
THE CAPITAL APPEALS PROJECT
CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019



Postlethwaite & Netterville

A Professional Accounting Corporation

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
The Capital Appeals Project

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The Capital Appeals Project (a non-profit organization) (the "Organization") and its subsidiary, which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to consolidated 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Capital Appeals Project and its subsidiary as of June 30, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Organization adopted Accounting Standards Update No. 2016-14 Not-for-Profit Entities (Topic 958), *Presentation of Financial Statements of Not-for-Profit Entities*, in the current year related to the presentation of financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental consolidating statements and the schedule of compensation, benefits, and other payments to the agency head as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 31, 2019 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.


New Orleans, Louisiana
December 31, 2019

THE CAPITAL APPEALS PROJECT
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

	<u>ASSETS</u>	
	<u>2019*</u>	<u>2018</u>
Current assets:		
Cash	\$ 148,143	\$ 591,875
Grants and fees receivable, net	30,503	17,884
Due from affiliate	22,578	-
Total current assets	<u>201,224</u>	<u>609,759</u>
Property and equipment:		
Leasehold improvements	15,706	15,706
Computers and equipment	44,141	39,264
Furniture and fixtures	16,204	16,204
	<u>76,051</u>	<u>71,174</u>
Less accumulated depreciation	(61,788)	(59,143)
Net property and equipment	<u>14,263</u>	<u>12,031</u>
Total assets	<u>\$ 215,487</u>	<u>\$ 621,790</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Current liabilities:		
Accounts payable	\$ 23,607	\$ 29,583
Total current liabilities	<u>23,607</u>	<u>29,583</u>
Net assets		
Without donor restrictions	67,485	168,594
With donor restrictions	124,395	423,613
Total net assets	<u>191,880</u>	<u>592,207</u>
Total liabilities and net assets	<u>\$ 215,487</u>	<u>\$ 621,790</u>

*See disclosure regarding the divestiture of the Promise of Justice Initiative in Note 1.

See accompanying notes to these consolidated financial statements.

THE CAPITAL APPEALS PROJECT
CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2019 AND 2018

	2019*			2018		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
<u>REVENUES AND SUPPORT</u>						
Grant revenues	\$ -	\$ 1,476,100	\$ 1,476,100	\$ -	\$ 1,407,340	\$ 1,407,340
Fee revenues	446,277	-	446,277	211,282	-	211,282
Other income	3,500	-	3,500	2,450	-	2,450
Contributions	43,522	-	43,522	72,098	-	72,098
In-kind contributions	12,667	-	12,667	38,000	-	38,000
Net assets released from restrictions	1,555,318	(1,555,318)	-	1,358,592	(1,358,592)	-
Total revenues and support	<u>2,061,284</u>	<u>(79,218)</u>	<u>1,982,066</u>	<u>1,682,422</u>	<u>48,748</u>	<u>1,731,170</u>
<u>EXPENSES</u>						
Program services	1,938,438	-	1,938,438	2,093,563	-	2,093,563
Support services	79,149	-	79,149	80,202	-	80,202
Total expenses	<u>2,017,587</u>	<u>-</u>	<u>2,017,587</u>	<u>2,173,765</u>	<u>-</u>	<u>2,173,765</u>
Change in net assets	43,697	(79,218)	(35,521)	(491,343)	48,748	(442,595)
<u>NET ASSETS</u>						
Beginning of year	168,594	423,613	592,207	659,937	374,865	1,034,802
Divestiture of Promise of Justice Initiative (Note 1)	(144,806)	(220,000)	(364,806)	-	-	-
End of year	<u>\$ 67,485</u>	<u>\$ 124,395</u>	<u>\$ 191,880</u>	<u>\$ 168,594</u>	<u>\$ 423,613</u>	<u>\$ 592,207</u>

*See disclosure regarding the divestiture of the Promise of Justice Initiative in Note 1.

See accompanying notes to these consolidated financial statements.

