

**Legal Services of North Louisiana, Inc.  
Shreveport, Louisiana**

**Financial Statements  
As of and for the Eighteen Months Ended June 30, 2017  
and Supplemental Information Schedules  
LSC Grant Recipient Number 619061**

Legal Services of North Louisiana, Inc.  
Shreveport, Louisiana

Table of Contents

	<u>Page No.</u>
<b>Independent Auditors' Report</b>	1 – 2
<b>Financial Statements:</b>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 – 11
<b>Supplemental Information Schedules Prepared For Grants and Contract Analysis</b>	
Legal Services Corporation – Grant Recipient Number 619061	
For the Contract Period: January 1, 2016 to December 31, 2016	13
For the Period: January 1, 2017 – June 30, 2017	14
Interest on Lawyers Trust Accounts (IOLTA)	
For the Period: January 1, 2016 to December 31, 2016	15
Children in Need of Care (CINC)	
For the Period: January 1, 2016 to December 31, 2016	16
<b>Other Supplementary Information</b>	
Schedule of Compensation, Benefits, and Other Payments to Agency Head	
For the Eighteen Months Ended June 30, 2017	17
<b>Schedule of Expenditures of Federal Awards</b>	18
<b>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i></b>	19 - 20
<b>Report on Compliance for Each Major Federal Program and on Internal Control over Compliance as Required By the Uniform Guidance</b>	21 - 22
<b>Summary Schedule of Prior Audit Findings</b>	23
<b>Schedule of Findings and Questioned Costs</b>	23 - 26
<b>Schedule of Prior Audit Findings for Louisiana Legislative Auditor</b>	27
<b>Schedule of Current Audit Findings for Louisiana Legislative Auditor</b>	27
<b>Corrective Action Plan</b>	

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## Independent Auditors' Report

To the Board of Directors  
Legal Services of North Louisiana, Inc.  
Shreveport, Louisiana

We have audited the accompanying financial statements of Legal Services of North Louisiana, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the eighteen months 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 misstatements, whether due to fraud or error.

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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 Legal Services of North Louisiana, Inc., as of June 30, 2017, and the changes in its net assets and its cash flows for the eighteen months then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Uncertainty Regarding Going Concern***

The accompanying financial statements have been prepared assuming that Legal Services of North Louisiana, Inc. will continue as a going concern. As discussed in Note 12 to the financial statements, under existing circumstances, there is substantial doubt about the ability of Legal Services of North Louisiana, Inc. to continue as a going concern at June 30, 2017. Management's plans in regard to that matter also are described in Note 12. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

### ***Other Matters***

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

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, shown on page 18, 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 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.

The accompanying supplemental schedules, listed as "Supplemental Information Schedules Prepared For Grants and Contracts Analysis" in the table of contents, and shown on pages 13 - 16, are presented for the purpose of providing various funding sources of Legal Services of North Louisiana, Inc. additional individual grant and contract analysis and are not a required part of the financial statements. The information is prepared on a prescribed basis of the various funding sources of Legal Services of North Louisiana, Inc. The schedules are not presented in accordance with generally accepted accounting principles. Accordingly, the schedules are not intended to present financial position and results of operations in conformity with generally accepted accounting principles. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, it is fairly stated on the basis of accounting practices prescribed by the various funding sources.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The "Schedule of Compensation, Benefits and Other Payments to Agency Head," as shown on page 17, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That 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, that 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 November 17, 2017, on our consideration of Legal Services of North Louisiana, Inc.'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 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 Legal Services of North Louisiana, Inc.'s internal control over financial reporting and compliance.

  
Cook and Morehart  
Certified Public Accountants  
November 17, 2017

Legal Services of North Louisiana, Inc.  
 Shreveport, Louisiana  
 Statement of Financial Position  
 June 30, 2017

Assets	
Current Assets	
Cash	\$ 16,801
Accounts receivable	2,750
Grant receivable	235
Prepaid expenses	<u>3,912</u>
Total current assets	<u>23,698</u>
Deposits	<u>1,665</u>
Total assets	<u><u>\$ 25,363</u></u>
Liabilities and Net Assets	
Current liabilities	
Accounts payable	\$ 5,197
Accrued liabilities	2,362
Refundable advances	<u>8,253</u>
Total current liabilities	<u>15,812</u>
Net assets	
Unrestricted	1,859
Temporarily restricted	
Legal services corporation-grant	<u>7,692</u>
Total net assets	<u>9,551</u>
Total liabilities and net assets	<u><u>\$ 25,363</u></u>

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

Legal Services of North Louisiana, Inc.  
Shreveport, Louisiana  
Statement of Activities  
For the Eighteen Months Ended June 30, 2017

