
INNOCENCE PROJECT NEW ORLEANS

FINANCIAL STATEMENTS

DECEMBER 31, 2017



Postlethwaite & Netterville

A Professional Accounting Corporation

www.pncpa.com

INNOCENCE PROJECT NEW ORLEANS

FINANCIAL STATEMENTS

DECEMBER 31, 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Innocence Project New Orleans

We have audited the accompanying financial statements of the Innocence Project New Orleans (a nonprofit organization) (the Organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and changes in net assets, statements of 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, 2017 and 2016, and the changes in its net assets, statement of functional expenses, and its cash flows for the years then ended in conformity with auditing standards generally accepted in the United States of America.

Other Matters

Our audit was 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 7, 2018, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Metairie, Louisiana

June 7, 2018

INNOCENCE PROJECT NEW ORLEANS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

ASSETS

	<u>2017</u>	<u>2016</u>
Current assets:		
Cash	\$ 28,812	\$ 132,964
Grants and contributions receivable	293,760	23,840
Prepaid expenses	8,212	4,259
Total current assets	<u>330,784</u>	<u>161,063</u>
Property and equipment, net	<u>287,988</u>	<u>204,102</u>
Total assets	<u>\$ 618,772</u>	<u>\$ 365,165</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 11,776	\$ 10,409
Line of credit	30,000	-
Deposits	3,245	-
Note payable - current portion (note 6)	7,230	6,700
Total current liabilities	<u>52,251</u>	<u>17,109</u>
Long term liabilities:		
Note payable (note 6)	<u>179,520</u>	<u>186,626</u>
Total liabilities	231,771	203,735
Net assets:		
Unrestricted	137,001	141,430
Temporarily restricted	250,000	20,000
Total net assets	<u>387,001</u>	<u>161,430</u>
Total liabilities and net assets	<u>\$ 618,772</u>	<u>\$ 365,165</u>

See accompanying notes to financial statements.

INNOCENCE PROJECT NEW ORLEANS
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>			<u>2016</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and support:						
Contributions	\$ 255,003	\$ 226,261	\$ 481,264	\$ 171,719	\$ 7,097	\$ 178,816
Grants	215,000	285,142	500,142	80,000	331,607	411,607
Contracts	360,000	-	360,000	380,000	-	380,000
Fundraising events (net of direct costs of \$29,403 and \$30,849, respectively)	161,048	-	161,048	71,400	-	71,400
Other revenue	531	-	531	301	-	301
Net assets released from restrictions	281,403	(281,403)	-	699,780	(699,780)	-
Total revenues and other support	<u>1,272,985</u>	<u>230,000</u>	<u>1,502,985</u>	<u>1,023,200</u>	<u>18,924</u>	<u>1,042,124</u>
Expenses:						
Program services	1,046,287	-	1,046,287	902,488	-	902,488
Supporting services:						
Fundraising	89,604	-	89,604	79,033	-	79,033
Management and general	141,523	-	141,523	105,435	-	105,435
Total expenses	<u>1,277,414</u>	<u>-</u>	<u>1,277,414</u>	<u>1,086,956</u>	<u>-</u>	<u>1,086,956</u>
Change in net assets	(4,429)	230,000	225,571	(63,756)	18,924	(44,832)
<u>NET ASSETS AT BEGINNING OF THE YEAR</u>	<u>141,430</u>	<u>20,000</u>	<u>161,430</u>	<u>205,186</u>	<u>1,076</u>	<u>206,262</u>
<u>NET ASSETS AT END OF THE YEAR</u>	<u>\$ 137,001</u>	<u>\$ 250,000</u>	<u>\$ 387,001</u>	<u>\$ 141,430</u>	<u>\$ 20,000</u>	<u>\$ 161,430</u>

See accompanying notes to financial statements.

INNOCENCE PROJECT NEW ORLEANS
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2017 AND 2016

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

See accompanying notes to financial statements.

