60 months.

The operating lease commitments expected under the above leases are as follows for the years ending December 31:

Year Ending December 31,	
2020	\$ 9,497
2021	4,100
2022	3,489
2023	2,576
2024	749
	<u>\$ 20,411</u>



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6. LEASE COMMITMENTS: (Continued)

The Corporation has entered into month-to-month agreements to lease storage units. Payments under these agreements approximated \$455 per month for the storage units through May 2019, subsequent to which the payments approximated \$235 per month.

Total rent expense charged under the operating leases above totaled \$71,875 and \$75,977 for the years ended December 31, 2019 and 2018, respectively.

7. NOTES PAYABLE:

The Corporation entered into a loan agreement with a financial institution on March 14, 2011, to fund the purchase of an office building in Alexandria, Louisiana. The original loan was \$260,140, with monthly principal and interest payments which began in April 2011 in the amount of \$2,232 per month. A final balloon payment of \$200,926 was due at maturity. The interest rate on the note was 6.25% until September 18, 2013. The terms of the note were modified effective September 18, 2013, to reflect an interest rate of 5%. The modified terms under the 5% interest rate required monthly principal and interest payments of \$2,057, with a final balloon payment of \$197,604 due with an original maturity dated March 14, 2016. The terms of the note were modified April 15, 2016, to reflect an interest rate of 4.5% with monthly principal and interest payments of \$2,057 and a final balloon payment due on April 15, 2021. During the year ended December 31, 2017, the Corporation made a \$90,000 principal payment on the loan, in addition to the Corporation's regular monthly payments, which reduced the principal balance owed. During the year ended December 31, 2018, the Corporation paid the remaining balance of \$81,224 on the note. There are no principal payments remaining. The note was secured by both office buildings in Alexandria and Lafayette, Louisiana. The balance on the note as of December 31, 2019 and 2018, was \$-0- and \$-0- respectively.

8. COMPENSATED ANNUAL LEAVE:

An employee commences to earn and accrue annual leave with pay from the first day of employment. Accrual rates and carryover balances are based on the length of employment. Employees with less than three years of service are allowed to carryover a maximum of 150 hours of accrued annual leave. Employees with more than three years of service are allowed to carryover a maximum of 225 hours of accrued annual leave. If accrued annual leave above 150 hours or 225 hours, respectively, is not taken by the end of the calendar year, the amounts exceeding the limit will be forfeited. Upon termination of employment, the employee will be paid any accrued and unused annual leave. Accrued compensatory time and sick time will not be paid upon termination. The Corporation has accrued \$242,033 and \$186,801 in compensated annual leave and compensatory time at December 31, 2019 and 2018, respectively. Included in the accrual of annual leave and compensatory time at December 31, 2019, is \$11,594 in compensatory time due as a result of employee classification changes that were made in December 2019 so as to be in compliance with new rules issued by the Fair Labor Standards Act on exemptions and overtime.

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8. COMPENSATED ANNUAL LEAVE: (Continued)

During the year ended December 31, 2018, the Corporation implemented an annual leave redemption policy. The policy allows employees to redeem up to 37.5 hours of their unused, accrued annual leave. To be eligible for the redemption, employees must have at least 75 hours remaining after redemption and must have taken a scheduled vacation/annual leave for five consecutive days prior to the redemption. Compensation for the annual leave redeemed will be at the employee's current hourly rate. The annual leave redemption policy will be applicable as long as funding is available. The Corporation has made payments of \$17,358 and \$9,058 under the annual leave redemption policy for the years ended December 31, 2019 and 2018, respectively.

9. REVENUE AND SUPPORT:

Prior to January 1, 2019, the Corporation recognized grants as support on a straight-line basis over the grant period. Any restricted grant unexpended at the end of the accounting period was recorded as net assets with donor restrictions.

Beginning January 1, 2019, the Corporation implemented FASB ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. As a result, the Corporation's revenue that is derived from cost-reimbursable federal and state contracts and grants, which are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses, is recognized when the Corporation has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

During the year ended December 31, 2019, the Corporation received conditional grant funds from Legal Services Corporation and Louisiana Bar Foundation. The conditional grants are reported as revenue when performance is met which includes when qualifying expenses are incurred. Any conditional grant funds received in which performance has not been met is reported as refundable advances in the statement of financial position. In accordance with normal Legal Services Corporation and Louisiana Bar Foundation policies, the Corporation may use unspent funds in future periods as long as expenses incurred are in compliance with specified terms of the grant.

The Corporation receives "one-time" grants from Legal Services Corporation to support a specific event or project. These "one-time" grants are infusions for the Legal Services Corporation's annualized grant and is recorded as revenue as eligible costs are incurred. Until eligible expenses are incurred, the grants are recorded as refundable advances on the statement of financial position. When a "one-time grant" expires, any unexpended funds are returned to the Legal Services Corporation. As of December 31, 2019 and 2018, the Corporation did not report refundable advances related to "one-time" grants received from Legal Services Corporation.