	Unrestricted	Temporarily Restricted		Total	Total
		LSC	Non-LSC		
Revenue and support:					
Grants and Contracts	\$	\$ 1,566,897	\$ 964,398	\$ 2,531,295	\$ 2,531,295
Interest Income		8,571		8,571	8,571
Fees		5,812		5,812	5,812
Other	34,121	6,000		6,000	40,121
Net assets released from restrictions:					
Satisfaction of program restrictions	3,310,507	(2,288,154)	(1,022,353)	(3,310,507)	
Total revenues and other support	<u>3,344,628</u>	<u>(700,874)</u>	<u>(57,955)</u>	<u>(758,829)</u>	<u>2,585,799</u>
Expenses:					
Program Services	2,428,180				2,428,180
Management and General	628,113				628,113
Total expenses	<u>3,056,293</u>				<u>3,056,293</u>
Change in net assets from continuing operations	288,335	(700,874)	(57,955)	(758,829)	(470,494)
Discontinued operations - loss from operations of discontinued federal and state grant programs	(325,385)				(325,385)
Change in net assets	(37,050)	(700,874)	(57,955)	(758,829)	(795,879)
Net assets at beginning of year	<u>38,909</u>	<u>708,566</u>	<u>57,955</u>	<u>766,521</u>	<u>805,430</u>
Net assets at end of year	<u>\$ 1,859</u>	<u>\$ 7,692</u>	<u>\$</u>	<u>\$ 7,692</u>	<u>\$ 9,551</u>

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

Legal Services of North Louisiana, Inc.  
 Shreveport, Louisiana  
 Statement of Functional Expenses  
 For the Eighteen Months Ended June 30, 2017

	<u>Program</u>	<u>Management &amp; General</u>	<u>Total</u>
Personnel Expenses			
Lawyers	\$ 1,100,661	\$ 26,960	\$ 1,127,621
Paralegals	22,846		22,846
Other	347,813	356,908	704,721
Employee Benefits	292,778	76,270	369,048
Total Personnel Expenses	<u>1,764,098</u>	<u>460,138</u>	<u>2,224,236</u>
Other Expenses			
Space and Occupancy	67,898	17,470	85,368
Equipment Rental	21,610	6,650	28,260
Office Supplies and Expenses	46,244	11,150	57,394
Telephone	53,587	14,760	68,347
Travel	12,204	2,830	15,034
Training	44,119	9,690	53,809
Library	18,762	4,330	23,092
Insurance	48,525	12,430	60,955
Dues and Fees	12,946	2,840	15,786
Litigation	5,592	1,310	6,902
Contract Services to Clients	150,286	32,990	183,276
Depreciation	65,737	26,820	92,557
Other	116,572	24,705	141,277
Total Other Expenses	<u>664,082</u>	<u>167,975</u>	<u>832,057</u>
 Total Expenses	 <u>\$ 2,428,180</u>	 <u>\$ 628,113</u>	 <u>\$ 3,056,293</u>

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

Legal Services of North Louisiana, Inc.  
 Shreveport, Louisiana  
 Statement of Cash Flows  
 For the Eighteen Months Ended June 30, 2017

Operating Activities:	
Change in net assets	\$ (795,879)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	92,557
Loss from discontinued operations	325,385
(Increase) decrease in:	
Client escrow funds	6,555
Grants receivable	76,015
Accounts receivable	16,694
Prepays	14,608
Increase (decrease) in:	
Accounts payable	(94,416)
Accrued expenses	(64,312)
Client trust deposits	(6,555)
Deferred revenue	(42,412)
Net cash provided by operating activities	<u>(471,760)</u>
Investing Activities:	
Purchase of property and equipment	<u>(25,213)</u>
Net cash (used in) investing activities	<u>(25,213)</u>
Net decrease in cash	(496,973)
Cash as of beginning of year	<u>513,774</u>
Cash as of end of year	<u>\$ 16,801</u>

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

Legal Services of North Louisiana, Inc.  
Shreveport, Louisiana  
Notes to Financial Statements  
June 30, 2017

(1) Summary of Significant Accounting Policies

Legal Services of North Louisiana, Inc. (LSNL) is a private nonprofit corporation incorporated under the laws of the State of Louisiana and is governed by a Board of Directors composed of 14 members.

A. Nature of Activities

LSNL administered various federal, state, and miscellaneous grants during the eighteen months ended June 30, 2017. The grants are designed to provide eligible individuals with free legal services. The following programs, with their approximate percentage of total revenues indicated, are administered by LSNL:

Legal Services Corporation (LSC) – 61%  
Interest on Lawyers' Trust Accounts (IOLTA) – 13%  
United Way – 1%  
Local Councils on Aging – 2%  
Children In Need of Care – 21%  
Other – 2%

B. Basis of Accounting

The financial statements of LSNL have been prepared on the accrual basis of accounting.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards. Under those standards, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

D. Income Tax Status

LSNL is a nonprofit corporation and is exempt from state and federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. However, income from activities not directly related to LSNL's tax-exempt purpose is subject to taxation as unrelated business income. LSNL had no such income for this audit period. The Organization's Form 990, Return of Organization Exempt from Income Tax, for the years ended December 31, 2013, 2014, 2015, and 2016 are subject to examination by the IRS, generally three years after they were filed.

E. Property and Equipment

It is the policy of the agency to capitalize all fixed assets with a unit cost of \$1,000 or more. All fixed assets are valued at historical cost. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The Federal Government has a reversionary interest in property purchased with federal funds. Its disposition as well as the ownership of any proceeds therefrom is subject to federal regulations. Depreciation expense for the eighteen months ended June 30, 2017 totaled \$92,557.

F. Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending of the existence and/or nature of any donor restrictions.

(Continued)

Legal Services of North Louisiana, Inc.  
 Shreveport, Louisiana  
 Notes to Financial Statements  
 June 30, 2017  
 (Continued)

Federal and state grant revenue and all other donor-restricted support are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 reported in the Statement of Activities as net assets released from restrictions.

G. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

H. Cash and Cash Equivalents

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

I. Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among program and management and general services.

J. Reclassifications

The following amounts have been reclassified from temporarily restricted net assets to unrestricted net assets by expending funds which satisfied the restricted purposes specified by the donors:

LSC	\$ 2,288,154
United Way	95
Councils on Aging	48,471
IOLTA	352,623
Children in Need of Care	563,209
Other	57,955
Total	<u>\$ 3,310,507</u>

K. Donated Services

Donated services are recognized as contributions in accordance with Statements of Financial Accounting Standards, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by LSNL. Included in other revenue and contract services to clients in the accompanying financial statements is \$6,000 of donated services from attorneys.

(Continued)

Legal Services of North Louisiana, Inc.  
 Shreveport, Louisiana  
 Notes to Financial Statements  
 June 30, 2017  
 (Continued)

(2) Concentrations of Credit Risk

Financial instruments that potentially subject LSNL to concentrations of credit risk consist principally of temporary cash investments. LSNL maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2017, total cash balances held at the financial institutions was \$17,215, and was all secured by FDIC.

(3) Discontinued Operations

Due to a loss of funding contracts, effective June 2017, Legal Services of North Louisiana, Inc. transferred all remaining fixed assets, having a cost of \$1,570,900, accumulated depreciation of \$1,245,515 and net book value of \$325,385, to Acadiana Legal Service Corporation, Inc. This amount is reflected in the accompanying statement of activities as loss from operations of discontinued federal and state grant programs.

(4) Accrued Liabilities

Accrued liabilities at June 30, 2017, consist of accrued payroll in the amount of \$2,362.

(5) Leases

LSNL leased postage machines and copiers under operating leases. The rental costs on the equipment paid during the eighteen months ended June 30, 2017 were \$29,760.

Commitments under lease agreements having initial or remaining non-cancelable terms in excess of one year are as follows:

For the Year Ending		
<u>June 30,</u>		
2018	\$	884
2019		<u>884</u>
Total minimum future rentals	\$	<u>1,768</u>

(6) Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2017 were available for the following purposes:

LSC Grant – Operating	\$	<u>7,692</u>
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(7) Refundable Advances

LSNL records funds received in excess of expenditures as a refundable advance until they are expended for the purpose of the contract or until the funds are returned to the appropriate funding source. Refundable advances at June 30, 2017, consisted of the following:

Interest on Lawyers' Trust Accounts (IOLTA)	\$	<u>8,253</u>
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(Continued)

Legal Services of North Louisiana, Inc.  
 Shreveport, Louisiana  
 Notes to Financial Statements  
 June 30, 2017  
 (Continued)

(8) Contractual Revenue – Grants

During the eighteen months ended June 30, 2017, LSNL received contractual revenue from federal, state, and miscellaneous grants in the amount of \$2,531,295. The continued existence of these funds is based on annual contract renewals with various funding sources. Contracts with funding sources which represents a substantial percentage of support were not renewed with Legal Services of North Louisiana effective December 31, 2016.

(9) Private Attorney Involvement

The following details the private attorney involvement (PAI) activity for the eighteen months ended June 30, 2017:

	<u>LSC</u>	<u>Other</u>	<u>Total</u>
Lawyers	\$ 5,832	\$	\$ 5,832
Paralegals	22,846		22,846
Other	14,619		14,619
Employee benefits	8,659		8,659
Space occupancy	1,880		1,880
Equipment rental	619		619
Office supplies and expenses	4,963		4,963
Telephone	1,169		1,169
Travel	345		345
Training	1,968	3,128	5,096
Library	64		64
Insurance	1,818		1,818
Dues & Fees	479		479
Subgrant agreement	18,750		18,750
Contract services to clients	521	176,754	177,275
Other	3,675	3,069	6,744
	<u>\$ 88,207</u>	<u>\$ 182,951</u>	<u>\$ 271,158</u>

(Continued)

Legal Services of North Louisiana, Inc.  
 Shreveport, Louisiana  
 Notes to Financial Statements  
 June 30, 2017  
 (Continued)

(10) Buildings – Property Costs

The following details costs directly related to the purchase and/or maintenance of property paid out of LSC funds:

	Central Office Building	Monroe Building	Natchitoches Building	Total
Derivative income	\$ –	\$ –	\$ –	\$ –
Paid in principal	–	–	–	–
Interest expense	–	–	–	–
Building maintenance	35,243	7,335	5,205	47,783
Insurance	12,266	3,276	3,244	18,786
Taxes	–	–	–	–
Improvements	–	–	–	–
	<u>\$ 47,509</u>	<u>\$ 10,611</u>	<u>\$ 8,449</u>	<u>\$ 66,569</u>

(11) Subsequent Events

Subsequent events have been evaluated through November 17, 2017, the date the financial statements were available to be issued.

