

---

**INNOCENCE PROJECT NEW ORLEANS**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

---



Postlethwaite & Netterville

A Professional Accounting Corporation

[www.pncpa.com](http://www.pncpa.com)

**INNOCENCE PROJECT NEW ORLEANS**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

## C O N T E N T S

	<u>Page</u>
<u>INDEPENDENT AUDITORS' REPORT</u>	1 - 2
<u>FINANCIAL STATEMENTS</u>	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5 - 6
Statements of Cash Flows	7
<u>NOTES TO FINANCIAL STATEMENTS</u>	8 - 14
<u>SUPPLEMENTARY INFORMATION</u>	
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	15
<u>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</u>	16 - 17



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Innocence Project New Orleans

### Report on the Financial Statements

We have audited the accompanying financial statements of the Innocence Project New Orleans (a nonprofit organization, referred to as the "Organization"), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in 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 Organization as of December 31, 2018 and 2017, 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.

**Emphasis of Matter**

As discussed in Note 1 to the financial statements, the Organization adopted Accounting Standards Update No. 2016-14 in the current year related to the presentation of financial statements. Our opinion is not modified with respect to this matter.

**Other Matters**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits and other payments to agency head or chief executive officer, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2019, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*Postlethwaite & Netterville*

Metairie, Louisiana  
June 18, 2019

**INNOCENCE PROJECT NEW ORLEANS**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2018 AND 2017**

**ASSETS**

	2018	2017
Current assets:		
Cash	\$ 240,599	\$ 28,812
Grants and promises to give	83,092	293,760
Prepaid expenses	14,020	8,212
Total current assets	337,711	330,784
Property and equipment, net	282,152	287,988
Total assets	\$ 619,863	\$ 618,772

**LIABILITIES AND NET ASSETS**

Current liabilities:		
Accounts payable	\$ 23,310	\$ 11,776
Line of credit	-	30,000
Deposits	4,407	3,245
Note payable - current portion (note 5)	7,526	7,230
Total current liabilities	35,243	52,251
Long term liabilities:		
Note payable (note 5)	172,276	179,520
Total liabilities	207,519	231,771
Net assets:		
Without donor restrictions	342,344	137,001
With donor restrictions	70,000	250,000
Total net assets	412,344	387,001
Total liabilities and net assets	\$ 619,863	\$ 618,772

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

**INNOCENCE PROJECT NEW ORLEANS**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and support:</b>						
Contributions	\$ 468,722	\$ 20,000	\$ 488,722	\$ 255,003	\$ 226,261	\$ 481,264
Grants	389,213	50,000	439,213	215,000	285,142	500,142
Contracts	360,000	-	360,000	360,000	-	360,000
Fundraising events, net (direct costs of \$37,952 and \$29,403, respectively)	186,695	-	186,695	161,048	-	161,048
Other revenue	2,266	-	2,266	531	-	531
Net assets released from restrictions	250,000	(250,000)	-	281,403	(281,403)	-
Total revenues and other support	<u>1,656,896</u>	<u>(180,000)</u>	<u>1,476,896</u>	<u>1,272,985</u>	<u>230,000</u>	<u>1,502,985</u>
<b>Expenses:</b>						
Program services	1,186,805	-	1,186,805	1,046,287	-	1,046,287
Supporting services:						
Fundraising	108,115	-	108,115	89,604	-	89,604
Management and general	156,633	-	156,633	141,523	-	141,523
Total expenses	<u>1,451,553</u>	<u>-</u>	<u>1,451,553</u>	<u>1,277,414</u>	<u>-</u>	<u>1,277,414</u>
Change in net assets	205,343	(180,000)	25,343	(4,429)	230,000	225,571
<b><u>NET ASSETS AT BEGINNING OF THE YEAR</u></b>	<u>137,001</u>	<u>250,000</u>	<u>387,001</u>	<u>141,430</u>	<u>20,000</u>	<u>161,430</u>
<b><u>NET ASSETS AT END OF THE YEAR</u></b>	<u>\$ 342,344</u>	<u>\$ 70,000</u>	<u>\$ 412,344</u>	<u>\$ 137,001</u>	<u>\$ 250,000</u>	<u>\$ 387,001</u>