THE CAPITAL APPEALS PROJECT
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2019 AND 2018

	2019*					2018				
	The Capital Appeals Project Program	Promise of Justice Initiative Program	Total Program	Support Services	Total Expenses	The Capital Appeals Project Program	Promise of Justice Initiative Program	Total Program	Support Services	Total Expenses
Administration	\$ 10,238	\$ 17,603	\$ 27,841	\$ 9,862	\$ 37,703	\$ 6,637	\$ 22,222	\$ 28,859	\$ 5,155	\$ 34,014
Bad debt expense	12,578	26,612	39,190	-	39,190	395	20,604	20,999	-	20,999
Continuing education	9,610	1,449	11,059	-	11,059	5,022	3,128	8,150	-	8,150
Depreciation	2,513	-	2,513	132	2,645	3,174	-	3,174	167	3,341
Dues and subscriptions	6,914	3,162	10,076	-	10,076	6,319	11,638	17,957	-	17,957
Employee benefits	218,903	71,027	289,930	1,228	291,158	199,121	142,632	341,753	1,228	342,981
Insurance	6,840	2,485	9,325	7,728	17,053	6,939	2,313	9,252	5,055	14,307
Miscellaneous	13,259	22,810	36,069	26,008	62,077	4,588	40,090	44,678	35,709	80,387
Office supplies	28,110	8,272	36,382	1,271	37,653	3,744	4,759	8,503	411	8,914
Overhead	53,509	6,034	59,543	3,069	62,612	82,544	27,515	110,059	5,792	115,851
Postage	3,339	889	4,228	-	4,228	3,520	1,808	5,328	-	5,328
Professional fees	178,231	6,014	184,245	8,000	192,245	230,335	22,563	252,898	8,000	260,898
Rent expense	62,719	14,941	77,660	4,087	81,747	27,075	9,025	36,100	1,900	38,000
Salary and wages	652,829	395,802	1,048,631	16,036	1,064,667	700,101	426,402	1,126,503	16,036	1,142,539
Telephone	28,452	4,388	32,840	1,728	34,568	10,584	3,644	14,228	749	14,977
Travel	37,752	31,154	68,906	-	68,906	43,784	21,338	65,122	-	65,122
Total expenses	\$ 1,325,796	\$ 612,642	\$ 1,938,438	\$ 79,149	\$ 2,017,587	\$ 1,333,882	\$ 759,681	\$ 2,093,563	\$ 80,202	\$ 2,173,765

*See disclosure regarding the divestiture of the Promise of Justice Initiative in Note 1.

See accompanying notes to these consolidated financial statements.

THE CAPITAL APPEALS PROJECT
CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ (35,521)	\$ (442,595)
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation	2,645	3,341
Bad debt expense	39,190	20,999
Increase in accounts receivable	(144,404)	(2,006)
Increase in due to affiliate	7,275	-
(Decrease) increase in accounts payable	(1,627)	13,521
	<u>(132,442)</u>	<u>(406,740)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Divestiture of Promise of Justice Initiative (Note 1)	(306,413)	-
Purchases of property and equipment	(4,877)	-
	<u>(311,290)</u>	<u>-</u>
Net cash used in investing activities	<u>(311,290)</u>	<u>-</u>
Net decrease in cash	(443,732)	(406,740)
Cash, beginning of year	<u>591,875</u>	<u>998,615</u>
Cash, end of year	<u>\$ 148,143</u>	<u>\$ 591,875</u>
Non-Cash Transactions		
Divestiture of Promise of Justice Initiative's non-cash assets and liabilities (Note 1)	<u>\$ 58,393</u>	<u>\$ -</u>

See accompanying notes to these consolidated financial statements.

THE CAPITAL APPEALS PROJECT

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

History and Organization

The Capital Appeals Project (the “Organization”) is a 501(c)(3) non-profit law office established in 2001 to provide representation to all indigent defendants sentenced to death in Louisiana. The office represents clients in their direct appeals to the Louisiana Supreme Court and on *certiorari* to the United States Supreme Court. In addition to direct representation, the staff members also resource ongoing capital trials, provide training and consultation for capital defense attorneys, engage in public outreach and education on issues relating to capital punishment, and advocate for continued improvement in the criminal justice system.

On October 31, 2012, the Promise of Justice Initiative (“PJI”) was incorporated as a 501(c)(3) non-profit corporation. PJI was established to advocate for humane, fair, and equal treatment of individuals in the criminal justice system. Effective May 17, 2019, PJI amended its by-laws and articles of incorporation and is no longer considered a supporting organization of The Capital Appeals Project. The results of the divestiture of PJI are reflected in these consolidated financial statements.