(12) Contingency – Going Concern

The Schedule of Findings and Questioned Costs includes Finding 2017-001, which reports questioned costs of \$229,915. The outcome of this finding has not been resolved with the funding source.

Funding sources which represents a substantial percentage of support have terminated funding contracts with Legal Services of North Louisiana effective December 31, 2016. Those factors create an uncertainty about Legal Services of North Louisiana Inc.'s ability to continue as a going concern.

Management and the Board of Directors are evaluating plans for the continuance of the organization at this time. The financial statements do not include any adjustments that might be necessary if Legal Services of North Louisiana, Inc. is unable to continue as a going concern.

**Supplemental Information Schedules Prepared  
For Grants and Contracts Analysis**

Legal Services of North Louisiana, Inc.  
Shreveport, Louisiana  
Schedule of Support, Revenue, and Expenses and Changes in Net Assets for LSC Funds  
For the Year Ended December 31, 2016

	Basic Field Grant	Private Attorney Involvement	Total	Property	Grand Total
<b>Support and Revenue</b>					
Grants and Contracts	\$ 1,478,690	\$ 88,207	\$ 1,566,897	\$	\$ 1,566,897
Fees	5,812		5,812		5,812
Interest Income	5,130		5,130		5,130
Other - donated services	6,000		6,000		6,000
<b>Total</b>	<b>1,495,632</b>	<b>88,207</b>	<b>1,583,839</b>		<b>1,583,839</b>
<b>Personnel Expenses</b>					
Lawyers	190,014	5,832	195,846		195,846
Lawyers - carryover funds	373,062		373,062		373,062
Paralegals		22,846	22,846		22,846
Other	537,230	14,619	551,849		551,849
Employee Benefits	238,839	8,659	247,498		247,498
<b>Total</b>	<b>1,339,145</b>	<b>51,956</b>	<b>1,391,101</b>		<b>1,391,101</b>
<b>Other Expenses</b>					
Space and Occupancy	56,532	1,880	58,412		58,412
Equipment Rental	23,286	619	23,905		23,905
Office Supplies and Expenses	20,501	4,963	25,464		25,464
Telephone	45,356	1,169	46,525		46,525
Travel	2,253	345	2,598		2,598
Training	28,954	1,968	30,922		30,922
Library	7,654	64	7,718		7,718
Insurance	35,887	1,818	37,705		37,705
Dues and fees	4,096	479	4,575		4,575
Litigation	6,726		6,726		6,726
Contract Services to Clients	6,000	521	6,521		6,521
Contract Services - sub grant		18,750	18,750		18,750
Other	70,717	3,675	74,392		74,392
Depreciation				38,585	38,585
<b>Total</b>	<b>307,962</b>	<b>36,251</b>	<b>344,213</b>	<b>38,585</b>	<b>382,798</b>
<b>Total Expenses</b>	<b>1,647,107</b>	<b>88,207</b>	<b>1,735,314</b>	<b>38,585</b>	<b>1,773,899</b>
<b>Support and Revenue Over (Under)</b>					
Expenses and losses	(151,475)		(151,475)	(38,585)	(190,060)
<b>Other Changes in Net Assets:</b>					
Acquisition of property	(25,212)		(25,212)	25,212	
<b>Total Other Changes</b>	<b>(25,212)</b>		<b>(25,212)</b>	<b>25,212</b>	
<b>Total Changes in Net Assets</b>	<b>(176,687)</b>		<b>(176,687)</b>	<b>(13,373)</b>	<b>(190,060)</b>
Net Assets at beginning of year	373,062		373,062	335,504	708,566
<b>Net Assets at end of year</b>	<b>\$ 196,375</b>	<b>\$</b>	<b>\$ 196,375</b>	<b>\$ 322,131</b>	<b>\$ 518,506</b>

Legal Services of North Louisiana, Inc.  
Shreveport, Louisiana  
Schedule of Support, Revenue, and Expenses and Changes in Net Assets for LSC Funds  
For the Six Months Ended June 30, 2017

