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**JUSTICE AND ACCOUNTABILITY CENTER OF LOUISIANA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

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Postlethwaite & Netterville

A Professional Accounting Corporation

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

**JUSTICE AND ACCOUNTABILITY CENTER OF LOUISIANA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

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*A Professional Accounting Corporation*

## INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the Board of Directors  
Justice and Accountability Center of Louisiana

Management is responsible for the accompanying financial statements of the Justice and Accountability Center of Louisiana (a nonprofit organization) (the Organization), which comprise the statements of financial position as of December 31, 2018, and the related statements of activities and changes in net (deficit) assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the 2018 financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The 2017 financial statements were audited by us, and we expressed an unmodified opinion on them in our report dated June 5, 2018. We have not performed any auditing procedures since that date.

A handwritten signature in black ink that reads 'Postlethwaite &amp; Netterville' in a cursive script.

Metairie, Louisiana  
June 28, 2019

**JUSTICE AND ACCOUNTABILITY CENTER OF LOUISIANA**

**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2018 AND 2017**

**ASSETS**

	<u>2018</u>	<u>2017</u>
Current assets:		
Cash	\$ 44,737	\$ 7,251
Grants receivable	<u>18,782</u>	<u>93,833</u>
Total current assets	<u>\$ 63,519</u>	<u>\$ 101,084</u>

**LIABILITIES AND NET ASSETS**

Current liabilities:		
Accrued expenses	<u>\$ 306</u>	<u>\$ 360</u>
Total current liabilities	<u>306</u>	<u>360</u>
Net assets:		
Without donor restrictions	41,503	7,142
With donor restrictions	<u>21,710</u>	<u>93,582</u>
Total net assets	<u>63,213</u>	<u>100,724</u>
Total liabilities and net assets	<u>\$ 63,519</u>	<u>\$ 101,084</u>

See accompanying notes and independent accountants' compilation report.

**JUSTICE AND ACCOUNTABILITY CENTER OF LOUISIANA**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET (DEFICIT) ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
<b><u>REVENUES AND SUPPORT</u></b>			
Grants	\$ -	\$ 188,852	\$ 188,852
Contributions	2,419		2,419
Special event, net	900		900
Fees for services	4,102		4,102
Net assets released from restriction	260,724	(260,724)	-
	<u>268,145</u>	<u>(71,872)</u>	<u>196,273</u>
Total revenues and other support			
<b><u>EXPENSES</u></b>			
General and administrative	25,442	-	25,442
Insurance	3,562	-	3,562
Legal and professional fees	40,850	-	40,850
Meals and entertainment	8,111	-	8,111
Rent	9,225	-	9,225
Training and court costs	25,581	-	25,581
Salaries and benefits	121,013	-	121,013
	<u>233,784</u>	<u>-</u>	<u>233,784</u>
Total expenses			
Change in net assets	34,361	(71,872)	(37,511)
<b><u>NET ASSETS AT BEGINNING OF THE YEAR</u></b>			
	<u>7,142</u>	<u>93,582</u>	<u>100,724</u>
<b><u>NET ASSETS AT END OF THE YEAR</u></b>			
	<u>\$ 41,503</u>	<u>\$ 21,710</u>	<u>\$ 63,213</u>

(continued)

See accompanying notes and independent accountants' compilation report.

**JUSTICE AND ACCOUNTABILITY CENTER OF LOUISIANA**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET (DEFICIT) ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2017		
	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
<b><u>REVENUES AND SUPPORT</u></b>			
Grants	\$ -	\$ 226,311	\$ 226,311
Contributions	5,370	-	5,370
Special event, net	7,840	-	7,840
Fees for services	12,761	-	12,761
Net assets released from restriction	253,761	(253,761)	-
	<u>279,732</u>	<u>(27,450)</u>	<u>252,282</u>
Total revenues and other support			
<b><u>EXPENSES</u></b>			
General and administrative	54,264	-	54,264
Insurance	2,860	-	2,860
Legal and professional fees	60,327	-	60,327
Meals and entertainment	9,092	-	9,092
Rent	7,640	-	7,640
Salaries and benefits	122,774	-	122,774
	<u>256,957</u>	<u>-</u>	<u>256,957</u>
Total expenses			
Change in net assets	22,775	(27,450)	(4,675)
<b><u>NET (DEFICIT) ASSETS AT BEGINNING OF THE YEAR</u></b>	<u>(15,633)</u>	<u>121,032</u>	<u>105,399</u>
<b><u>NET ASSETS AT END OF THE YEAR</u></b>	<u>\$ 7,142</u>	<u>\$ 93,582</u>	<u>\$ 100,724</u>

See accompanying notes and independent accountants' compilation report.