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

**INNOCENCE PROJECT NEW ORLEANS**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

<u>December 31, 2018</u>	<u>Supporting Services</u>				<u>Total</u>
	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total Supporting Services</u>	
Salaries and wages	\$ 727,777	\$ 78,916	\$ 70,147	\$ 149,063	\$ 876,840
Office operations	119,493	5,195	5,195	10,390	129,883
Employee benefits	80,497	6,477	5,552	12,029	92,526
Payroll taxes	58,145	5,472	4,788	10,260	68,405
Special events	-	37,952	-	37,952	37,952
Travel	34,429	-	3,434	3,434	37,863
Professional fees	12,298	-	15,652	15,652	27,950
Postage and delivery	24,029	1,045	1,045	2,090	26,119
Forensic/DNA testing costs and expert fees	22,360	-	-	-	22,360
Repairs and maintenance	18,578	808	808	1,616	20,194
Insurance	18,654	589	393	982	19,636
Exoneree assistance	18,361	-	-	-	18,361
Depreciation	-	-	16,502	16,502	16,502
Books and publications	13,155	2,869	-	2,869	16,024
Staff development	-	-	15,592	15,592	15,592
Meetings/conferences/events	4,048	6,213	4,302	10,515	14,563
Interest	-	-	11,358	11,358	11,358
Telecommunications	9,831	314	314	628	10,459
Printing and duplicating	8,956	-	-	-	8,956
Automobile	4,997	217	217	434	5,431
Filing fees	4,778	-	-	-	4,778
Membership dues	3,986	-	-	-	3,986
Miscellaneous expenses	2,433	-	-	-	2,433
Loss on disposal of property	-	-	1,334	1,334	1,334
Total expenses by function	1,186,805	146,067	156,633	302,700	1,489,505
Less expenses included with revenues on the statement of activities	-	(37,952)	-	(37,952)	(37,952)
Total expenses included in the expense section on the statement of activities	<u>\$ 1,186,805</u>	<u>\$ 108,115</u>	<u>\$ 156,633</u>	<u>\$ 264,748</u>	<u>\$ 1,451,553</u>

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

**INNOCENCE PROJECT NEW ORLEANS**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

<u>December 31, 2017</u>	<u>Supporting Services</u>				<u>Total</u>
	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total Supporting Services</u>	
Salaries and wages	\$ 671,147	\$ 72,775	\$ 64,689	\$ 137,464	\$ 808,611
Office operations	48,817	2,190	3,754	5,944	54,761
Employee benefits	69,588	5,599	4,799	10,398	79,986
Payroll taxes	53,797	5,063	4,430	9,493	63,290
Special events	-	29,403	-	29,403	29,403
Travel	32,990	-	5,322	5,322	38,312
Professional fees	13,442	-	17,108	17,108	30,550
Postage and delivery	17,854	776	776	1,552	19,406
Forensic/DNA testing costs and expert fees	15,694	-	-	-	15,694
Repairs and maintenance	26,596	1,156	1,156	2,312	28,908
Insurance	19,702	622	415	1,037	20,739
Exoneree assistance	24,145	-	-	-	24,145
Depreciation	-	-	14,214	14,214	14,214
Books and publications	6,779	316	-	316	7,095
Staff development	-	-	11,950	11,950	11,950
Meetings/conferences/events	2,109	436	628	1,064	3,173
Interest	-	-	11,611	11,611	11,611
Telecommunications	5,182	165	165	330	5,512
Printing and duplicating	11,980	-	-	-	11,980
Automobile	5,628	246	246	492	6,120
Filing fees	3,432	-	-	-	3,432
Membership dues	3,965	-	-	-	3,965
Miscellaneous expenses	13,440	260	260	520	13,960
Total expenses by function	1,046,287	119,007	141,523	260,530	1,306,817
Less expenses included with revenues on the statement of activities	-	(29,403)	-	(29,403)	(29,403)
Total expenses included in the expense section on the statement of activities	<u>\$ 1,046,287</u>	<u>\$ 89,604</u>	<u>\$ 141,523</u>	<u>\$ 231,127</u>	<u>\$ 1,277,414</u>