	Basic Field Grant	Private Attorney Involvement	Total	Property	Grand Total
Support and Revenue					
Interest Income	\$ 3,441	\$	\$ 3,441	\$	\$ 3,441
Total	<u>3,441</u>		<u>3,441</u>		<u>3,441</u>
Personnel Expenses					
Lawyers	86,091		86,091		86,091
Other	51,376		51,376		51,376
Employee Benefits	27,358		27,358		27,358
Total	<u>164,825</u>		<u>164,825</u>		<u>164,825</u>
Other Expenses					
Space and Occupancy	5,836		5,836		5,836
Equipment Rental	4,355		4,355		4,355
Office Supplies and Expenses	2,281		2,281		2,281
Telephone	6,830		6,830		6,830
Travel	360		360		360
Library	488		488		488
Insurance	4,063		4,063		4,063
Litigation	176		176		176
Other	3,755		3,755		3,755
Depreciation				18,796	18,796
Total	<u>28,144</u>		<u>28,144</u>	<u>18,796</u>	<u>46,940</u>
Total Expenses	<u>192,969</u>		<u>192,969</u>	<u>18,796</u>	<u>211,765</u>
Support and Revenue Over (Under) Expenses and losses	(189,528)		(189,528)	(18,796)	(208,324)
Other Changes in Net Assets:					
Discontinued operations - transfer of property to new grantee				(302,490)	(302,490)
Total Other Changes				<u>(302,490)</u>	<u>(302,490)</u>
Total Changes in Net Assets	(189,528)		(189,528)	(321,286)	(510,814)
Net Assets at beginning of year	<u>196,375</u>		<u>196,375</u>	<u>322,131</u>	<u>518,506</u>
Net Assets at end of year	<u>\$ 6,847</u>	<u>\$</u>	<u>\$ 6,847</u>	<u>\$ 845</u>	<u>\$ 7,692</u>

Legal Services of North Louisiana, Inc.  
 Shreveport, Louisiana  
 Schedule of Interest on Lawyers Trust Accounts (IOLTA) Grant Activity  
 For the Year Ended December 31, 2016

Revenue Received - IOLTA Grant		\$	<u>366,785</u>
Personnel Expenses			
Lawyers			216,977
Other			29,888
Employee Benefits			<u>42,367</u>
Total Personnel Expenses			<u>289,232</u>
Other Expenses			
Space and occupancy			10,119
Office supplies			14,928
Telephone			7,263
Training			5,060
Library maintenance			6,595
Insurance			7,752
Dues and fees			8,846
Audit expense			<u>2,828</u>
Total Other Expenses			<u>63,391</u>
Total Expenses			<u>352,623</u>
Excess (Deficit)		\$	<u>14,162</u>
Funds returned April 2017		\$	5,909

Legal Services of North Louisiana, Inc.  
 Shreveport, Louisiana  
 Schedule of Children in Need of Care (CINC) Grant Activity  
 For the Year Ended December 31, 2016

Revenue Received -CINC Grant	<u>\$ 513,250</u>
Personnel Expenses	
Lawyers	187,750
Other	71,608
Employee Benefits	50,170
Total Personnel Expenses	<u>309,528</u>
Other Expenses	
Space and occupancy	11,001
Office supplies	13,104
Telephone	7,729
Travel	17,850
Training	7,094
Library maintenance	8,292
Insurance	11,435
Dues and fees	1,675
Accounting services	3,434
Conflict panel	176,754
Total Other Expenses	<u>258,368</u>
Total Expenses	<u>567,896</u>
Excess (Deficit)	<u><u>\$ (54,646)</u></u>

Legal Services of North Louisiana, Inc.  
 Shreveport, Louisiana  
 Other Supplementary Information  
 Schedule of Compensation, Benefits, and Other Payments to Agency Head  
 For the Eighteen Months Ended June 30, 2017

<u>Purpose</u>	<u>Amount</u>
<b>Agency Head: Leon L. Emanuel, Executive Director - January 1, 2016 - September 30, 2016</b>	
Salary	\$ 87,016
Benefits - Insurance	485
Reimbursements	104
Conference Travel	309
<b>Agency Head: Terri Anderson Scott, Interim Executive Director - October 1, 2016 - June 30, 2017</b>	
Salary	\$ 56,733
Benefits - Insurance	3,762
Reimbursements	50
Registration Fees	845
Conference Travel	2,177

Legal Services of North Louisiana, Inc.  
 Shreveport, Louisiana  
 Schedule of Expenditures of Federal Awards  
 For the Eighteen Months Ended June 30, 2017

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
<u>Legal Service Corporation</u>				
Direct Programs				
Basic Field Grant	09.619061	619061	\$ 18,750	\$ 1,947,496
<u>Department of Health and Human Services</u>				
Passed through the Louisiana Governor's Office of Elderly Affairs				
Special Program for the Aging:				
Tittle III B - Supportive Services	93.044			48,471
 			<u>\$ 18,750</u>	<u>\$ 1,995,967</u>
Total federal expenditures				

NOTE A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Legal Services of North Louisiana, Inc. under programs of the federal government for the eighteen months ended June 30, 2017. The information in this Schedule 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 presents only a selected portion of the operations of Legal Services of North Louisiana, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Legal Services of North Louisiana, Inc.

NOTE B: Summary of Significant Accounting Policies

- (1) The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.
- (2) Legal Services of North Louisiana, Inc. does not utilize an indirect cost rate.

# COOK & MOREHART

*Certified Public Accountants*

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SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

STUART L. REEKS, CPA  
J. PRESTON DELAUNE, CPA

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*

Independent Auditors' Report

To the Board of Directors  
Legal Services of North Louisiana, Inc.  
Shreveport, 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 Legal Services of North Louisiana, Inc., (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the eighteen months then ended, and the related notes to the financial statements, and have issued our report thereon dated November 17, 2017.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Legal Services of North Louisiana, Inc.'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 Legal Services of North Louisiana, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Legal Services of North Louisiana, Inc.'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 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 Legal Services of North Louisiana, Inc.'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 or other matters 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 2017-005.

