

R E P O R T

LOUISIANA DISTRICT ATTORNEYS'  
ASSOCIATION, INC.

JUNE 30, 2019 AND 2018

LOUISIANA DISTRICT ATTORNEYS'  
ASSOCIATION, INC.

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## INDEPENDENT AUDITOR'S REPORT

December 30, 2019

Louisiana District Attorneys' Association, Inc.  
1645 Nicholson Drive  
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### Report on the Financial Statements

We have audited the accompanying financial statements of Louisiana District Attorneys' Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana District Attorneys' Association, Inc. as of June 30, 2019 and 2018, 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.

## ***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, 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 were derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic 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 basic financial statements as a whole.

## ***Report on Supplementary Information***

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 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 December 30, 2019 on our consideration of the Association'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 the 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 the effectiveness of Association's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Louisiana District Attorneys' Association's internal control over financial reporting and compliance.

*Duplantier, Sharpner, Hogan and Baker, LLP*  
New Orleans, Louisiana

LOUISIANA DISTRICT ATTORNEYS' ASSOCIATION, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2019 AND 2018

	<u>ASSETS</u>	
	<u>2019</u>	(Restated) <u>2018</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 274,502	\$ 309,241
Grants receivable	468,215	359,710
Accounts receivable	44,079	240,809
Total current assets	<u>786,796</u>	<u>909,760</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>2,920,655</u>	<u>251,076</u>
<b>OTHER ASSETS:</b>		
Life insurance policy - Cash Surrender Value	353,615	340,875
Deposits	918	918
Total other assets	<u>354,533</u>	<u>341,793</u>
<b>TOTAL ASSETS</b>	<u>\$ 4,061,984</u>	<u>\$ 1,502,629</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 177,758	\$ 151,288
Life insurance payment payable	105,044	118,119
Unearned revenue	21,000	-
Note payable	2,500,000	2,083
Other liabilities	18,503	10,931
Total current liabilities	<u>2,822,305</u>	<u>282,421</u>
<b>NET ASSETS:</b>		
Without restrictions	<u>1,239,679</u>	<u>1,220,208</u>
Total net assets without restrictions	<u>1,239,679</u>	<u>1,220,208</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 4,061,984</u>	<u>\$ 1,502,629</u>

See accompanying notes.

LOUISIANA DISTRICT ATTORNEYS' ASSOCIATION, INC.  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	(Restated) <u>2018</u>
<b>REVENUE AND SUPPORT:</b>		
Assessments:		
Membership	\$ 690,520	725,520
Conference and training	153,370	196,553
Reimbursement from District Attorneys' Retirement System (DARS)	208,796	335,816
Grants	2,241,090	1,981,444
IT services	19,229	6,790
Law enforcement handbook	22,435	20,568
Other income	130,944	80,586
Total revenue and support	<u>3,466,384</u>	<u>3,347,277</u>
<b>EXPENSES:</b>		
Program services	3,147,837	2,766,333
Management and general - Association	109,569	86,902
Management and general - DARS	189,507	301,515
Total expenses	<u>3,446,913</u>	<u>3,154,750</u>
Changes in net assets without restrictions	<u>19,471</u>	<u>192,527</u>
Net assets without donor restrictions, beginning of year as previously stated	1,220,208	854,669
Prior period adjustment	<u>-</u>	<u>173,012</u>
Net assets without donor restrictions, beginning of year restated	<u>1,220,208</u>	<u>1,027,681</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS END OF YEAR</b>	<u><u>\$ 1,239,679</u></u>	<u><u>1,220,208</u></u>

See accompanying notes.

LOUISIANA DISTRICT ATTORNEYS' ASSOCIATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019