ACADIANA LEGAL SERVICE CORPORATION  
 NOTES TO FINANCIAL STATEMENTS  
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9. REVENUE AND SUPPORT: (Continued)

The Corporation reported refundable advances as of December 31, 2019, from the following grants:

<u>Grant</u>	<u>Grant Number</u>	<u>Grant Amount</u>	<u>Grant Period</u>	<u>2019</u>
LSC - Basic Field Grant	Service Area - LA-15	\$ 3,717,027	1/1/2019 - 12/31/2019	\$ 992,160
LA Bar Foundation - IOLTA	2019-001 LSC	\$ 1,423,344	7/1/2019 - 6/30/2020	333,842
LA Bar Foundation - CINC	CINC2019-001	\$ 1,660,853	7/1/2019 - 6/30/2020	108,173
				<u>\$ 1,434,175</u>

The Corporation recognized greater than 10% of its revenue from each of the following grantors in the years ended December 31:

	<u>2019</u>	<u>2018</u>
Legal Services Corporation	45%	53%
Louisiana Bar Foundation	49%	43%

10. FEDERAL AND STATE GRANTS:

The Corporation participates in a number of federal and state grant programs, which are governed by various rules and regulations of each grantor agency. Costs charged to each respective grant program are subject to audit and adjustment by the grantor agency; therefore, to the extent that the Corporation has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivables at December 31, 2019 and 2018, may be impaired. In the opinion of the management of the Corporation, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

11. LIMITATION OF FEDERAL CARRYOVER FUNDS:

The Legal Services Corporation limits the federal Legal Services Corporation (LSC) carryover to 10% of the annualized grant award. Any excess carryover must be returned to the Legal Services Corporation. This percentage may be increased to 25% if a waiver of the restriction is submitted and approved. Recipients may request a waiver to retain funds in excess of 25% of a recipient's LSC support only for extraordinary and compelling circumstances, such as when a natural disaster or other catastrophic event prevents the timely expenditure of LSC funds, or when the recipient receives an insurance reimbursement, the proceeds from the sale of real property, a payment from a lawsuit in which the recipient was a party, or a payment from an LSC-funded lawsuit, regardless of whether the recipient was a party to the lawsuit. The Corporation has a carryover of 26.35% for the year ending December 31, 2019. A waiver will be

ACADIANA LEGAL SERVICE CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

11. LIMITATION OF FEDERAL CARRYOVER FUNDS: (Continued)

submitted to the Legal Services Corporation related to the December 31, 2019, excess carryover of approximately \$992,160, of which \$615,577 exceeded the allowable 10% carryover.

For the year ended December 31, 2018, the Corporation had a 19.50% or \$634,491 carryover. The carryover was due to a majority of expenses to replace the Shreveport office roof were incurred in 2019 instead of in 2018, as was initially planned. Additionally, a development/strategic planning manager position and four staff attorney positions remained unfilled in 2018, which also contributed to the excess carryover. The Corporation was not able to expend the excess funds before the end of 2018. The Office of Compliance and Enforcement of Legal Services Corporation granted the Corporation's request to exceed the 10% threshold by 9.50% or to carry \$309,117 above the 10% threshold in its LSC fund account into the 2019 fiscal year. Pursuant to 45 CFR § 1628.4(e), the Corporation was required to use the carryover funds it was permitted by December 31, 2019. The funds were used to repair the roof of the Shreveport office building in 2019 and to fill four vacant staff attorney positions. Additionally, the Corporation increased the salary levels for staff attorney positions and filled the vacant development/strategic planning manager's position in 2019.

12. SUBGRANTS TO OTHER AGENCIES:

During the years ended December 31, 2019 and 2018, the Corporation granted the following subgrants to other agencies:

	<u>2019</u>	<u>2018</u>
Legal Services Corporation:		
Central Louisiana Pro Bono Project	\$ 11,884	\$ 11,884
Lafayette Volunteer Lawyer Project	21,018	21,018
Shreveport Bar Foundation Pro Bono Project	45,000	45,000
Southwest Louisiana Bar Foundation	13,624	13,624
Total Legal Services Corporation	<u>91,526</u>	<u>91,526</u>
Child in Need of Care (CINC):		
Central Louisiana Pro Bono Project	23,000	23,000
Southwest Louisiana Bar Foundation	17,500	17,500
Total Child in Need of Care (CINC)	<u>40,500</u>	<u>40,500</u>
 Total Subgrants to Other Agencies	 <u>\$ 132,026</u>	 <u>\$ 132,026</u>

All sub-grantees are pro bono programs, which use the funds to provide civil legal services to low-income persons eligible for representation by the Corporation.

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13. PRIVATE ATTORNEY INVOLVEMENT (PAI):

The Legal Services Corporation requires attorneys in private practice be involved in the delivery of services by the Acadiana Legal Service Corporation. The involvement must equal, at a minimum, 12.5% of the annualized basic field grant. For the years ended December 31, 2019 and 2018, PAI amounted to approximately 10.31% and 12.65%, respectively. This is based on the \$383,222 and \$410,515, respectively, of total PAI expenditures from the Legal Services Corporation basic field grant, Louisiana Bar Foundation grants, Title III-B, and other funding sources.