### **Legal Services of North Louisiana, Inc.'s Response to Finding**

Legal Services of North Louisiana, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Legal Services of North Louisiana, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 entity'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.



Cook & Morehart  
Certified Public Accountants  
November 17, 2017

# COOK & MOREHART

*Certified Public Accountants*

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## Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by The Uniform Guidance

### Independent Auditors' Report

To the Board of Directors  
Legal Services of North Louisiana, Inc.  
Shreveport, Louisiana

#### **Report on Compliance for Each Major Federal Program**

We have audited Legal Services of North Louisiana, Inc.'s, (a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and in the *Legal Services Corporation Audit Guide and Compliance Supplement* that could have a direct and material effect on each of Legal Services of North Louisiana's major federal programs for the eighteen months ended June 30, 2017. Legal Services of North Louisiana, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

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

Our responsibility is to express an opinion on compliance for each of Legal Services of North Louisiana, Inc.'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, *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 Legal Services of North Louisiana, Inc.'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 Legal Services of North Louisiana, Inc.'s compliance.

#### ***Basis for Qualified Opinion on Legal Services Corporation Program, CFDA 09.619061***

As described in the accompanying Schedule of Findings and Questioned Costs, Legal Services of North Louisiana, Inc. did not comply with requirements regarding Legal Services Corporation, CFDA 09.619061 as

described in finding numbers 2017-001 regarding Other Requirements, 2017-002 regarding Allowable Costs, and 2017-004 regarding Reporting. Compliance with such requirements is necessary, in our opinion, for Legal Services of North Louisiana, Inc. to comply with the requirements applicable to that program.

### ***Qualified Opinion on Legal Services Corporation Program, CFDA 09.619061***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Legal Services of North Louisiana, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Legal Services Corporation Program, CFDA 09.619061 for the eighteen months ended June 30, 2017.

### **Report on Internal Control Over Compliance**

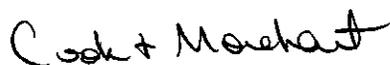
Management of Legal Services of North Louisiana, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Legal Services of North Louisiana, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on a 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 Legal Services of North Louisiana, Inc.'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-003, that we consider to be a significant deficiency.

Legal Services of North Louisiana, Inc.'s response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Legal Services of North Louisiana, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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 requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Cook & Morehart  
Certified Public Accountants  
November 17, 2017

Legal Services of North Louisiana, Inc.  
Shreveport, Louisiana  
Summary Schedule of Prior Audit Findings  
June 30, 2017

There were no findings or questioned costs for the prior year audit for the year ended December 31, 2015.

Schedule of Findings and Questioned Costs  
June 30, 2017

**A. Summary of Audit Results**

Financial Statements

Type of audit report issued : Unmodified

Internal control over financial reporting :

Material weaknesses identified : \_\_\_\_\_ yes  no  
Significant deficiencies identified : \_\_\_\_\_ yes  none reported

Noncompliance material to financial  
statements noted :

yes \_\_\_\_\_ no

Federal Awards

Internal control over major programs :

Material weaknesses identified : \_\_\_\_\_ yes  no  
Significant deficiencies identified :  yes \_\_\_\_\_ none reported

Type of auditors' report issued on compliance  
for major federal programs : Qualified

Any audit findings disclosed that are required to  
be reported in accordance with 2 CFR section  
200.516(a)

yes \_\_\_\_\_ no

Identification of major federal programs :

Legal Services Corporation program CFDA #09.619061

Dollar threshold used to distinguish between  
type A and type B programs : \$750,000

Auditee qualified as low risk :

\_\_\_\_\_ yes  no

(Continued)

Legal Services of North Louisiana, Inc.  
Shreveport, Louisiana  
Schedule of Findings and Questioned Costs  
June 30, 2017  
(Continued)

**B. Findings – Financial Statements Audit:**

**2017-005 FINDING**

As reported in Finding 2017-001, Legal Services of North Louisiana, Inc. (LSNL) did not obtain an approved waiver for the carryover of excess fund balance from 2015 to 2016 in the amount of \$229,915. Costs totaling \$229,915 are questioned as a result of approval not being obtained for the excess fund balance carryover.

**C. Findings and Questioned Costs – Major Federal Award Programs Audit:**

**2017-001 FINDING**

**LEGAL SERVICES CORPORATION – CFDA # 09.619061**

*Finding:* Legal Services of North Louisiana, Inc. (LSNL) did not obtain an approved waiver for the carryover of excess fund balance from 2015 to 2016 in the amount of \$229,915.

*Criteria:* Legal Services Corporation Compliance Supplement for Audits of LSC Recipients, Part 1628 requires that recipients obtain approval to carryover from one year to the next any fund balance in excess of ten percent of its annualized support.

*Cause:* A waiver was requested from Legal Services Corporation but approval was not obtained for the excess fund balance carryover.

*Effect:* Costs totaling \$229,915 are questioned as a result of approval not being obtained for the excess fund balance carryover.