Principles of Consolidation

For the year ended June 30, 2018, the accompanying consolidated financial statements of The Capital Appeals Project include the accounts of PJI based on common board members and the purpose for which PJI was founded. The accompanying consolidated statements of activities for the year ended June 30, 2019 include the accounts of PJI through the date of divestiture, May 17, 2019. All intercompany activities and transactions have been eliminated upon consolidation.

Basis of Accounting and Financial Statement Presentation

The consolidated financial statements of the Organization are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (U.S. GAAP), which requires the Organization to report its financial position and activities according to the following net asset classifications:

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

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

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

THE CAPITAL APPEALS PROJECT

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies (continued)

Cash

Cash consists of amounts held at financial institutions. For the purposes of cash flows, the Organization considers all highly liquid investments with initial maturity of three months or less to be cash equivalents. The Organization had no cash equivalents as of June 30, 2019 and 2018.

Receivables

Receivables are stated at the amount the Organization expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At June 30, 2019 and 2018, the Organization has provided for an allowance for doubtful accounts in the amount of \$13,529 and \$80,787, respectively.

Grants

Revenues from state grants are recorded when the Organization has a right to reimbursement under the related grant, generally corresponding to the incurring of grant related costs by the Organization or when otherwise earned under the terms of the grants.

Contributions and Promises to Give

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. All donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Fee Revenue

Fee revenue from other non-profit or governmental entities is recorded when the Organization has provided the services requested, generally corresponding to the incurring of related professional service costs by the Organization.

THE CAPITAL APPEALS PROJECT

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are stated at cost, less an allowance for accumulated depreciation. Expenditures for maintenance, repairs, and improvements which do not materially extend the useful lives of the assets are charged to expense as incurred. When equipment is removed from service, the cost of the asset and the related accumulated depreciation are removed from the books and any resulting gain or loss is credited to or charged against the current period's change in net assets.

Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives using the straight-line method. The estimated useful lives used in computing depreciation are as follows:

Leasehold improvements	39 years
Computers, reference materials, and equipment	5 to 7 years
Furniture and fixtures	7 years

In-Kind Contributions

The Organization reports contributions of facilities as support without donor restriction. During the years ended June 30, 2019 and 2018, the Organization has recorded an in-kind contribution of \$12,667 and \$38,000, respectively, for use of office space.

Functional Expenses

Expenses are charged directly to program or support services categories based on specific identification where possible. Indirect expenses have been allocated using the following methodologies: salaries and employee-related expenses – time and effort; occupancy and other expenses – management's estimates and usage of the leased premises. Approximately \$4,000 was incurred in relation to fundraising for the years ended June 30, 2019 and 2018. This consists primarily of direct costs and an allocation of salaries and benefits based on time and effort estimates.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Concentration of Credit Risk

The Organization maintains cash in bank accounts in excess of insured limits periodically. The Organization has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

THE CAPITAL APPEALS PROJECT

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies (continued)

Income Taxes

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

Recently Adopted Accounting Pronouncements

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

Accounting Pronouncements Issued but Not Yet Adopted

In June 2018, the Financial Accounting Standards Board (FASB) issued ASU No. 2018-08 *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This ASU will be effective for the Organization's year ending June 30, 2020.

FASB has issued ASU 2014-09, *Revenue from Contracts with Customers*, to update its revenue recognition standard to clarify the principles of recognizing revenue and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. This ASU will be effective for the Organization's year ending June 30, 2020.

THE CAPITAL APPEALS PROJECT

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Accounting Pronouncements Issued but Not Yet Adopted (continued)

In February 2016, the FASB issued ASU 2016-02, *Leases*. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, to simplify the lease standard's implementation. The amended guidance relieves businesses and other organizations of the requirement to present prior comparative years' results when they adopt the new lease standard. Instead of recasting prior year results using the new accounting when they adopt the guidance, companies and other organizations can choose to recognize the cumulative effect of applying the new standard to leased assets and liabilities as an adjustment to the opening balance of retained earnings. This ASU will be effective for the Organization's year ending June 30, 2022.

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

(2) **Liquidity and Availability**

The table below presents the Organization's financial assets available for general expenditures within one year at June 30, 2019:

Total assets:	\$ 215,487
Less: non-financial assets	
Property and equipment, net	14,263
Total financial assets at year-end	<u>201,224</u>
Less: financial asset designations and restrictions	
Assets with donor restrictions	124,395
Financial assets available for expenditures within one year	<u>\$ 76,829</u>

The Organization has been asked to keep a six-month operating reserve by the Louisiana Public Defender Board (approximately \$600,000). Due to budgetary constraints and increased operating costs eating into said reserve, the Organization maintains a cash balance of only slightly over one month operating.