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

**INNOCENCE PROJECT NEW ORLEANS**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ 25,343	\$ 225,571
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	16,502	14,214
Loss on disposal of property	1,334	-
In-kind donation of property	-	(101,430)
Changes in operating assets and liabilities:		
(Increase) decrease in receivables	210,668	(269,920)
Increase in other assets	(5,808)	(3,953)
Increase in accounts payable and other accrued liabilities	11,534	1,367
Increase in security deposit held	1,162	3,245
Net cash provided by (used in) operating activities	<u>260,735</u>	<u>(130,906)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchase of property and equipment	(14,445)	-
Proceeds from disposal of property and equipment	<u>2,445</u>	<u>3,330</u>
Net cash (used in) provided by investing activities	<u>(12,000)</u>	<u>3,330</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Proceeds from line of credit	-	30,000
Repayment of proceeds from line of credit	(30,000)	-
Payments on note payable	<u>(6,948)</u>	<u>(6,576)</u>
Net cash (used in) provided by financing activities	<u>(36,948)</u>	<u>23,424</u>
<b><u>Net increase (decrease) in cash</u></b>	211,787	(104,152)
Cash, beginning of year	<u>28,812</u>	<u>132,964</u>
<b><u>Cash, end of year</u></b>	<u>\$ 240,599</u>	<u>\$ 28,812</u>
<b><u>Supplemental disclosures of cash flow activities:</u></b>		
Cash paid for interest	<u>\$ 11,358</u>	<u>\$ 11,611</u>

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

**INNOCENCE PROJECT NEW ORLEANS**  
**NEW ORLEANS, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies**

Organization

Innocence Project New Orleans (“IPNO” or the “Organization”) frees innocent, life-sentenced prisoners, supports their clients living well and fully in the world after their release, and advocates for sensible criminal justice policies that reduce wrongful convictions.

IPNO was incorporated on May 1, 2001, pursuant to the provisions of the Louisiana Nonprofit Law, Louisiana R.S. 12:201 – 12:269 (1950 as amended).

IPNO offers and provides the following programs and services:

- Case Review and Representation
- Education/Public Outreach and Policy Reform Program
- Life after Life Program

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (“US GAAP”). US GAAP requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

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

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

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

Cash and Cash Equivalents

For purposes of the statements of cash flows, IPNO considers all highly liquid investments with initial maturity of three months or less to be cash equivalents. IPNO had no cash equivalents at December 31, 2018 and 2017.

**INNOCENCE PROJECT NEW ORLEANS**  
**NEW ORLEANS, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**

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

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period the promise is made and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. As promises to give are determined to be uncollectible, they are charged against the allowance for doubtful accounts. As of December 31, 2018 and 2017, no allowance was required and all promises to give are expected to be collected within one year.

Property and Equipment

Property and equipment of IPNO are recorded as assets and are stated at historical costs, if purchased, or at fair market value at the date of the gift, if donated. Additions, improvements, and expenditures greater than \$500 that significantly extend the useful life of an asset are capitalized.

Depreciation is computed on a straight-line basis over the following estimated useful lives:

Buildings	30 years
Furniture, fixtures, and office equipment	3 – 5 years
Vehicles	5 years

The cost of maintenance and repairs is charged to expense as incurred. Significant renewals and improvements are capitalized.

Revenue Recognition

In accordance with ASC 958-605, Revenue Recognition of Not-for-Profit Entities, contributions, and grants determined to be non-exchange transaction are recognized when cash, securities or the assets, an unconditional promise to give or notification of beneficial interest is received. Conditional promises to give are not recognized unless the condition on which they depend has been substantially met. Effective as of and for the year ended December 31, 2018 donor-restricted contributions whose restrictions are met within the same year as received are reported as without donor restriction in the accompanying financial statements.