A schedule of private attorney involvement expenses is listed below:

	<u>2019</u>	<u>2018</u>
Salaries and wages:		
Lawyers	\$ 53,001	\$ 56,707
Paralegals	21,073	20,273
Non-lawyers	37,081	41,440
Employee benefits	29,912	23,436
Office rent and utilities	9,059	7,914
Equipment rentals and maintenance	3,056	2,048
Office supplies and expenses	19,301	19,730
Travel and training	3,769	3,355
Library and other supplies	1,685	1,352
Telephone	1,519	1,949
Insurance	3,758	1,469
Professional services	1,018	846
Contractual services	66,023	97,001
Membership fees	360	497
Litigation costs	301	116
Subgrants	132,026	132,026
Miscellaneous	280	356
Total Private Attorney Involvement Expenses	<u>\$ 383,222</u>	<u>\$ 410,515</u>
Compliance percentage	12.50%	12.50%
Actual PAI to LSC Basic Field Advances	10.31%	12.65%

ACADIANA LEGAL SERVICE CORPORATION  
 NOTES TO FINANCIAL STATEMENTS  
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14. RETIREMENT PLAN:

The Corporation adopted a 403(b) retirement plan (the Plan) effective January 1, 1995. The Plan was amended and restated effective January 1, 2009. The Plan allows for employee elective deferrals and employer matching contributions. Employees are eligible to make elective deferrals to the Plan on their hire date, if their normal work hours are greater than 20 hours per week. Employees are considered eligible for employer matching contributions upon completing two years of eligible service. One year of eligible service consists of 1,000 hours. The Corporation shall determine, at its sole discretion, the amount of employer contributions to be made to the Plan.

Effective September 2013, the Corporation eliminated its employer-portion contribution to the Plan. Effective with the first pay period of the fiscal year ending December 31, 2018, the Corporation re-established an employer matching contribution of up to 3% of the qualifying participant's salary for the year ended December 31, 2018. Effective with the first pay period in January 2019, the Corporation increased the employer matching contribution to 5% of the qualifying participant's salary. The Corporation's matching contributions for the years ended December 31, 2019 and 2018, were \$62,911 and \$30,129, respectively.

15. NET ASSETS WITH DONOR RESTRICTIONS:

The Corporation's net assets with donor restrictions at December 31 consisted of the following:

	<u>2019</u>	<u>2018</u>
Litigation services	\$ 8,023	\$ 730,226
Property	3,051,436	2,955,676
	<u>\$ 3,059,459</u>	<u>\$ 3,685,902</u>

16. NET ASSETS RELEASED FROM RESTRICTIONS:

Net assets were released from grant restrictions by satisfaction of the restricted purposes during the years ended December 31, as follows:

	<u>2019</u>	<u>2018</u>
Child in need of care cases	\$ 1,523,362	\$ 1,542,929
Title IV-E	153,613	-
State of Louisiana Appropriation	250,000	-
Other legal assistance	4,433,974	4,284,560
	<u>\$ 6,360,949</u>	<u>\$ 5,827,489</u>

17. BOARD-DESIGNATED NET ASSETS:

The Board of Directors has voted to designate up to \$175,000 of net assets for the following purposes: (1) to establish a \$100,000 reserve for future building maintenance and capital improvements of the Corporation's facilities and (2) to establish a \$75,000 reserve for the future purchase of an office building in Lake Charles, Louisiana.

ACADIANA LEGAL SERVICE CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

18. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

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

	<u>2019</u>	<u>2018</u>
Financial assets, at year-end:		
Cash and cash equivalents	\$ 2,051,223	\$ 890,272
Grants receivable	208,822	331,721
Court fees and other receivables	8,513	6,071
Client escrow funds	21,734	22,544
Total financial assets at year-end	<u>2,290,292</u>	<u>1,250,608</u>
Less contractual or donor-imposed restrictions:		
Client escrow funds	(22,234)	(22,544)
Refundable advances for legal services (Legal Service Corporation)	(992,160)	-
Refundable advances for legal services (Louisiana Bar Foundation)	(442,015)	-
Donor-restricted for legal services (Legal Service Corporation)	-	(634,491)
Donor-restricted for legal services (Louisiana Bar Foundation)	(8,023)	(95,735)
Board-designated reserve for future maintenance and capital improvements	(100,000)	(100,000)
Board-designated reserve for future purchase of office space	(75,000)	(75,000)
Total contractual or donor-imposed restrictions	<u>(1,639,432)</u>	<u>(927,770)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 650,860</u>	<u>\$ 322,838</u>

19. CHANGE IN ACCOUNTING PRINCIPLES:

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities.

The change in accounting principle was adopted on a modified prospective basis as of January 1, 2019. As a result, there was no cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of January 1, 2019. In

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19. CHANGE IN ACCOUNTING PRINCIPLES: (Continued)

comparison to the year ended December 31, 2018, the effect of adopting the new accounting principle was an increase in refundable advances and a decrease in grant revenues by \$1,434,175 in the year ended December 31, 2019.

20. ECONOMIC DEPENDENCY:

Approximately 94% of the Corporation's funding is provided through grants administered by the Legal Services Corporation and the Louisiana Bar Foundation. If significant budget cuts are incurred by either of the aforementioned grantors, the amount of funds received by the Corporation could be significantly reduced and adversely affect the Corporation's operations. Management is not aware of any actions that will adversely affect the amount of funding to be received by the Corporation in the next fiscal year.