(3) **Concentrations**

The Organization received approximately more than 59% and 64% of its funding from the State of Louisiana Public Defender Board for the years ended June 30, 2019 and 2018, respectively. Included in donor restricted grant revenues for the years ended June 30, 2019 and 2018 were \$1,187,311 and \$1,110,009, respectively, from the State of Louisiana Public Defender Board.

THE CAPITAL APPEALS PROJECT

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(4) **Net Assets with Donor Restrictions**

Net assets with donor restrictions at June 30, 2019 of \$124,395 were restricted for use on indigent defendants in the State of Louisiana. Net assets with donor restrictions at June 30, 2018 of \$423,613 consisted of \$368,613 restricted for use on indigent defendants in the State of Louisiana and \$55,000 restricted for a fellowship.

(5) **Operating Lease**

The Organization entered into a noncancelable operating lease in October 2018 to rent office space through September 30, 2021. Office rent expense under this lease for the year ended June 30, 2019 was \$69,080. Future minimal rental payments under this lease are as follows:

Year Ending	Amount
<u>June 30,</u>	<u></u>
2020	75,360
2021	18,840

(6) **Employee Benefit Plan**

The Organization offers full-time employees who have completed six months of continuous service participation in its 401(k) plan. Employees may contribute up to the maximum level of deferral allowed by the Internal Revenue Service. The plan provides for employer contributions of 5% of each employee's eligible compensation. Employer contributions for the years ended June 30, 2019 and 2018 were \$32,633 and \$47,452, respectively.

(7) **Contingency**

The Organization receives a significant amount of funding from the State of Louisiana and grantor agencies, which are governed by rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Organization has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable at June 30, 2019 and 2018 might be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the Organization.

(8) **Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 31, 2019, and determined that no other subsequent events occurred that require disclosure. No events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

SUPPLEMENTAL INFORMATION

THE CAPITAL APPEALS PROJECT
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

ASSETS

	<u>The Capital Appeals Project</u>	<u>Promise of Justice Initiative</u>	<u>Eliminating Entries</u>	<u>2018</u>
Current assets:				
Cash and cash equivalents	\$ 387,790	\$ 204,085	\$ -	\$ 591,875
Grants and fees receivable, net	4,557	13,327	-	17,884
Due from affiliate	17,628	-	(17,628)	-
Total current assets	<u>409,975</u>	<u>217,412</u>	<u>(17,628)</u>	<u>609,759</u>
Property and equipment:				
Leasehold improvements	15,706	-	-	15,706
Computers and equipment	39,264	-	-	39,264
Furniture and fixtures	16,204	-	-	16,204
	<u>71,174</u>	<u>-</u>	<u>-</u>	<u>71,174</u>
Less accumulated depreciation	(59,143)	-	-	(59,143)
Net property and equipment	<u>12,031</u>	<u>-</u>	<u>-</u>	<u>12,031</u>
Total assets	<u>\$ 422,006</u>	<u>\$ 217,412</u>	<u>\$ (17,628)</u>	<u>\$ 621,790</u>

LIABILITIES AND NET ASSETS

Current liabilities:				
Accounts payable	\$ 28,459	1,124	\$ -	\$ 29,583
Due to affiliate	-	17,628	(17,628)	-
Total current liabilities	<u>28,459</u>	<u>18,752</u>	<u>(17,628)</u>	<u>29,583</u>
Net assets				
Without donor restriction	24,934	143,660	-	168,594
With donor restriction	368,613	55,000	-	423,613
Total net assets	<u>393,547</u>	<u>198,660</u>	<u>-</u>	<u>592,207</u>
Total liabilities and net assets	<u>\$ 422,006</u>	<u>\$ 217,412</u>	<u>\$ (17,628)</u>	<u>\$ 621,790</u>

See accompanying independent auditors' report.