Revenues from state contracts are recorded when the Organization has a right to reimbursement under the related contract, generally corresponding to the incurring of contract related costs, or when otherwise earned under the terms of the contracts. The Organization recognized revenue of \$360,000 associated with contracts with the Louisiana Public Defender Board for the years ended December 31, 2018 and 2017, respectively.

**INNOCENCE PROJECT NEW ORLEANS**  
**NEW ORLEANS, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**

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

Donated Materials and Services

Volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities and changes in net assets and are reconciled to natural classifications in the statements of functional expenses. The majority of direct costs are charged directly to the appropriate program or functional area. Certain costs which benefit more than one functional area have been allocated among IPNO's programs and supporting services benefitted. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of allocation</u>
Salaries and wages	Time and effort
Office operations	Time and effort
Employee benefits	Time and effort
Payroll taxes	Time and effort
Travel	Time and effort
Professional fees	Time and effort
Postage and delivery	Full time equivalent
Repairs and maintenance	Full time equivalent
Insurance	Full time equivalent
Books and publications	Full time equivalent
Meetings/conferences/events	Full time equivalent
Telecommunications	Full time equivalent
Automobile	Full time equivalent

**INNOCENCE PROJECT NEW ORLEANS**  
**NEW ORLEANS, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**

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

Use of Estimates

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

Income Taxes

The Organization is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Reclassification

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Changes in Accounting Principle

As of January 1, 2018 the Organization adopted Accounting Standards Update (ASU) No. 2016-14. Not-for-Profit Entities (Topic 958), *Presentation of Financial Statements of Not-for-Profit Entities*. Under the ASU, the number of net asset classes is decreased from three to two; reporting of expenses by function and nature, as well as an analysis of expenses by both function and nature is required; and qualitative information in the notes to the financial statements on how it manages its liquid available resources and liquidity risks is required. This adoption of ASU 2016-14 had no impact on the Organization's total net assets.

Accounting Pronouncements Issued but not yet Adopted

*Revenue Recognition*

In June 2018, the Financial Accounting Standards Board (FASB) issued ASU No. 2018-08 Not-for-Profit Entities (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This standard will be effective for the Organization for its year ending December 31, 2019.

**INNOCENCE PROJECT NEW ORLEANS**  
**NEW ORLEANS, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**

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

*Revenue Recognition (continued)*

The FASB has issued Accounting Standards Update (ASU) 2014-09, (Topic 606), *Revenue from Contracts with Customers*, to update its revenue recognition standard to clarify the principles of recognizing revenue and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The standard may be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. This standard will be effective for the Organization for its year ending December 31, 2019.

*Leases*

In February 2016, the FASB issued ASU 2016-02, *Leases*. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842), Targeted Improvements*, to simplify the lease standard's implementation. The amended guidance relieves businesses and other organizations of the requirement to present prior comparative years' results when they adopt the new lease standard. Instead of recasting prior year results using the new accounting when they adopt the guidance, companies can choose to recognize the cumulative effect of applying the new standard to leased assets and liabilities as an adjustment to the opening balance of net assets. This standard will be effective for the Organization for its year ending December 31, 2020.

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

**2. Availability and Liquidity**

The following represents the Organization's financial assets at December 31, 2018:

Financial assets at year end:	
Cash and cash equivalents	\$ 240,599
Grants and promises to give	83,092
Total financial assets available within one year	<u>323,691</u>
Less amounts unavailable to be used for general expenditures within one year, due to:	
Restricted by donors with purpose restrictions	60,000
	<u>60,000</u>
Total financial assets available to management for general expenditures within one year	<u><u>\$ 263,691</u></u>

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses totaling approximately \$288,000. This amount is to be covered by our current financial assets and IPNO has a \$100,000 line of credit (see Note 6) available to meet cash flow needs.