21. SUBSEQUENT EVENTS:

A strain of coronavirus was reported in Louisiana in March 2020 and continues to spread throughout the United States. The COVID-19 coronavirus outbreak has disrupted many types of businesses. While the disruption is expected to be temporary, there is considerable uncertainty about the duration. The related financial impact and duration cannot be reasonably estimated at this time.

In April 2020, the Corporation was awarded funds under the Paycheck Protection Loan Program through Small Business Administration in the amount of \$966,569. At this time, it is unknown if these funds will be required to be repaid.

Management has evaluated subsequent events through the date that the financial statements were available to be issued, which was May 21, 2020.

22. RECLASSIFICATIONS:

Certain 2018 amounts have been reclassified to conform to the 2019 financial statement presentation. Total net assets are unchanged due to these reclassifications.



## SUPPLEMENTARY INFORMATION

ACADIANA LEGAL SERVICE CORPORATION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF SUPPORT, REVENUE, AND EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019

	With Donor Restrictions									Without Donor Restrictions					2019 Totals
	Legal Services Corporation			Louisiana Bar Foundation				Total	Total						
	Basic Field	Property and Equipment	Total	IOLTA	CINC	Title IV-E	State of LA Appropriation	Other	Property and Equipment	With Donor Restrictions	TIG	Other	Property and Equipment	Without Donor Restrictions	
<b>REVENUE AND SUPPORT:</b>															
Grant revenue	\$ 2,724,867	\$ -	\$ 2,724,867	\$ 908,613	\$ 1,517,254	\$ 153,613	\$ 250,000	\$ 115,801	\$ -	\$ 5,670,148	\$ 6,000	\$ 307,085	\$ -	\$ 313,085	\$ 5,983,233
Interest earnings	11,627	-	11,627	4,638	6,108	-	-	84	-	22,457	-	24	-	24	22,481
Donations	-	-	-	-	-	-	-	-	-	-	-	521	-	521	521
Other revenues	37,176	-	37,176	-	-	-	-	4,725	-	41,901	-	37,210	-	37,210	79,111
Total revenue and support	<u>2,773,670</u>	<u>-</u>	<u>2,773,670</u>	<u>913,251</u>	<u>1,523,362</u>	<u>153,613</u>	<u>250,000</u>	<u>120,610</u>	<u>-</u>	<u>5,734,506</u>	<u>6,000</u>	<u>344,840</u>	<u>-</u>	<u>350,840</u>	<u>6,085,346</u>
<b>EXPENSES:</b>															
Salaries and wages:															
Lawyers	672,732	-	672,732	340,134	624,977	98,186	250,000	161,340	-	2,147,369	488	59,983	-	60,471	2,207,840
Paralegals and law clerks	603,236	-	603,236	150,249	135,075	25,060	-	-	-	913,620	-	43,009	-	43,009	956,629
Non-lawyers	715,965	-	715,965	90,167	145,939	-	-	773	-	952,844	643	2,638	-	3,281	956,125
Employee benefits	530,364	-	530,364	183,672	250,389	30,367	-	26,193	-	1,020,985	91	335	-	426	1,021,411
Office rent and utilities	160,621	-	160,621	19,867	26,242	-	-	1	-	206,731	-	21	-	21	206,752
Equipment rentals and maintenance	54,188	-	54,188	15,287	20,405	-	-	-	-	89,880	-	57	-	57	89,937
Office supplies and expenses	104,237	-	104,237	28,630	44,498	-	-	2,299	-	179,664	-	1,242	-	1,242	180,906
Telephone	26,936	-	26,936	9,386	15,041	-	-	269	-	51,632	-	39	-	39	51,671
Travel and training	66,822	-	66,822	23,365	37,853	-	-	1,578	-	129,618	-	46	-	46	129,664
Depreciation	-	122,335	122,335	-	-	-	-	-	12,380	134,715	-	-	3,704	3,704	138,419
Library and other supplies	29,877	-	29,877	10,732	14,446	-	-	-	-	55,055	-	69	-	69	55,124
Insurance	66,124	-	66,124	11,212	16,223	-	-	(413)	-	93,146	-	-	-	-	93,146
Professional services	18,043	-	18,043	5,642	8,097	-	-	-	-	31,782	-	80	-	80	31,862
Contractual services	28,157	-	28,157	5,114	71,318	-	-	(65)	-	104,524	9,000	28	-	9,028	113,552
Membership fees	4,364	-	4,364	9,111	6,582	-	-	539	-	20,596	-	8,501	-	8,501	29,097
Litigation costs	2,024	-	2,024	2,807	823	-	-	-	-	5,654	-	2	-	2	5,656
Subgrant awards	91,526	-	91,526	-	40,500	-	-	-	-	132,026	-	-	-	-	132,026
Miscellaneous	(5,409)	-	(5,409)	20,849	9,835	-	-	5	-	25,280	-	1,586	-	1,586	26,866
Total expenses	<u>3,169,807</u>	<u>122,335</u>	<u>3,292,142</u>	<u>926,224</u>	<u>1,468,243</u>	<u>153,613</u>	<u>250,000</u>	<u>192,519</u>	<u>12,380</u>	<u>6,295,121</u>	<u>10,222</u>	<u>117,636</u>	<u>3,704</u>	<u>131,562</u>	<u>6,426,683</u>
Change in Net Assets before Transfers	(396,137)	(122,335)	(518,472)	(12,973)	55,119	-	-	(71,909)	(12,380)	(560,615)	(4,222)	227,204	(3,704)	219,278	(341,337)
Interfund transfers	2,153	-	2,153	(82,762)	(55,119)	-	-	79,932	(10,032)	(65,828)	-	55,796	10,032	65,828	-
Change in Net Assets after Transfers	(393,984)	(122,335)	(516,319)	(95,735)	-	-	-	8,023	(22,412)	(626,443)	(4,222)	283,000	6,328	285,106	(341,337)
<b>NET ASSETS (DEFICIT) AT BEGINNING</b>															
OF YEAR	634,491	2,895,632	3,530,123	95,735	-	-	-	-	60,044	3,685,902	(2,859)	162,012	17	159,170	3,845,072
Acquisition of property - purchases	(238,007)	238,007	-	-	-	-	-	-	-	-	-	(26,109)	26,109	-	-
Disposal of property	(2,500)	2,500	-	-	-	-	-	-	-	-	-	-	-	-	-
NET ASSETS (DEFICIT) AT END OF YEAR	<u>\$ -</u>	<u>\$ 3,013,804</u>	<u>\$ 3,013,804</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,023</u>	<u>\$ 37,632</u>	<u>\$ 3,059,459</u>	<u>\$ (7,081)</u>	<u>\$ 418,903</u>	<u>\$ 32,454</u>	<u>\$ 444,276</u>	<u>\$ 3,503,735</u>