	PROGRAM						
	Child Support <u>Enforcement</u>	Enhanced Prosecutors' <u>Resources</u>	National Criminal <u>History</u>	RICO Financial <u>Investigations</u>	Victims' <u>Assistance</u>	Training & <u>Equipment</u>	Elderly Services <u>Program</u>
Salaries and wages	\$ 68,630	\$ 228,983	\$ 139,709	\$ 30,959	\$ 103,120	\$ -	\$ 5,054
Payroll taxes and benefits	14,248	37,852	27,273	11,703	20,567	-	391
Automobile expenses	-	-	-	-	-	-	-
Contractual services	1,275	283,375	23,668	300	3,825	-	2,550
Insurance	413	1,315	918	185	623	-	607
Travel and luncheons	5,854	17,705	12,440	1,810	9,593	-	4,097
Postage	-	887	-	127	187	-	-
Telephone and utilities	5,601	1,209	-	2,484	3,498	-	1,112
Printing and newsletter	103	25	-	224	46,681	-	331
Consumable supplies	3,213	34,288	-	2,771	1,753	-	2,909
Equipment rentals, repairs, and maintenance	8,378	23,577	-	5,233	8,841	10,004	2,416
Dues, subscriptions, registration	5,950	1,675	1,840	62	1,210	-	1,136
Interest	-	-	-	-	-	-	-
IT Expense	-	-	-	-	-	-	-
Equipment purchased	-	6,270	-	-	-	8,600	-
Conference expenses	-	19,100	-	7,617	9,781	-	30,775
Miscellaneous expense	-	100,000	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-	-
 Total expenses	 <u>\$ 113,665</u>	 <u>\$ 756,261</u>	 <u>\$ 205,848</u>	 <u>\$ 63,475</u>	 <u>\$ 209,679</u>	 <u>\$ 18,604</u>	 <u>\$ 51,378</u>

See accompanying notes.

		SERVICES				SUPPORT SERVICES			
LA		Member	Worthless	Highway	Total	Management & General	Total	Grand	
<u>Learning</u>	<u>NICS</u>	<u>Services</u>	<u>Checks</u>	<u>Traffic</u>	<u>Program</u>	<u>Association</u>	<u>DARS</u>	<u>Support</u>	<u>Total</u>
				<u>Safety</u>					
\$ 68,563	\$ 5,615	\$ 383,642	\$ 44,903	\$ 116,870	\$ 1,196,048	\$ 42,627	\$ 109,798	152,425	\$ 1,348,473
17,890	1,487	92,111	16,951	22,287	262,760	10,235	21,392	31,627	294,387
-	-	11,967	-	-	11,967	1,330	-	1,330	13,297
7,310	314,170	102,412	9,696	2,025	750,606	11,379	1,569	12,948	763,554
413	36	11,053	301	718	16,582	1,228	639	1,867	18,449
3,060	-	30,680	245	28,207	113,691	3,409	11,444	14,853	128,544
24	-	2,422	65	167	3,879	269	2,959	3,228	7,107
-	-	11,174	5,104	2,917	33,099	1,242	6,636	7,878	40,977
5	-	15,307	-	7,513	70,189	1,701	399	2,100	72,289
878	-	28,446	2,757	7,342	84,357	3,161	5,591	8,752	93,109
-	-	49,961	10,188	7,713	126,311	5,551	15,807	21,358	147,669
1,431	-	26,843	-	2,364	42,511	2,983	41	3,024	45,535
-	-	-	-	-	-	-	-	-	-
300	-	-	-	-	300	-	9,694	9,694	9,994
-	6,737	8,821	-	42	30,470	980	3,518	4,498	34,968
565	-	85,235	-	25,972	179,045	9,471	20	9,491	188,536
-	-	54,588	-	-	154,588	6,066	-	6,066	160,654
-	-	71,434	-	-	71,434	7,937	-	7,937	79,371
<u>\$ 100,439</u>	<u>\$ 328,045</u>	<u>\$ 986,096</u>	<u>\$ 90,210</u>	<u>\$ 224,137</u>	<u>\$ 3,147,837</u>	<u>\$ 109,569</u>	<u>\$ 189,507</u>	<u>\$ 299,076</u>	<u>\$ 3,446,913</u>

LOUISIANA DISTRICT ATTORNEYS' ASSOCIATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2018

	PROGRAM							
	Child Support <u>Enforcement</u>	Louisiana Automated <u>Victims</u>	Enhanced Prosecutors' <u>Resources</u>	National Criminal <u>History</u>	RICO Financial <u>Investigations</u>	Crime Victims' <u>Assistance</u>	Training & <u>Equipment</u>	Elderly Services <u>Program</u>
Salaries and wages	\$ 68,882	\$ 52,572	\$ 217,071	\$ 22,030	\$ 32,907	\$ 108,467	\$ -	\$ 5,097
Payroll taxes and benefits	14,373	12,065	31,769	4,936	8,348	20,355	-	449
Automobile expenses	-	-	-	-	-	-	-	-
Contractual services	1,040	88,040	259,210	-	29,979	3,120	-	1,040
Insurance	368	257	1,246	123	174	582	-	609
Travel and luncheons	5,356	1,072	3,028	2,256	3,192	8,271	-	6,526
Postage	1	-	898	-	1,289	6	-	237
Telephone and utilities	5,936	198	1,321	-	1,825	3,671	-	1,011
Printing and newsletter	36	-	54	-	6,753	5,499	-	6,822
Consumable supplies	3,485	-	37,063	-	2,824	11,077	-	2,840
Equipment rentals, repairs, and maintenance	8,073	-	4,798	-	7,228	7,245	10,000	16,436
Dues, subscriptions, registration	6,810	-	1,204	-	63	1,620	-	1,100
Interest	-	-	-	-	-	-	-	-
IT Expense	-	-	-	-	-	-	-	-
Equipment purchased	-	1,728	16,786	833	-	-	5,707	-
Conference expenses	165	-	886	-	6,228	-	-	12,403
Miscellaneous expense	-	-	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-	-	-
 Total expenses	 <u>\$ 114,525</u>	 <u>\$ 155,932</u>	 <u>\$ 575,334</u>	 <u>\$ 30,178</u>	 <u>\$ 100,810</u>	 <u>\$ 169,913</u>	 <u>\$ 15,707</u>	 <u>\$ 54,570</u>