**INNOCENCE PROJECT NEW ORLEANS**  
**NEW ORLEANS, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**

**3. Economic Dependency**

The primary sources of revenues for IPNO are grants and contributions provided through various funding organizations and individuals. The continued operations of IPNO are dependent upon the renewal of grants and contributions from current funding sources as well as obtaining new funding. During 2018, the Organization received \$175,000 or 36% of its revenue from contributions from one donor, \$320,000 or 73% of revenue from grants from three grantors, and \$360,000 or 100% of its contract revenue is from the Louisiana Public Defender Board.

**4. Property and Equipment**

At December 31, property and equipment consisted of the following:

	<u>2018</u>	<u>2017</u>
Land	\$ 40,100	\$ 40,100
Building	244,472	244,472
Vehicles	37,545	38,216
Furniture and equipment	14,041	14,041
Computers	<u>22,864</u>	<u>22,864</u>
	359,022	359,693
Less: accumulated depreciation	<u>(76,870)</u>	<u>(71,705)</u>
Total	<u>\$ 282,152</u>	<u>\$ 287,988</u>

**5. Note Payable**

The Organization entered into a mortgage note payable agreement in March 2014 with a bank in the amount of \$209,573, due in March 2034, at 5.75% interest. Principal and interest payments are due monthly to the lender until the maturity date. The mortgage note is secured by the land and building.

Annual principal payments on loans payable for each of the next five years and in total thereafter at December 31, 2018, are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2019	\$ 7,526
2020	7,949
2021	8,453
2022	8,959
2023	9,496
2024-2034	<u>137,419</u>
	<u>\$ 179,802</u>

**INNOCENCE PROJECT NEW ORLEANS**  
**NEW ORLEANS, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**

**6. Line of Credit**

The Organization entered into an agreement with a bank for a line of credit facility. The facility bears interest rates of 7.25% and 6.25% at December 31, 2018 and 2017, respectively, and matures in May 2019. As of December 31, 2018 and 2017, the outstanding balance related to the facility was \$0 and \$30,000, respectively. The facility is secured by real estate of the Organization.

**7. Restrictions on Assets**

The following sets forth the composition of net assets with donor restrictions at December 31:

	<u>2018</u>	<u>2017</u>
Jewish Communal Fund (time restriction)	\$ -	\$ 50,000
Louisiana Bar Foundation (purpose restriction)	25,000	60,000
Fidelity Charitable Fund (time restriction)	10,000	10,000
NOLA For Life (time restriction)	-	95,000
RosaMary Foundation (time restriction)	-	10,000
Individual donors (purpose restriction)	10,000	-
Quattrone Foundation (purpose restriction)	25,000	-
Third Point Foundation (time restriction)	-	25,000
	<u>\$ 70,000</u>	<u>\$ 250,000</u>

**8. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 18, 2019, and determined that there were no items for disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**INNOCENCE PROJECT NEW ORLEANS**

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY  
HEAD OR CHIEF EXECUTIVE OFFICER  
DECEMBER 31, 2018**

**Agency Head Name:** Emily Maw, through June 1, 2018 and Jee Park beginning June 1, 2018

<b>Purpose</b>	<b>Payments to Emily Maw</b>	<b>Payments to Jee Park</b>
Salary	\$35,133	52,500
Bonus/incentive	n/a	n/a
Benefits-insurance	2,463	3,607
Benefits-retirement	n/a	n/a
Benefits	n/a	n/a
Car allowance	n/a	n/a
Vehicle provided by government	n/a	n/a
Per diem	540	565
Reimbursements	2,342	1,020
Travel	1,790	73
Registration fees	375	375
Conference travel	971	971
Continuing professional education fees	n/a	n/a
Housing	n/a	n/a
Unvouchered expenses	n/a	n/a
Special meals	n/a	n/a

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Innocence Project New Orleans

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 Innocence Project New Orleans (a nonprofit organization referred to as the "Organization") which comprise the statement of financial position as of December 31, 2018, and the related statement of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements and have issued our report thereon dated June 18, 2019.

**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) 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 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 may exist that have not been identified.

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 matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Postlethwaite & Netterville*

Metairie, Louisiana  
June 18, 2019