ACADIANA LEGAL SERVICE CORPORATION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF SUPPORT, REVENUE, AND EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	With Donor Restrictions						Without Donor Restrictions				Total Restrictions	2018 Totals	
	Legal Services Corporation			Louisiana Bar Foundation			Total With Donor Restrictions	TIG	Other	Property and Equipment			
	Basic Field	Property and Equipment	Total	IOLTA	CINC	Other							
REVENUE AND SUPPORT:													
Grant revenue	\$ 3,245,336	\$ -	\$ 3,245,336	\$ 1,061,563	\$ 1,472,500	\$ 98,905	\$ -	\$ 5,878,304	\$ 11,478	\$ 232,905	\$ -	\$ 244,383	\$ 6,122,687
Interest earnings	3,748	-	3,748	1,798	1,970	112	-	7,628	1	148	-	149	7,777
Donations	-	-	-	-	-	-	-	-	-	1,222	-	1,222	1,222
Other revenues	4,659	-	4,659	-	-	-	-	4,659	-	38,452	-	38,452	43,111
Total revenue and support	3,253,743	-	3,253,743	1,063,361	1,474,470	99,017	-	5,890,591	11,479	272,727	-	284,206	6,174,797
EXPENSES:													
Salaries and wages:													
Lawyers	848,515	-	848,515	416,677	614,324	82,540	-	1,962,056	12	48,624	-	48,636	2,010,692
Paralegals and law clerks	599,383	-	599,383	124,369	155,765	5,254	-	884,771	-	40,424	-	40,424	925,195
Non-lawyers	484,400	-	484,400	154,471	164,642	27,546	-	831,059	-	12,155	-	12,155	843,214
Employee benefits	401,115	-	401,115	156,883	239,810	13,822	-	811,630	5	6,524	-	6,529	818,159
Office rent and utilities	135,445	-	135,445	40,231	40,524	1,168	-	217,368	6	720	-	726	218,094
Equipment rentals and maintenance	38,969	-	38,969	17,685	21,517	583	-	78,754	2	643	-	645	79,399
Office supplies and expenses	78,990	-	78,990	26,332	35,937	6,078	-	147,337	5	5,368	-	5,373	152,710
Telephone	33,632	-	33,632	16,579	20,179	580	-	70,970	3	633	-	636	71,606
Travel and training	56,943	-	56,943	25,336	57,695	5,359	-	145,333	1,539	776	-	2,315	147,648
Depreciation	-	102,849	102,849	-	-	-	13,194	116,043	-	-	2	2	116,045
Library and other supplies	23,163	-	23,163	10,512	11,830	574	-	46,079	4	368	-	372	46,451
Insurance	48,560	-	48,560	18,764	21,008	1,335	-	89,667	7	1,813	-	1,820	91,487
Professional services	14,487	-	14,487	8,534	8,838	490	-	32,349	3	763	-	766	33,115
Contractual services	23,068	-	23,068	5,860	100,805	398	-	130,131	2	410	-	412	130,543
Membership fees	8,505	-	8,505	14,940	9,316	372	-	33,133	1	187	-	188	33,321
Litigation costs	2,335	-	2,335	2,492	1,150	21	-	5,998	-	24	-	24	6,022
Subgrant awards	91,526	-	91,526	-	40,500	-	-	132,026	-	-	-	-	132,026
Interest	2,840	-	2,840	-	-	-	-	2,840	-	-	-	-	2,840
Miscellaneous	7,356	-	7,356	3,352	4,191	208	-	15,107	1	185	-	186	15,293
Total expenses	2,899,232	102,849	3,002,081	1,043,017	1,548,031	146,328	13,194	5,752,651	1,590	119,617	2	121,209	5,873,860
Change in Net Assets before Transfers	354,511	(102,849)	251,662	20,344	(73,561)	(47,311)	(13,194)	137,940	9,889	153,110	(2)	162,997	300,937
Interfund transfers	-	-	-	-	5,102	1,284	-	6,386	-	(6,386)	-	(6,386)	-
Change in Net Assets after Transfers	354,511	(102,849)	251,662	20,344	(68,459)	(46,027)	(13,194)	144,326	9,889	146,724	(2)	156,611	300,937
NET ASSETS (DEFICIT) AT BEGINNING OF YEAR	532,929	2,826,756	3,359,685	76,709	89,137	46,103	51,166	3,622,800	(12,747)	(65,918)	-	(78,665)	3,544,135
Debt service payments	(81,224)	-	(81,224)	-	-	-	-	(81,224)	-	81,224	-	81,224	-
Acquisition of property - purchases	(175,485)	175,485	-	(1,318)	(20,678)	(76)	22,072	-	(1)	(18)	19	-	-
Acquisition of property - donations	3,760	(3,760)	-	-	-	-	-	-	-	-	-	-	-
NET ASSETS (DEFICIT) AT END OF YEAR	\$ 634,491	\$ 2,895,632	\$ 3,530,123	\$ 95,735	\$ -	\$ -	\$ 60,044	\$ 3,685,902	\$ (2,859)	\$ 162,012	\$ 17	\$ 159,170	\$ 3,845,072