See accompanying notes.

			SERVICES				SUPPORT SERVICES			
Victims	LA		Member	Worthless	Highway	Total	Management & General	Total	Grand	
Academy	Learning	NICS	Services	Checks	Traffic	Program	Association	DARS	Support	Total
					Safety					
\$ 46,826	\$ 53,783	\$ 48,498	\$ 283,763	\$ 46,313	\$ 110,920	\$ 1,097,129	\$ 31,529	\$ 214,304	245,833	\$ 1,342,962
10,122	13,774	11,383	31,417	17,407	20,537	196,935	3,491	38,233	41,724	238,659
-	-	-	11,919	-	-	11,919	1,324	-	1,324	13,243
32,475	-	106,010	70,438	10,146	20,480	621,978	7,826	-	7,826	629,804
240	295	-	9,531	296	591	14,312	1,059	1,059	2,118	16,430
16,232	2,336	2,078	15,009	-	41,457	106,813	1,668	15,971	17,639	124,452
-	315	-	1,726	57	179	4,708	192	2,879	3,071	7,779
-	-	-	12,405	5,235	2,822	34,424	1,378	7,353	8,731	43,155
-	98	-	17,007	-	16,093	52,362	1,890	677	2,567	54,929
411	456	-	33,036	1,565	6,017	98,774	3,671	4,742	8,413	107,187
5,110	-	-	66,025	9,824	27,863	162,602	7,336	14,295	21,631	184,233
1,626	-	-	20,478	-	8,814	41,715	2,275	545	2,820	44,535
-	-	-	1,885	-	-	1,885	209	-	209	2,094
-	37,300	-	-	-	-	37,300	-	-	-	37,300
-	-	4,613	22,736	1,071	550	54,024	2,526	607	3,133	57,157
(4,972)	129	-	113,710	-	29,869	158,418	12,634	850	13,484	171,902
-	-	-	24,174	-	-	24,174	2,686	-	2,686	26,860
-	-	-	46,862	-	-	46,862	5,207	-	5,207	52,069
<u>\$ 108,070</u>	<u>\$ 108,486</u>	<u>\$ 172,582</u>	<u>\$ 782,120</u>	<u>\$ 91,914</u>	<u>\$ 286,192</u>	<u>\$ 2,766,333</u>	<u>\$ 86,902</u>	<u>\$ 301,515</u>	<u>\$ 388,417</u>	<u>\$ 3,154,750</u>

LOUISIANA DISTRICT ATTORNEYS' ASSOCIATION, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	(Restated) <u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 19,471	\$ 192,527
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	79,371	52,069
Increase in cash surrender value of life insurance	(12,740)	(12,244)
Changes in operating assets and liabilities:		
Accounts and grants receivable	88,225	(22,532)
Accounts payable and other liabilities	34,042	(68,740)
Unearned revenue	21,000	-
Life insurance payable	(13,075)	(26,697)
Net cash provided by operating activities	<u>216,294</u>	<u>114,383</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	<u>(2,748,950)</u>	<u>(134,710)</u>
Net cash used by investing activities	<u>(2,748,950)</u>	<u>(134,710)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments on vehicle loan	(2,083)	(5,011)
Proceeds from loans	2,500,000	-
Principal payments on note payable	-	(8,115)
Net cash used (provided) by financing activities	<u>2,497,917</u>	<u>(13,126)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(34,739)</b>	<b>(33,453)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b><u>309,241</u></b>	<b><u>342,694</u></b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 274,502</u></b>	<b><u>\$ 309,241</u></b>
<b>SUPPLEMENTAL INFORMATION:</b>		
Interest paid	<u>\$ -</u>	<u>\$ 84</u>

See accompanying notes.