*Recommendation:* We recommend that LSNL communicate with Legal Services Corporation regarding the disposition of this finding.

*Views of Responsible Officials and Planned Corrective Actions:* LSNL previously submitted a proper and timely written request to LSC for approval of a waiver to carryover the \$229,915 excess fund balance from 2015 to 2016. LSC did not/has not responded to the request. The carryover funds referenced herein were used by LSNL exclusively for payment of costs and expenses for the close out activities.

**2017-002 FINDING**

**LEGAL SERVICES CORPORATION – CFDA # 09.619061**

*Finding:* Severance payments totaling \$19,068 were paid to employees of LSNL who were subsequently hired by the new recipient grantee agency. These payments are not deemed necessary and reasonable per the terms of the grant agreement.

*Criteria:* Legal Services Corporation Compliance Supplement for Audits of LSC Recipients, Part 1630 requires that, among other things, allowable costs must be reasonable and necessary for the performance of the grant as approved by Legal Services Corporation.

(Continued)

Legal Services of North Louisiana, Inc.  
Shreveport, Louisiana  
Schedule of Findings and Questioned Costs  
June 30, 2017  
(Continued)

*Criteria:* Legal Services Corporation Compliance Supplement for Audits of LSC Recipients, Part 1630 requires that, among other things, allowable costs must be reasonable and necessary for the performance of the grant as approved by Legal Services Corporation.

*Cause:* Severance payments were made to employees as a result of the grant not being renewed by Legal Services Corporation for 2017.

*Effect:* Costs totaling \$19,068 are questioned as a result of payments not being deemed necessary and reasonable per the terms of the grant agreement.

*Recommendation:* We recommend that LSNL communicate with Legal Services Corporation regarding the disposition of this finding.

*Views of Responsible Officials and Planned Corrective Actions:* Severance payments were made to employees of LSNL in accordance with the provisions of Section 2100 of LSNL's Operations Manual/Personnel Policy & Procedures ("the Manual"). The employment status of a former LSNL employee after the Program termination date was outside the purview of LSNL's Board of Directors.

**2017-003 SIGNIFICANT DEFICIENCY**

**LEGAL SERVICES CORPORATION – CFDA # 09.619061**

*Significant Deficiency:* Legal Services of North Louisiana, Inc. (LSNL) had a subgrant in the amount of \$45,000 during 2016, which was approved by Legal Services Corporation. In accordance with Legal Services Corporation's compliance requirement 1627, Subgrants and Dues, Legal Services of North Louisiana, Inc. did not effectively document its monitoring of this subgrant during 2016 as it relates to various reporting requirements from the subgrantee, as required by the terms of the subgrant agreement.

*Criteria:* Legal Services Corporation Compliance Supplement for Audits of LSC Recipients, Part 1627 states that recipients shall maintain records sufficient to document their compliance with this part.

*Cause:* Controls were not in place to ensure a proper monitoring of the sub-grant during the year.

*Effect:* LSNL did not appropriately monitor its subgrant agreement, as required by LSC regulations.

*Recommendation:* We recommend that LSNL communicate with Legal Services Corporation regarding the disposition of this finding.

*Views of Responsible Officials and Planned Corrective Actions:* LSNL's Executive Director and other key staff members utilized appropriate measures and controls during 2016 to properly monitor the subgrant with the Shreveport Bar Foundation. The measures and controls included, but were not limited to, suspending payments to the subgrantee in early 2016 as the result of the subgrantee's failure to comply with the terms of the Subgrant Agreement.

(Continued)

Legal Services of North Louisiana, Inc.  
Shreveport, Louisiana  
Schedule of Findings and Questioned Costs  
June 30, 2017  
(Continued)

**2017-004 FINDING**

**LEGAL SERVICES CORPORATION – CFDA # 09.619061**

*Finding:* Legal Services of North Louisiana, Inc. (LSNL) did not submit to Legal Services Corporation an Annual Report on the Review of Priorities, as required by Legal Services Corporation Compliance Supplement for Audits of LSC Recipients, Part 1620.

*Criteria:* Legal Services Corporation Compliance Supplement for Audits of LSC Recipients, Part 1620 states that recipients shall submit to LSC an annual report summarizing the review of priorities; the date of the most recent appraisal; the timetable for the future appraisal of needs and evaluation of priorities; mechanisms which will be utilized to ensure effective client participation in priority-setting; and any changes in priorities.

*Cause:* Controls were not in place for ensuring compliance with Legal Services Corporation Compliance Supplement for Audits of LSC Recipients, Part 1620.

*Effect:* LSNL was not in compliance with the requirements of Part 1620 regarding Priorities in Use of Resources.

*Recommendation:* We recommend that LSNL communicate with Legal Services Corporation regarding the disposition of this finding.

*Views of Responsible Officials and Planned Corrective Actions:* Although LSNL's Board of Directors adopted Priorities in Use of Resources for the 2016 grant period in December, 2016, the Priorities and other information were not forwarded to LSC as required by 45 CFR Part 1620. LSNL acknowledges this finding and will await communication from LSC regarding the disposition of same.