THE CAPITAL APPEALS PROJECT
CONSOLIDATING STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

	<u>The Capital Appeals Project</u>	<u>Promise of Justice Initiative</u>	<u>Eliminating Entries</u>	<u>2019</u>
<u>REVENUES AND SUPPORT</u>				
Grant revenues	\$ 1,017,508	\$ 458,592	\$ -	\$ 1,476,100
Fee revenues	153,488	364,789	(72,000)	446,277
Other income	3,500	-	-	3,500
Contributions	200	43,322	-	43,522
In-kind contributions	9,500	3,167	-	12,667
Total revenues and support	<u>1,184,196</u>	<u>869,870</u>	<u>(72,000)</u>	<u>1,982,066</u>
<u>EXPENSES</u>				
Program services	1,339,628	667,210	(68,400)	1,938,438
Support services	46,235	36,514	(3,600)	79,149
Total expenses	<u>1,385,863</u>	<u>703,724</u>	<u>(72,000)</u>	<u>2,017,587</u>
Change in net assets	(201,667)	166,146	-	(35,521)
<u>NET ASSETS</u>				
Beginning of year	393,547	198,660	-	592,207
Divestiture of Promise of Justice Initiative (Note 1)	-	(364,806)	-	(364,806)
End of year	<u>\$ 191,880</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 191,880</u>

See accompanying independent auditors' report.

THE CAPITAL APPEALS PROJECT
CONSOLIDATING STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

	The Capital Appeals Project	Promise of Justice Initiative	Eliminating Entries	2018
<u>REVENUES AND SUPPORT</u>				
Grant revenues	\$ 1,110,009	\$ 297,331	\$ -	\$ 1,407,340
Fee revenues	191,399	19,883	-	211,282
Other income	2,450	-	-	2,450
Contributions	-	72,098	-	72,098
In-kind contributions	28,500	9,500	-	38,000
Total revenues and support	<u>1,332,358</u>	<u>398,812</u>	<u>-</u>	<u>1,731,170</u>
<u>EXPENSES</u>				
Program services	1,333,882	759,681	-	2,093,563
Support services	45,434	34,768	-	80,202
Total expenses	<u>1,379,316</u>	<u>794,449</u>	<u>-</u>	<u>2,173,765</u>
Change in net assets	(46,958)	(395,637)	-	(442,595)
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>440,505</u>	<u>594,297</u>	<u>-</u>	<u>1,034,802</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 393,547</u>	<u>\$ 198,660</u>	<u>\$ -</u>	<u>\$ 592,207</u>

See accompanying independent auditors' report.

THE CAPITAL APPEALS PROJECT

**SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO THE AGENCY HEAD**

FOR THE YEAR ENDED JUNE 30, 2019

Agency Head Name: Cecelia Kappel, Executive Director

Purpose	The Capital Appeals Project
Salary	\$92,417
Benefits-insurance	\$19,871
Benefits-retirement	\$4,621
Benefits-Disability/Life	\$559
Reimbursements	\$27
Travel	\$110
Registration fees	\$448
Conference travel	\$485
Continuing professional education fees	\$40

Agency Head Name: Mercedes Montagnes, Executive Director*

Purpose	Promise of Justice Initiative
Salary	\$105,000
Benefits-insurance	\$11,192
Benefits-retirement	\$5,250
Benefits-Disability/Life	\$537
Per diem	\$1,391
Travel	\$9,942
Registration fees	\$448

*For the period July 1, 2018 – May 17, 2019 (see Note 1 to the financial statements).

See accompanying independent auditors' report.

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

To the Board of Directors
The Capital Appeals Project

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 consolidated financial statements of The Capital Appeals Project (the Organization), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 31, 2019.

Internal Control Over Financial Reporting

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

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite & Netterville

New Orleans, Louisiana
December 31, 2019

THE CAPITAL APPEALS PROJECT
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

(A) Summary of Independent Auditors' Results

- (a) The type of report issued on the financial statements: Unmodified
- (b) Significant deficiencies in internal control were disclosed by the audit of the financial statements: n/a Material weaknesses: n/a
- (c) Noncompliance which is material to the financial statements: n/a
- (d) Management letter comments issued: n/a

(B) Findings Relating to the Financial Statements Reported in Accordance with *Louisiana Legislative Auditor Requirements*

None.

THE CAPITAL APPEALS PROJECT
STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2019



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THE CAPITAL APPEALS PROJECT
STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2019

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2019

To the Board of Directors of the Capital Appeals Project
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the management of The Capital Appeals Project (“Organization”) and the Louisiana Legislative Auditor (LLA) (the specified parties) on the control and compliance (C/C) areas identified in the LLA’s Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Organization’s management is responsible for those C/C areas identified in the SAUPs.