LOUISIANA DISTRICT ATTORNEYS' ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

DESCRIPTION OF OPERATIONS:

The Louisiana District Attorneys' Association, Inc. (LDAA) is a nonprofit corporation established to provide assistance to participating Louisiana district attorneys and assistant district attorneys. The assistance includes education, training and resources. Funding is received from assessments of the district attorneys' offices and participation in other federal grant programs including child support enforcement, improvement of criminal records, RICO financial investigations, crime victims' assistance, highway traffic safety, worthless checks, enhanced prosecutor, NICS record improvement program and violence against women programs. These federal programs are received directly from the issuing agencies, through the Louisiana Commission on Law Enforcement (LCLE), whereas the LDAA is sub-recipient, Louisiana Highway Safety Commission and the Louisiana Department of Social Services (DSS).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A summary of the major accounting policies followed in the preparation of the accompanying financial statements is set forth below:

Basis of Accounting and Presentation:

The financial statements are prepared using the accrual basis of accounting. Revenues are recorded when earned and expenses recorded when they are incurred. Unearned revenue is reflected on grants that are advanced until the funds have been expended.

The statement of activities presents expenses of the Association's operations functionally between program and support services.

New Accounting Pronouncements:

As of July 1, 2018, the Association adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit-Entities* (ASU 2016-14). This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between no-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (Note 13).

LOUISIANA DISTRICT ATTORNEYS' ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Income Taxes:

The Association is exempt from income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(6). Accordingly, no provisions for Federal or State income taxes have been recorded in the financial statements.

The Association's federal exempt organization tax returns for the years ended June 30, 2019, 2018 and 2017 are subject to examination by the Internal Revenue Service, generally three years after they are filed.

Accounting Standards Codification 740 (ASC 740) requires that a tax position be recognized or derecognized based on a "more than not" threshold. This applies to positions taken or expected to be taken in a tax return where there is uncertainty about whether a tax position will ultimately be sustained upon examination. The Association has evaluated its tax positions and determined that it does not have any uncertain tax positions that meet the criteria under ASC 740. Accordingly, ASC 740 does not have any impact on the accompanying financial statements.

Assessments:

Members are assessed dues to cover the cost of member services provided by the Association. Separate registration fees are charged for training programs, many of which provide continuing legal education. Membership is optional for each judicial district office.

Statement of Cash Flows:

For purposes of the statement of cash flows, the Association considers cash and cash equivalents to be all items designated as "cash and cash equivalents" on the statement of financial position.

Accounts and Grants Receivable:

Accounts receivable represents amounts due from district attorney offices for assessments, training and other various services that have been billed and not been received as of June 30, 2019 and 2018. Grants receivable represents amounts due from grantors for reimbursable expenses under the grant. Based on past experience in collections, no allowance for uncollectibility is required.

Allocated Expenses

The Statement of Functional Expenses charges expenses directly to supporting program services or general and administrative categories based on specific identification. Expenses which cannot be functionally categorized are allocated between functions based upon managements estimate of usage applicable to conducting these functions.

LOUISIANA DISTRICT ATTORNEYS' ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Net Assets:

The financial statements present information regarding the financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net assets with donor restrictions* – Net assets subject to donor-imposed (or certain grantor) restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Association had no assets with donor restrictions at June 30, 2019 and 2018.

2. USE OF ESTIMATES:

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

3. PENSION PLAN:

Substantially all full-time employees of the Association are members of the Louisiana District Attorneys' Retirement System, a cost-sharing, multiple-employer defined benefit pension plan administered by a separate Board of Trustees.

All persons who are district attorneys of the State of Louisiana, assistant district attorneys in any parish of the State of Louisiana, or employed by the Retirement System and the Louisiana District Attorneys' Association except for elected or appointed officials who have retired from service under any publicly funded retirement system within the state and who are currently receiving benefits, shall become members as a condition of their employment; provided, however that in the case of assistant district attorneys, they must be paid an amount not less than the minimum salary specified by the Louisiana District Attorneys' Retirement System's Board of Trustees.