INNOCENCE PROJECT NEW ORLEANS
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2017 AND 2016

<u>December 31, 2016</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	\$ 584,738	\$ 63,405	\$ 56,360	\$ 119,765	\$ 704,503
Employee benefits	62,198	5,004	4,290	9,294	71,492
Payroll taxes	47,364	4,458	3,901	8,359	55,723
Travel	21,958	-	1,904	1,904	23,862
Office operations	30,364	1,351	2,060	3,411	33,775
Professional fees	8,690	-	11,060	11,060	19,750
Repairs and maintenance	9,317	405	405	810	10,127
Exonerree assistance	8,660	-	-	-	8,660
Insurance	17,781	562	374	936	18,717
Postage and delivery	22,555	981	981	1,962	24,517
Forensic/DNA testing costs and expert fees	20,392	-	-	-	20,392
Depreciation	-	-	11,086	11,086	11,086
Miscellaneous expenses	34,104	901	901	1,802	35,906
Printing and duplicating	2,617	-	-	-	2,617
Staff development	-	-	-	4,503	4,503
Interest	-	-	11,470	11,470	11,470
Books and publications	3,968	43	-	43	4,011
Automobile	2,418	105	105	210	2,628
Telecommunications	8,568	273	273	546	9,114
Membership dues	3,480	-	-	-	3,480
Filing fees	4,048	-	-	-	4,048
Meetings/conferences/events	4,765	1,545	265	1,810	6,575
 Total expenses	 <u>\$ 897,985</u>	 <u>\$ 79,033</u>	 <u>\$ 105,435</u>	 <u>\$ 188,971</u>	 <u>\$ 1,086,956</u>

See accompanying notes to financial statements.

INNOCENCE PROJECT NEW ORLEANS
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 225,571	\$ (44,832)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	14,214	11,086
In-kind donation of property	(101,430)	-
Changes in operating assets and liabilities:		
(Increase) decrease in receivables	(269,920)	26,936
Increase in other assets	(3,953)	(380)
Increase in accounts payable and other accrued liabilities	1,367	337
Security deposit held	3,245	-
Net cash used in operating activities	<u>(130,906)</u>	<u>(6,853)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from disposal of property and equipment	<u>3,330</u>	<u>-</u>
Net cash provided by investing activities	<u>3,330</u>	<u>-</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from line of credit	30,000	-
Payments on loan payable	<u>(6,576)</u>	<u>(6,334)</u>
Net cash provided by (used in) financing activities	<u>23,424</u>	<u>(6,334)</u>
<u>Net decrease in cash</u>	(104,152)	(13,187)
Cash, beginning of year	<u>132,964</u>	<u>146,151</u>
<u>Cash, end of year</u>	<u>\$ 28,812</u>	<u>\$ 132,964</u>
<u>Supplemental disclosures of cash flow activities:</u>		
Cash paid for interest	<u>\$ 11,611</u>	<u>\$ 11,470</u>

See accompanying notes to 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) is a 501 (c) (3) non-profit organization that represents innocent prisoners serving life sentences in Louisiana and south Mississippi and assists them with their transition into the free world upon their release.

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
- Exonerree Advocacy Program

Program services provided by IPNO are funded primarily by grants from the following organizations:

- Louisiana Bar Foundation
- RosaMary Foundation
- Bureau of Justice Assistance
- Rockefeller Family Fund
- The Roddick Foundation
- Lakeshore Foundation
- Ella West Freeman Foundation

Basis of Presentation

IPNO is a nonprofit organization whose financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Classification of Net Assets

Financial Accounting Standards Board Codification No. 958 entitled “Not-For-Profit Entities” requires that net assets and changes in net assets be reported for three classifications—permanently restricted, temporarily restricted and unrestricted—based on the existence or absence of donor imposed restrictions of the assets to a particular purpose. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met either by actions of IPNO and/or the passage of time.
- Permanently restricted net assets - Net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled and removed by actions of IPNO pursuant to those stipulations.

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

1. Summary of Significant Accounting Policies (continued)

Classification of Net Assets (continued)

IPNO reports donations as restricted support if they are received with donor stipulations that limit the use of the donated assets. Donations received to support the cost of operations are recorded as unrestricted support.

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, 2017 and 2016.

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 recorded when pledges are made or the Organization is notified of the grant. These resources are considered to be available for unrestricted use unless specifically restricted by the donor or grantor. Amounts outstanding that are designated for future periods are reported as temporarily restricted support.

Amounts received with donor stipulations that limit the use of the donated assets are reported as restricted support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

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

1. Summary of Significant Accounting Policies (continued)

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 and \$380,000 associated with a contract with the Louisiana Public Defender Board for the years ended December 31, 2017 and 2016, respectively.

Donated Materials and Services

Donated assets are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Contributed services are recorded when the services received require specialized skills that would otherwise be purchased if not provided by donation, or create or enhance a non-financial asset.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among IPNO's programs.