ACADIANA LEGAL SERVICE CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS  
 TO EXECUTIVE DIRECTOR  
DECEMBER 31, 2019

Executive Director: Greg Landry

Purpose:

Salary	\$ 122,396
Benefits - insurance (Health, Vision, and Dental)	5,701
Benefits - other (FICA/Medicare Taxes)	9,299
Benefits - other (Life Insurance and AD&D)	378
Benefits - other (STD LTD Disability Insurance)	1,605
Benefits - other (403b Employer Match)	3,658
Dues and fees	510
Mileage reimbursements	914
Per diem	240
Other reimbursements	358
Conference travel	2,882
Total	<u>\$ 147,941</u>

ACADIANA LEGAL SERVICE CORPORATION  
OTHER SUPPLEMENTARY INFORMATION  
SCHEDULE OF LSC FUNDING PASSED-THROUGH TO SUBRECIPIENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Lafayette Parish Bar Foundation	Central Louisiana Pro Bono Project	Southwest Louisiana Bar Foundation	Shreveport Bar Foundation	Total
Salaries and wages	\$ 15,018	\$ 7,733	\$ 10,500	\$ 35,000	\$ 68,251
Employee benefits	-	748	-	-	748
Rent	-	1,321	-	-	1,321
Mortgage	3,000	-	-	5,000	8,000
Telephone	500	1,134	-	1,600	3,234
Training	-	-	-	300	300
Travel	1,000	-	-	-	1,000
Insurance	500	338	-	1,600	2,438
Litigation	500	-	-	-	500
Office expenses	-	610	3,124	1,200	4,934
Other expenses	500	-	-	300	800
	<u>\$ 21,018</u>	<u>\$ 11,884</u>	<u>\$ 13,624</u>	<u>\$ 45,000</u>	<u>\$ 91,526</u>

ACADIANA LEGAL SERVICE CORPORATION  
 OTHER SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LSC EXCESS CARRYOVER FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Prior Year LSC Excess Carryover</u>
<b>REVENUE AND SUPPORT:</b>	
Grant revenue	\$ -
Interest earnings	-
Donations	-
Other revenues	-
Total revenue and support	<u>-</u>
<b>EXPENSES:</b>	
<b>Salaries and wages:</b>	
Lawyers	232,989
Paralegals and law clerks	-
Non-lawyers	17,181
Employee benefits	-
Office rent and utilities	-
Equipment rentals and maintenance	-
Office supplies and expenses	-
Telephone	-
Travel and training	-
Depreciation	-
Library and other supplies	-
Insurance	-
Professional services	-
Contractual services	-
Membership fees	-
Litigation costs	-
Subgrant awards	-
Interest	-
Miscellaneous	-
Total expenses	<u>250,170</u>
Change in Net Assets	(250,170)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	309,117
Acquisition of property - purchases	<u>(58,947)</u>
<b>NET ASSETS AT END OF YEAR</b>	<u><u>\$ -</u></u>



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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

May 21, 2020

Board of Directors  
Acadiana Legal Service Corporation  
Lafayette, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Acadiana Legal Service Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statement of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 21, 2020.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Acadiana Legal Service Corporation's (the Corporation) internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

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A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Corporation'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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2019-01.