LOUISIANA DISTRICT ATTORNEYS' ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

3. PENSION PLAN: (Continued)

The fund is financed by employee and employer contributions established by state statute. Employee contributions are 8% of salary for active members. Employer contributions are actuarially determined and were 1.25% and 0% of salary for the years ended June 30, 2019 and 2018, respectively. Employer contributions totaled \$15,034 and \$-0- for the years ended June 30, 2019 and 2018, respectively. In addition, the fund receives revenue sharing funds as appropriated by the legislature and ad valorem taxes as determined by the Public Retirement Systems' Actuarial Committee up to a maximum of .2% of the ad valorem taxes shown to be collected. According to state statute, in the event that the contributions from ad valorem taxes and revenue sharing funds are insufficient to provide for the gross employer actuarially required contribution, the employer is required to make direct contributions as determined by the Public Retirement Systems' Actuarial Committee.

During the years ended June 30, 2019 and 2018, the System's actuarial valuation used the Aggregate Actuarial Cost Method based on earnings which does not identify and separately amortize unfunded actuarial liabilities. The actuarial value of assets is based on the market value of investment securities adjusted to smooth realized and unrealized capital gains over a three-year period. The actuarial assumptions include a 6.5% investment rate of return. Cost of living adjustments are based on specific target ratios being met and excess interest earning available to fund a benefit increase.

The System issues an annual, publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the District Attorneys Retirement System of Louisiana, 2525 Quail Drive, Baton Rouge, Louisiana 70808.

4. SICK LEAVE:

All employees of the Association are entitled to 12 days of sick leave each year. A maximum of 25 days may be carried over to the following year. The Association does not pay employees for accumulated leave at termination of employment.

5. PROPERTY AND EQUIPMENT:

The Association capitalizes all property and equipment purchases in excess of \$1,000. Property, plant and equipment is depreciated using the straight-line method over the estimated useful lives of the related asset. Depreciation expense for the periods ended June 30, 2019 and 2018 was \$79,371 and \$52,069, respectively.

LOUISIANA DISTRICT ATTORNEYS' ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

5. PROPERTY AND EQUIPMENT: (Continued)

Estimated useful life of fixed assets is as follows:

Buildings and improvements	15 years
Equipment	5-7 years
Furniture and fixtures	5-7 years
Vehicles	5 years

The following is a summary of property, plant, and equipment, less accumulated depreciation.

	<u>2019</u>	<u>2018</u>
Land	\$ 573,000	\$ 73,000
Buildings and improvements	2,685,366	589,875
Equipment	525,915	374,966
Furniture and fixtures	65,860	63,350
Vehicles	87,250	87,250
	<hr/>	<hr/>
	3,937,391	1,188,441
Less: Accumulated depreciation	1,016,736	937,365
Net property, plant, and equipment	<u>\$ 2,920,655</u>	<u>\$ 251,076</u>

During the fiscal year 2019, the Association purchased a new building located at 2525 Quail Drive, Baton Rouge, Louisiana 70808. For financial details of the purchase, see note payable footnote (Note 10).

6. CASH AND CASH EQUIVALENTS:

At June 30, 2019 and 2018, the Association held investments in Louisiana Asset Management Pool (LAMP) with a fair value of \$269,493 and \$292,348, respectively, which is based on the original investment plus earnings. The investment in LAMP is included in cash and cash equivalents on the statement financial position.

LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

LOUISIANA DISTRICT ATTORNEYS' ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

6. CASH AND CASH EQUIVALENTS: (Continued)

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP's investments are stated at fair value based upon quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the State Treasurer and the Board of Directors. LAMP is not registered with the SEC as an investment company.

7. CONCENTRATION OF CREDIT RISK:

The Center maintains cash balances in a local bank. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. As of June 30, 2019 and 2018, the Association's cash balances were fully insured.

8. RELATED PARTY TRANSACTIONS:

The Director and Assistant director of the Association also serve the same positions with the District Attorneys Retirement System of Louisiana (DARS) through June 30, 2019.

The Association shares certain common functions and costs with the DARS. The LDAA provides the DARS with office space, office equipment, and administrative and accounting services. DARS reimbursed the Association for shared expenses in the amount of \$192,731 and \$333,338 as of June 30, 2019 and 2018, respectively.

On July 1, 2019 LDAA entered into a 10-year lease agreement with DARS, in which DARS will pay \$7,000 a month on the first of each month for rental expenses. Three months were paid in advance and is shown an unearned revenue in the amount of \$21,000 on the statement of financial position.

9. LEASES:

The Association leases a copy machine under an operating lease that expires in January 2023. Minimum future rental payments under the lease as of June 30, 2019 are:

<u>Fiscal Year Ended</u>	<u>Amount</u>
2020	\$ 25,800
2021	25,800
2022	25,800
2023	15,050
	<u>\$ 92,450</u>

The total amount charged to expense related to the copy machine lease was \$29,527 and \$22,727 for the years ended June 30, 2019 and 2018.