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 performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read “*no exception noted*”. If not, then a description of the exception ensues. Additionally, certain procedures listed below may not have been performed in accordance with guidance provided by the Louisiana Legislative Auditor, the specified user of the report. For those procedures, “procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity” is indicated.

Written Policies and Procedures

1. Obtain and inspect the entity’s written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity’s operations):

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget

We performed the procedures above and noted the following exception:

- ***No written policies regarding amending the budget***

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.

We performed the procedures above and noted the following exceptions:

- *No written policies regarding (2) how vendors are added to the vendor list*
 - *No written policies regarding (3) the preparation and approval process of purchase requisitions and purchase orders. However, purchase requisitions and purchase orders are not applicable to CAP due to the nature of their purchases and low volume of purchases.*
 - *No written policies regarding (5) documentation required to be maintained for all bids and price quotes*
- c) *Disbursements*, including processing, reviewing, and approving

We performed the procedures above and noted no exceptions:

- d) *Receipts*, including receiving, recording, and preparing deposits
- Procedure was not performed due to no cash collections of public monies in the current year.*
- e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

We performed the procedures above and noted no exceptions.

- 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

We performed the procedures above and noted the following exceptions:

- *No written policy specifying (1) types of services requiring written contracts*
 - *No written policy specifying (2) standard terms and conditions*
 - *No written policy specifying (3) legal review*
- 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

We performed the procedures above and noted no exceptions.

- h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

We performed the procedures above and noted no exceptions.

- i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Procedure is not applicable to the Organization due to non-profit status.

- j) *Debt Service*, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Procedures is not applicable to the Organization as no debt is held by the Organization.

- k) *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.

We performed the procedures above and noted the following exceptions:

- *No written policy specifying (1) identification of critical data*
- *No written policy specifying (6) personnel, processes, and tools needed to recover operations after a critical event*

Management response:

1a) Budgeting: *The Capital Appeals Project (“CAP”) has always sought board approval for budget amendments and will clarify the language in the policies and procedures. This will be done at the next board meeting.*

1b) Purchasing: *Any purchasing request must be made with a pre-created office template and approved by the Executive Director or Administrative Director. However, CAP does not have policies regarding how vendors are added to the vendor list; documentation required to be maintained for all bids and price quotes, and the preparation and approval process of purchase requisitions and purchase orders. CAP does not utilize these processes and therefore they are not applicable.*

1f) Contracting: *CAP’s fiscal policies and procedures require the Executive Director to approve all contracts, which is documented in the written policy. Staff is expressly forbidden to enter into a contract without the permission of the ED. However, due to the infrequency of new contracts, there were no documented policies regarding types of services requiring written contracts, standard terms and conditions, and legal review.*

1k) Disaster Recovery/Business Continuity: *The Capital Appeals Project’s contract with our IT provider includes 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 recovery operations after a critical event. While our IT provider/contractor provides these services within his contract, CAP has not had a specific policy for (1) and (6) included in our operational policies and procedures. CAP will amend our policies and procedures to include this information as standard operating procedure.*

Board (or Finance Committee, if applicable)

2. Obtain and inspect the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board’s enabling legislation, charter, or other equivalent document.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-*

profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Procedure is not applicable to the Organization.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

Collections

Items 4 – 7 were not applicable in the current year as CAP had no cash collections of public monies.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

- b) At least two employees are involved in processing and approving payments to vendors.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

- 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.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

- 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.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

- a) Observe that the disbursement matched the related original invoice/billing statement.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

- 11. Obtain 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. Obtain management's representation that the listing is complete.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

- 12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

- a) Observe 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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

From the listing provided, we randomly selected 5 reimbursements and performed the procedures below.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

Ethics

Item 20 was not included as not applicable to nonprofits.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

The Organization did not issue bonds/notes during the fiscal year; therefore, this procedure is not applicable.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

The Organization did not have any bonds/notes outstanding at the end of the fiscal period; therefore, this procedure is not applicable.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

The Organization's management represents that there were no misappropriations of public funds and assets during the fiscal year.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

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 C/C areas identified in the SAUPs. 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 C/C areas identified in the SAUPs, 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 LLA as a public document.

Postlethwaite & Netterville

New Orleans, Louisiana
December 31, 2019