### **Acadiana Legal Service Corporation's Response to Finding**

Acadiana Legal Service Corporation's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Acadiana Legal Service Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **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 Corporation'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Duplantier, Sharpner, Hogan and Baker, LLP*

New Orleans, Louisiana





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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY *THE UNIFORM GUIDANCE*

May 21, 2020

Board of Directors  
Acadiana Legal Service Corporation  
Lafayette, Louisiana

### Report on Compliance for Each Major Federal Program

We have audited Acadiana Legal Service Corporation's (the Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the Legal Services Corporation Audit Guide and Compliance Supplement (the Audit Guide) that could have a direct and material effect on each of the Corporation's major federal programs for the year ended December 31, 2019. The Corporation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

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## **Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the Legal Services Corporation Audit Guide and Compliance Supplement. Those standards and *The Uniform Guidance* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Corporation's compliance.

## **Opinion on Each Major Federal Program**

In our opinion, Acadiana Legal Service Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

## **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and the Legal Services Corporation Audit Guide and Compliance Supplement, and is described in the accompanying schedule of findings and questioned costs as item 2019-01. Our opinion on each major federal program is not modified with respect to this matter.

Acadiana Legal Service Corporation's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Acadiana Legal Service Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control over Compliance**

Management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with *The Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *The Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.

*Duplantier, Sharpner, Hogan and Baker, LLP*

New Orleans, Louisiana

ACADIANA LEGAL SERVICE CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2019

Federal Grantor/ Pass-Through Grantor/ Program Name	Grant Number	CFDA Number	Passed-through to Subrecipients	Federal Expenditures
<u>LEGAL SERVICES CORPORATION</u>				
Basic Field Grant	N/A	09.619051	\$ 91,526	\$ 3,405,664
Technology Initiative Grant	N/A	09.619051	-	10,222
			<u>91,526</u>	<u>3,415,886</u>
<u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES ADMINISTRATION FOR CHILDREN AND FAMILIES</u>				
Title IV-E Foster Care Pass-through program from following agencies:				
Louisiana Bar Foundation	N/A	93.658	-	153,613
			<u>-</u>	<u>153,613</u>
<u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES ADMINISTRATION ON AGING</u>				
Title III, Part B - Supportive Services and Senior Centers Pass-through program from following agencies:				
Allen Council on Aging, Inc.	N/A	93.044	-	2,016
Beauregard Council on Aging, Inc.	N/A	93.044	-	2,393
Bienville Council on Aging, Inc.	N/A	93.044	-	1,267
Bossier Council on Aging, Inc.	N/A	93.044	-	2,090
Caddo Council on Aging	N/A	93.044	-	6,187
Cajun Area Agency on Aging, Inc.	N/A	93.044	-	16,915
Calcasieu Council on Aging, Inc.	N/A	93.044	-	5,043
Caldwell Parish Council on Aging	N/A	93.044	-	1,053
Cameron Council on Aging, Inc.	N/A	93.044	-	929
CENLA Area Agency on Aging, Inc.	N/A	93.044	-	9,927
Claiborne Council on Aging, Inc.	N/A	93.044	-	1,316
Desoto Council on Aging, Inc.	N/A	93.044	-	2,630
Jefferson Davis Council on Aging, Inc.	N/A	93.044	-	2,454
Lincoln Parish Council on Aging	N/A	93.044	-	981
Morehouse Parish Council on Aging, Inc.	N/A	93.044	-	1,188
Ouachita Council on Aging Inc.	N/A	93.044	-	3,091
Natchitoches Council on Aging, Inc.	N/A	93.044	-	1,649
North Delta Area Agency on Aging, Inc.	N/A	93.044	-	3,952
Red River Council on Aging, Inc.	N/A	93.044	-	756
Sabine Parish Council on Aging	N/A	93.044	-	1,295
Vernon Council on Aging	N/A	93.044	-	3,191
Webster Council on Aging, Inc.	N/A	93.044	-	1,332
West Carroll Council on Aging	N/A	93.044	-	241
			<u>-</u>	<u>71,896</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 91,526</u>	<u>\$ 3,641,395</u>

See the accompanying notes to the schedule of expenditures of federal awards.

ACADIANA LEGAL SERVICE CORPORATION  
LAFAYETTE, LOUISIANA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2019

1. BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal award activity of the Acadiana Legal Service Corporation under programs of the federal government for the year ended December 31, 2019. The information in the schedule of expenditures of federal awards is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule of expenditures of federal awards presents only a selected portion of the operations of the Acadiana Legal Service Corporation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Acadiana Legal Service Corporation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying schedule of expenditures of federal awards includes the federal award activity of Acadiana Legal Service Corporation and is presented on the accrual basis of accounting. Grant revenues are recorded, for financial reporting purposes, when Acadiana Legal Service Corporation has met the cost of reimbursement or funding qualifications for the respective grants.

3. DE MINIMUS COST RATE:

During the year ended December 31, 2019, the Corporation did not elect to use the 10% de minimus cost rate as covered in §200.414 of *The Uniform Guidance*.

ACADIANA LEGAL SERVICE CORPORATION  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of auditor's report issued: Unmodified

Internal Control Over Financial Reporting:

- Material weakness(es) identified? \_\_yes      X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_yes      X no

Noncompliance material to financial statements noted? \_\_yes      X no

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? \_\_yes      X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_yes      X no

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with §200.516 of *The Uniform Guidance*: X yes      \_\_ no

Identification of major program:

CFDA Numbers  
09.619051

Name of Federal Program or Cluster  
Legal Services Corporation -  
Basic Field Grant and Technology Initiative Grant

- The threshold for distinguishing types A & B programs was program expenditures exceeding \$750,000.
- Acadiana Legal Service Corporation did not qualify as a low-risk auditee.