LOUISIANA DISTRICT ATTORNEYS' ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

10. NOTE PAYABLE:

The Association entered into a loan during the fiscal year ending June 30, 2019 in the amount of the \$2,500,000 for the purchase of a new building located at 2525 Quail Drive, Baton Rouge, Louisiana. The loan bears an interest rate of 4.5% with the principle due within one year of commencement. Monthly interest payments will commence on July 1, 2019.

During the fiscal year ended June 30, 2018, the note payable consisted of \$2,083 payable to Nissan Motor Acceptance Corporation. The note bears no interest with monthly installments of \$418. The loan was fully paid and matured during the fiscal year ending June 30, 2019.

11. RETIREMENT INCOME CONTRACT:

The Association entered into a Retirement Income Contract with a key employee to be funded by a split dollar life insurance policy owned by the Association. The contract pays the key employee a monthly benefit beginning at age 60 through age 75. Total retirement income to the key employee is 180 payments at \$2,667 per month or \$480,060. If the key officer dies prior to age 75, the Association shall pay the remaining monthly benefits to the key officer's designated beneficiary. During the years ended June 30, 2019 and 2018, the Association paid the key officer \$32,000. The present value of the remaining amount due as of June 30, 2019 and 2018 was \$105,044 and \$118,119, respectively. Full and final settlement on the contract was paid on August 5, 2019 to the key employee.

12. CASH SURRENDER VALUE LIFE INSURANCE:

The Association is the owner of a split dollar cash surrender value life insurance policy on the life of a key officer. The Association is the primary beneficiary of the insurance policy. As of June 30, 2019 and 2018, the cash surrender value of the policy was \$353,615 and \$340,875 and the death benefit was \$520,858 and \$515,824, respectively.

The policy was redeemed in August 2019 in the amount of \$354,062

13. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following reflects the Association's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

LOUISIANA DISTRICT ATTORNEYS' ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

13. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS: (Continued)

Amounts available include donor restricted amounts that are available for general expenditures in the following year:

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash and equivalents	\$ 274,502	\$ 309,241
Grant receivables	468,215	359,710
Accounts receivable	44,079	240,809
Life insurance policy-cash surrender value	353,615	340,875
Total financial assets	<u>1,140,411</u>	<u>1,250,635</u>
Less those unavailable for expenses within one year due to:		
Accounts payable	\$ (177,758)	\$ (151,288)
Life insurance payable	(105,044)	(118,119)
Notes payable	(2,500,000)	(2,083)
Other liabilities	(18,503)	(10,931)
Total contractual restrictions	<u>(2,801,305)</u>	<u>(282,421)</u>
Financial assets available to meet cash needs for expenses within one year	<u>\$ (1,660,894)</u>	<u>\$ 968,214</u>

14. NEW ACCOUNTING PRONOUNCMENT:

On August 18, 2016, the FASB issued 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The Association has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of the Association's financial statements:

- The unrestricted net assets have been renamed net assets – without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of financial assets (Note 13).

The changes have the following effect on net assets at June 30, 2018:

	<u>As Originally Presented</u>	<u>After Adoption of ASU 2016-14</u>
Net Assets		
Unrestricted	\$ -	\$ 1,220,208
Without donor restrictions	<u>1,220,208</u>	<u>-</u>
Total net assets	<u>\$ 1,220,208</u>	<u>\$ 1,220,208</u>

LOUISIANA DISTRICT ATTORNEYS' ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

15. PRIOR PERIOD ADJUSTMENT:

Net assets at the beginning of the fiscal year ending June 30, 2018 have been adjusted to correct an error in reporting of grant revenues and expenses for the fiscal year ending June 30, 2017. Had the error not been made, the net income or change in net assets for the year ending June 30, 2017 would have been increased by \$173,012.

16. RESTATEMENT:

The financial statements for the year ending June 30, 2018 have been restated to correct the grant receivable and income. The effect of the restatement was to increase grant receivable and grant revenue in the amount of \$33,333.

17. DATE OF MANAGEMENT'S REVIEW:

Management has evaluated subsequent events through December 30, 2019 which is the date the financial statements were available to be issued and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in the financial statements.