Legal Services of North Louisiana, Inc.  
Shreveport, Louisiana  
Schedule For Louisiana Legislative Auditor  
June 30, 2017

There were no findings for the prior year audit period ended December 31, 2015.

There are five findings for the current audit period ended June 30, 2017, as reported in the accompanying Schedule of Findings and Questioned Costs.

# LEGAL SERVICES OF NORTH LOUISIANA, INC.

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TERRI ANDERSON-SCOTT  
ATTORNEY AT LAW  
INTERIM EXECUTIVE DIRECTOR

BENNETT POLITZ  
ATTORNEY AT LAW  
CHAIRPERSON, BOARD OF DIRECTORS

## CORRECTIVE ACTION PLAN

December 4, 2017

Legal Services Corporation  
3333 K Street  
Washington, D.C. 20007

RE: Legal Services of North Louisiana, Inc.  
Corrective Action Plan

Dear Sirs:

Legal Services of North Louisiana, Inc. (LSNL) respectfully submits the following corrective action plan for the eighteen (18) month period ending June 30, 2017.

Name and address of independent public accounting firm:

Cook & Morehart, CPAs  
1215 Hawn Ave  
Shreveport, LA 71107

Audit period: Eighteen Month Period Ended June 30, 2017

### FINDINGS – FINANCIAL STATEMENTS AUDIT

#### 2017-005 FINDING

*Recommendation:* We recommend that LSNL communicate with Legal Services Corporation regarding the disposition of this finding.

*Response / Corrective Action:* While this finding reports that LSNL did not obtain an approved waiver for the carryover of excess fund balance from 2015 to 2016 in the amount of \$229,915, LSNL affirmatively submits that approval for same was properly and timely submitted in writing to Legal Services Corporation (LSC) for approval. LSC did not respond to the request prior to December 31, 2016 nor has LSC responded to the request at any time thereafter.



December 4, 2017

Page 2

## FINDINGS – FEDERAL AWARD PROGRAMS AUDIT

### 2017-001 FINDING

*Recommendation:* We recommend that LSNL communicate with Legal Services Corporation regarding the disposition of this finding.

*Response / Corrective Action:* As previously stated in the response to Finding 2017-005, LSNL previously submitted a proper and timely written request to LSC for approval of a waiver to carryover the \$229,915 excess fund balance from 2015 to 2016. LSC did not/has not responded to the request. The carryover funds referenced herein were used by LSNL exclusively for payment of costs and expenses for the close out activities.

### 2017-002 FINDING

*Recommendation:* We recommend that LSNL communicate with Legal Services Corporation regarding the disposition of this finding.

*Response / Corrective Action:* Severance payments were made to employees of LSNL in accordance with the provisions of Section 2100 of LSNL's Operations Manual/Personnel Policy & Procedures ("the Manual"). In the Board's determination, the payments were reasonable and necessary for the performance of the grant. The Manual governs operations for LSNL and, personnel policies and procedures for employees of LSNL. Section 2100 of the Manual as well as all other sections/provisions of the Manual were previously submitted to and approved by LSC prior to implementation of the Manual. The severance payments were made to "...employees who were involuntarily terminated from LSNL not for cause" in accordance with the literal wording of Section 2100 of the Manual. Imposing a requirement at this time that the Board now consider whether or if a former LSNL employee would be offered or accept employment from the new recipient grantee agency (or for that matter any other LSC funded agency) prior to making the severance payment effectively imposes a new impractical requirement subsequent to LSC's previous approval of the Manual in general and specifically Section 2100 of the Manual. The severance payments were made to persons who, as of the date the payments were made, were employees of LSNL who met the qualifications outlined in Section 2100 of the Manual for receipt of the payments. LSNL effectively ceased operations on December 31, 2016 ("Program termination date"). The employment status of a former LSNL employee after the Program termination date was outside the purview of LSNL's Board of Directors.

December 4, 2017

Page 3

2017-003 SIGNIFICANT DEFICIENCY

*Recommendation:* We recommend that LSNL communicate with Legal Services Corporation regarding the disposition of this finding.

*Response / Corrective Action:* LSNL's Executive Director and other key staff members utilized appropriate measures and controls during 2016 to properly monitor the subgrant with the Shreveport Bar Foundation. The measures and controls included, but were not limited to, suspending payments to the subgrantee in early 2016 as the result of the subgrantee's failure to comply with the terms of the Subgrant Agreement.

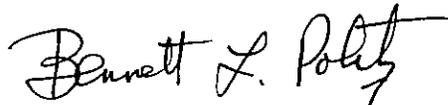
2017-004 FINDING

*Recommendation:* We recommend that LSNL communicate with Legal Services Corporation regarding the disposition of this finding.

*Response / Corrective Action:* Although LSNL's Board of Directors adopted Priorities in Use of Resources for the 2016 grant period in December, 2016, the Priorities and other information were not forwarded to LSC as required by 45 CFR Part 1620. LSNL acknowledges this finding and will await communication from LSC regarding the disposition of same.

If Legal Services Corporation has questions regarding this plan, please contact me.

Very truly yours,



Bennett Politz, Chairman  
LSNL Board of Directors