ACADIANA LEGAL SERVICE CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

FINDINGS REQUIRED TO BE REPORTED UNDER GOVERNMENT AUDITING  
STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA:

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

2019-01:

NONCOMPLIANCE WITH LEGAL SERVICES CORPORATION'S PAI REQUIREMENT

*Criteria:* Recipients of Legal Services Corporation, (LSC) funding are required to devote an amount of LSC and/or non-LSC funds equal to at least 12.5% of their annualized LSC Basic Field Award to promoting the involvement of private attorneys, law students, law graduates, or other professionals in the delivery of legal information and legal assistance to eligible clients. The recipient is to demonstrate compliance with this requirement by using financial systems and procedures and maintain supporting documentation to identify and separately account for costs related to the PAI effort. While it is the expectation and experience of LSC that most basic field programs can effectively expend their PAI requirement, there are some circumstances, temporary or permanent, under which the goal of economical and effective use of LSC funds will be furthered by a partial, or in exceptional circumstances, a complete waiver of the PAI requirement. Applications for waivers of any requirement under the PAI requirement may be for the current or next fiscal year. All such applications must be in writing. Applications for waivers for the current fiscal year must be received by LSC during the current fiscal year.

*Condition:* For the year ended December 31, 2019, Acadiana Legal Service Corporation's Private Attorney Involvement was approximately 10.31% of its annualized LSC Basic Field Award, which is below the required 12.5% threshold. Acadiana Legal Service Corporation did not submit an application for a waiver related to its PAI requirement, which fell below the required 12.5% threshold, during the year ended December 31, 2019.

*Cause:* For the year ended December 31, 2019, Acadiana Legal Service Corporation did not meet LSC's PAI requirement for the following reasons:

- 1) Acadiana Legal Service Corporation had an unbudgeted increase in its LSC Basic Field Award of approximately \$500,000. Due to the delay in Congress' passing of the final 2019 appropriations, Acadiana Legal Service Corporation did not learn of the increase in award until after the Corporation's PAI contracts for the fiscal year ended December 31, 2019, were finalized. Acadiana Legal Service Corporation was able to increase the contracts of two of the PAI contracts towards the end of the year.
- 2) In prior years, Acadiana Legal Service Corporation has used part of its LSC basic field award to fund contracts with private attorneys to handle conflicts of interest in Child in Need of Care cases, but in the fiscal year ended December 31, 2019, Child in Need of Care funding increased substantially, reducing the number of private attorneys used in the current year.

ACADIANA LEGAL SERVICE CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

FINDINGS REQUIRED TO BE REPORTED UNDER GOVERNMENT AUDITING  
STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA (Continued)

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS: (Continued)

2019-01: (Continued)

NONCOMPLIANCE WITH LEGAL SERVICES CORPORATION'S PAI REQUIREMENT:  
(Continued)

Cause: (Continued)

- 3) The coordinator of one of Acadiana Legal Service Corporation's subgrantee/private attorney programs passed away during the year ended December 31, 2019, resulting in a suspension of cases being referred to the program until a new coordinator could be hired, which did not occur until the subsequent year.

Effect: Acadiana Legal Service Corporation is not in compliance with the terms and conditions of the LSC Basic Field Award. Non-compliance with the LSC Basic Field Award could result in reduced awards in subsequent years. If the Corporation fails to comply with the expenditure required by this PAI requirement, and the Corporation fails without good cause to seek a waiver during the term of the grant or contract, LSC could withhold from the Corporation's grant payments an amount equal to the difference between the amount expended on PAI and twelve and one-half percent (12.5%) of the Corporation's Basic Field Award. If the Corporation fails with good cause to seek a waiver, or applies for but does not receive a waiver, or receives a waiver of part of the PAI requirement and does not expend the amount required to be expended, the PAI expenditure requirement for the ensuing year shall be increased for the Corporation by an amount equal to the difference between the amount actually expended and the amount required to be expended.

Recommendation: We recommend that Acadiana Legal Service Corporation monitor its private attorney involvement on a more continuous basis so as to be able to adjust expenditures, as necessary, to be in compliance with the LSC requirement to devote an amount of LSC and/or non-LSC funds equal to at least 12.5% of their annualized LSC Basic Field Award to promoting the involvement of private attorneys, law students, law graduates, or other professionals in the delivery of legal information and legal assistance to eligible clients.

Management Response: Acadiana Legal Service Corporation will be applying for a waiver for the year ended December 31, 2019, given the circumstances described in the above Cause section. For the fiscal year ending December 31, 2020, Acadiana Legal Service Corporation is monitoring its private attorney involvement on a quarterly basis, and adjusting 2020 expenditures, as necessary, to assure that Acadiana Legal Service Corporation meets the 12.5% private attorney involvement requirement in the fiscal year ending December 31, 2020.



ACADIANA LEGAL SERVICE CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

PRIOR YEAR FINDINGS:

None reported.