LOUISIANA DISTRICT ATTORNEYS' ASSOCIATION, INC.  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS  
 TO AGENCY HEAD  
FOR THE YEAR ENDED JUNE 30, 2019

Agency Head: E. Pete Adams  
 Position: Executive Director

Salary	\$ 127,000
Benefits-medical, dental and life insurance	6,446
Lodging (incl Trustee Mtg. for DARS)	3,224
Convention Seminar Registration	1,230
Meals	1,302
Misc Travel Costs (baggage fees, parking, change fees)	738
Membership Dues	1,118
Airfare	<u>1,532</u>
Total	<u><u>\$ 142,590</u></u>



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

December 30, 2019

Board of Directors  
Louisiana District Attorneys' Association, Inc.  
1645 Nicholson Drive  
Baton Rouge, LA 70802-8143

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Louisiana District Attorneys' Association, Inc. (the Association), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 30, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Louisiana District Attorneys' Association, 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 the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

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

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association'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 Association'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.

*Duplantier, Sharpness, Hogan and Grady, LLP*  
New Orleans, Louisiana



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

December 30, 2019

Board of Directors  
Louisiana District Attorneys' Association, Inc.  
Baton Rouge, Louisiana

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

We have audited Louisiana District Attorneys Association, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular Compliance Supplement* that could have a direct or material effect on each of Louisiana District Attorneys Association, Inc.'s major federal programs for the year ended June 30, 2019. Louisiana District Attorneys Association, Inc.'s major federal programs are 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

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### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of Louisiana District Attorneys Association, 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). 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 Louisiana District Attorneys Association, 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 Louisiana District Attorneys Association, Inc.'s compliance.

### *Opinion on Each Major Federal Program*

In our opinion, the Louisiana District Attorneys Association, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct or material effect on each of its major federal programs for the year ended June 30, 2019.

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

Management of Louisiana District Attorneys Association, 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 Louisiana District Attorneys Association, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Louisiana District Attorneys Association, 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*Duplantier, Sharpner, Hogan and Oakes, LLP*  
New Orleans, Louisiana

LOUISIANA DISTRICT ATTORNEYS' ASSOCIATION, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
<b>U.S. Department of Justice, passed through Louisiana Commission on Law Enforcement</b>			
State Civil RICO Training Program	16.738	2017-DJ-03-4577	\$ 63,475
National Criminal History Improvement Program	16.554	2017-RU-01-4084 2018-RU-01-4851	185,263
NICS Records Improvement Program	16.813	2015-NS-01-3012 2018-NS-01-4650	328,045
Enhanced Prosecutor Resources Program	16.575	2016-VA-01/02/03/04-3779	797,157
Crime Victims Assistance	16.575	2016-VA-01/02/03/04-3785	168,853
Elderly Victims Assistance	16.575	2016-VA-99-3663	51,378
Total Department of Justice			<u>1,594,171</u>
<b>Department of Health and Human Services passed through Louisiana Department of Social Services</b>			
Child Support Enforcement - (Title IV-D)	93.563	DOA 360-400509	<u>113,665</u>
Total Department of Health and Human Services			<u>113,665</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 1,707,836</u>

See accompanying notes to schedule of expenditures of federal awards.

LOUISIANA DISTRICT ATTORNEYS' ASSOCIATION, INC.  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019

1. BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the grant activity of Louisiana District Attorneys Association, Inc. under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance, *Audits of States, Local Government, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the System, it is not intended to and does not present the financial position, changes in net assets, or cash flow of Louisiana District Attorneys Association, Inc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The schedule of expenditures of federal awards of Louisiana District Attorneys' Association, Inc. has been prepared in conformity with accounting principles generally accepted in the United States of America. Expenditures are recognized when incurred.

The Association did not have any non-cash awards during the fiscal year.

3. INDIRECT COST RATE:

The Association has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

LOUISIANA DISTRICT ATTORNEYS' ASSOCIATION, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019

A. SUMMARY OF AUDITOR'S RESULTS

1. The independent auditor's report expresses an unmodified opinion.
2. No material weaknesses were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Louisiana District Attorneys Association, Inc. were disclosed during the audit.
4. No material weaknesses were identified during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for Louisiana District Attorneys Association, Inc. expresses an unmodified opinion.
6. There were no audit findings relative to the major federal award programs for Louisiana District Attorneys Association, Inc.
7. Louisiana District Attorneys' Association, Inc. does qualify as a low-risk auditee as that term is defined in the Uniform Guidance.
8. The programs tested as major programs included:

<u>Name of Program</u>	<u>CFDA No.</u>	<u>Expenditure</u>
Enhanced Prosecutor Resources Program	16.575	\$ <u>797,157</u>

9. The threshold used to distinguish between Type A and Type B programs was \$750,000.

B. PRIOR YEAR FINDINGS

None

LOUISIANA DISTRICT ATTORNEYS  
ASSOCIATION, INC.