Use of 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 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 federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for income taxes has been reflected in the financial statements.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT).

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

1. Summary of Significant Accounting Policies (continued)

Accounting pronouncements issued but not yet adopted

On August 18, 2016, FASB issued 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; enhanced disclosure of underwater endowments is required; 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 risk is required. This ASU will be effective for IPNO's year ending December 31, 2018.

IPNO believes there will be no material impact on total net assets.

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.

2. Economic Dependency

The primary sources of revenues for IPNO are grants and contributions provided through various funding agencies. 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 2017, the Organization received \$100,100 or 21% of its revenue from contributions from one donor and \$360,000 or 42% of revenue from grants from a single grantor.

3. Grants

IPNO received funding from the following sources for the year ended December 31:

	<u>2017</u>	<u>2016</u>
Federal	\$ 117,642	\$ 131,107
Foundations	<u>382,500</u>	<u>280,500</u>
Total grants	<u>\$ 500,142</u>	<u>\$ 411,607</u>

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

4. Louisiana Bar Foundation

During the period from July 1, 2017 through December 31, 2017, the Organization had the following expenditures related to the Louisiana Bar Foundation grant received for the period of July 1, 2017 through June 30, 2018:

Personnel - lawyers	\$	50,448
Personnel - employee benefits		3,238
Contract Services, other:		
DNA experts, social worker,		
IT contract, and copy contract		675
Postage		135
Court fees		1,125
Telephone		1,000
Mileage/tolls		4,633
		<u>58,094</u>
	\$	<u>58,094</u>

5. Property and Equipment

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

	<u>2017</u>	<u>2016</u>
Land	\$ 40,100	\$ 40,100
Building	244,472	169,472
Vehicle	38,216	15,116
Furniture and equipment	14,041	14,041
Computers	22,864	22,864
	<u>359,693</u>	<u>261,593</u>
Less: accumulated depreciation	<u>(71,705)</u>	<u>(57,491)</u>
Total	<u>\$ 287,988</u>	<u>\$ 204,102</u>

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

6. Note Payable

On February 15, 2013, the Organization signed a promissory note in the amount of \$209,573 due on February 14, 2014, at 5.75% interest from a bank to finance purchase of property and construction for the Organization's office. The note was converted to a mortgage note at a fixed rate of 5.75% on March 12, 2015, due on March 12, 2034. 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, 2017, are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2018	\$7,230
2019	7,526
2020	7,949
2021	8,453
2022-2034	155,592
	<u>\$ 186,750</u>

7. Line of Credit

During 2013, the Company entered into an agreement with a bank for a line of credit facility for \$50,000. The facility calls for interest to be charged at 6.25% as of December 31, 2016, and matures at March 14, 2017. In February 2017, the line of credit facility was increased from \$50,000 to \$100,000, maturing in February 2018 at 6.25% interest rate. As of December 31, 2017 and 2016, the outstanding balance related to the facility was \$30,000 and \$0, respectively. The facility is secured by real estate of the Organization.

8. Restrictions on Assets

The following sets forth the composition of temporarily restricted net assets at June 30, 2017 and 2016:

	2017	2016
Jewish Communal Fund (time restriction)	\$ 50,000	\$ -
Louisiana Board Foundation (time restriction)	60,000	-
Michael Harris Charitable Fund (time restriction)	10,000	-
NOLA For Life (time restriction)	95,000	-
RosaMary Foundation (time restriction)	10,000	20,000
Third Point Foundation (time restriction)	25,000	-
	<u>\$ 250,000</u>	<u>\$ 20,000</u>

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

9. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 7, 2018, 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, 2017**

Agency Head Name: Emily Maw

Purpose	Amount
Salary (Contract Payments)	\$80,000
Bonus/incentive	n/a
Benefits-insurance	6,126
Benefits-retirement	n/a
Benefits	n/a
Car allowance	n/a
Vehicle provided by government	n/a
Per diem	485
Reimbursements	4,005
Travel	2,380
Registration fees	n/a
Conference travel	n/a
Continuing professional education fees	n/a
Housing	n/a
Unvouchered expenses	n/a
Special meals	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 for
Innocence Project New Orleans
New Orleans, 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 Innocence Project New Orleans ("the Organization") as of and for the year ended December 31, 2017, 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 7, 2018.

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 7, 2018