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED UPON PROCEDURES

JUNE 30, 2019

LOUISIANA DISTRICT ATTORNEYS ASSOCIATION, INC.

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INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED UPON PROCEDURES

December 16, 2019

Board of Directors of the  
Louisiana District Attorneys Association, Inc. and  
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Louisiana District Attorneys Association, Inc. (the Association) and the Louisiana Legislative Auditor, on the control and compliance areas identified in the Louisiana Legislative Auditor's Statewide Agreed Upon Procedures for the fiscal year ended June 30, 2019. The Association's management is responsible for the control and compliance areas identified in the Statewide Agreed Upon Procedures.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

**Written Policies and Procedures**

- 1) We obtained the entity's written policies and procedures and determined whether those written policies and procedures addressed each of the following financial/business functions, as applicable:
  - a) Budgeting, including preparing, adopting, monitoring, and amending the budget.

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**Written Policies and Procedures** (Continued)

- b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
- c) Disbursements, including processing, reviewing, and approving
- d) Receipts, including receiving, recording, and preparing deposits.
- e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) Credit Cards (and debit cards, fuel cards, P-cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.
- h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Upon applying the agreed upon procedure above, we noticed that the Disaster Recovery/Business Continuity policy did not include policies and procedures regarding the frequency of data backups, periodic testing that backups can be restored, use of antivirus software, and timely application of software patches/updates.

We also noted that the Association does not have a contracting policy.

**Management's Response:**

Disaster recovery policy – All of the procedures are currently being done on a regular basis. However, these processes were not documented in our policy. We are updating the policy to include these items.

**Written Policies and Procedures** (Continued)

Management's Response: (Continued)

The Association currently does not have a contracting policy. When drafting contracts we currently use the states grant contract template as our guide. All contracts include scope of services, consideration of services, ownership of work product, termination clause, remedies for default, tax considerations, audit information, fiscal funding, amendments, civil rights information any special conditions and requirement as well as the commencement and termination dates.

**Non-Payroll Disbursements – (excluding card purchases/payments, travel reimbursements, and petty cash purchases)**

- 2) We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete.

No findings were noted as a result of applying the procedure above.

- 3) For each location selected under #2 above, we obtained a listing of those employees involved with non-payroll purchasing and payment functions. We obtained written policies and procedures relating to employee job duties, and observed that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

We noted that the employee responsible for processing payments is not prohibited within the software from adding/modifying vendor files.

**Non-Payroll Disbursements – (excluding card purchases/payments, travel reimbursements, and petty cash purchases)** (Continued)

Management's Response:

The employee processing payments is not allowed to add or modify vendors in the system. The grant accountant is not included in the payment process and is the only person allowed to add or modify vendors. The grant accountant also reviews the vendor list on a monthly basis to confirm that vendors have not been added, changed or removed from the system. The report was being reviewed and approved but not maintained for audit review. The grant accountant has been charged with reviewing the report, initialing same and maintaining the record for the auditors.

- 4) For each location selected under #2 above, we obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. We randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:
  - a) Observed that the disbursement matched the related original invoice/billing statement.
  - b) Observed that the disbursement documentation included evidence

No findings were noted as a result of applying the procedure above.

**Credit Cards**

- 5) We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete.

No findings were noted as a result of applying the procedure above.

- 6) Using the listing prepared by management, we randomly selected 5 cards (the entity has less than 5 cards) that were used during the fiscal period. We randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtained supporting documentation, and
  - a) Observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

Upon applying the agreed upon procedures above, we noted that monthly credit card statements were reviewed and approved by an authorized card holder.

**Credit Cards: (Continued)**

Management's Response:

Due to the small staff size of the Association, the credit card statement is reviewed and approved by an authorized card holder who is part of the management team. The executive director reviews the credit card statement and signs the check prior to payment on the monthly invoice. The executive director has been charged with signing and dating the final invoices prior to payment of the monthly bill.

- b) Observed that finance charges and late fees were not assessed on the selected statements

No findings were noted as a result of applying the procedure above.

- 7) We used the monthly statements or combined statements selected under #6 above, excluding fuel cards, randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions. For each transaction, we observed that it was supported by:

- a) An original itemized receipt that identifies precisely what was purchased,  
b) Written documentation of the business/public purpose, and  
c) Documentation of the individuals participating in meals (for meal charges only).

No findings were noted as a result of applying the procedure above.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance areas identified in the Statewide Agreed Upon Procedures. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the Statewide Agreed Upon Procedures, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Duplantier, Sharpman, Hogan and Gruber, LLP*  
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