**JUSTICE AND ACCOUNTABILITY CENTER OF LOUISIANA**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Program Services	Supporting Services Management and General	Total
Salaries and benefits	\$ 100,537	\$ 20,476	\$ 121,013
General and administrative	28,754	4,799	33,553
Insurance	-	3,562	3,562
Professional fees	30,256	10,594	40,850
Rent	6,457	2,768	9,225
Training and court costs	25,307	274	25,581
Total expenses for the year ended December 31, 2018	<u>\$ 191,311</u>	<u>\$ 42,473</u>	<u>\$ 233,784</u>
Total expenses for the year ended December 31, 2017	<u>\$ 210,274</u>	<u>\$ 46,683</u>	<u>\$ 256,957</u>

See accompanying notes and independent accountants' compilation report.

**JUSTICE AND ACCOUNTABILITY CENTER OF LOUISIANA**

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b><u>OPERATING ACTIVITIES</u></b>		
Change in net assets	(37,511)	\$ (4,675)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Changes in operating assets and liabilities:		
Grants receivable	75,051	7,693
Accrued expenses	(54)	(4,730)
Net cash provided by (used in) operating activities	<u>37,486</u>	<u>(1,712)</u>
Net increase (decrease) in cash	37,486	(1,712)
Cash, beginning of year	<u>7,251</u>	<u>8,963</u>
Cash, end of year	<u>\$ 44,737</u>	<u>\$ 7,251</u>

See accompanying notes and independent accountants' compilation report.

# JUSTICE AND ACCOUNTABILITY CENTER OF LOUISIANA

## NOTES TO FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies

#### Organization

The Justice and Accountability Center of Louisiana (the Organization) is a 501(c)(3) non-profit corporation incorporated on December 3, 2012 under the laws of the State of Louisiana. The Organization's mission is to identify and tackle deficiencies in the post-conviction phase of the criminal justice system while creating a supportive collaborative space for attorneys and advocates. The Organization has two programs focusing on expungements and collaborative lawyering that use legal services, education, and advocacy to achieve their mission.

Other than federal funds of \$104,170 which pass through the housing authority of a city government based in Louisiana, the Organization does not have any other funding from the state or federal entities.

#### Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

The financial statements of the Organization report information regarding its financial position and activities according to the following net asset classifications:

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

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

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

**JUSTICE AND ACCOUNTABILITY CENTER OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

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

Use of Estimates

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

Cash

Cash consists of amounts held at financial institutions.

Revenue Recognition

Revenue is recognized when earned. Revenues from the federal grant are recorded when the Organization has a right to reimbursement under the grant, generally corresponding to the incurring of grant related costs by the Organization, or when otherwise earned under the terms of the grant. Contributions and non-federal grants are recognized when cash, other assets, or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contributed Services

Members of the Organization's board of directors and other volunteers have made significant contributions of their time to assist in the Organization's operations and related charitable programs. In accordance with U.S. GAAP, the value of this contributed time is not recorded in these financial statements.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). There were no unrecognized tax benefits identified or recorded as liabilities at December 31, 2018 and 2017.

# JUSTICE AND ACCOUNTABILITY CENTER OF LOUISIANA

## NOTES TO FINANCIAL STATEMENTS

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

#### Functional Allocation of Expenses

The costs of program and supporting services have been summarized on a functional basis in the statements of activities and changes in net assets. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited.

All direct costs are charged directly to the appropriate program or functional area. Salaries and benefits are allocated on the basis of estimates of time and effort. Remaining indirect costs are allocated based on the relative staffing expense allocated to the program or functional area.

#### Recently Adopted Accounting Standards

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

#### Accounting Pronouncements Issued but Not Yet in Effect

##### *Revenue Recognition*

In June 2018, the 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 for annual periods beginning after December 15, 2018.

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, to update its revenue recognition standard to clarify the principles of recognizing revenue and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The standard may be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. This standard is effective for annual periods beginning after December 15, 2018.

# JUSTICE AND ACCOUNTABILITY CENTER OF LOUISIANA

## NOTES TO FINANCIAL STATEMENTS

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

#### Accounting Pronouncements Issued but Not Yet in Effect (continued)

##### *Leases*

In February 2016, the FASB issued ASU 2016-02, *Leases*. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842), Targeted Improvements*, to simplify the lease standard's implementation. The amended guidance relieves businesses and other organizations of the requirement to present prior comparative years' results when they adopt the new lease standard. Instead of recasting prior year results using the new accounting when they adopt the guidance, companies can choose to recognize the cumulative effect of applying the new standard to leased assets and liabilities as an adjustment to the opening balance of net assets. This standard is effective for annual periods beginning after December 15, 2019.

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

##### Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

### 2. Availability and Liquidity

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

#### Financial assets at year end:

Cash and cash equivalents	\$ 44,737
Grants receivable	18,782
Total financial assets:	<u>63,519</u>

#### Less amounts not available to be used within one year:

Net assets with donor restrictions	21,710
Net assets with time restrictions	-
	<u>21,710</u>

#### Financial assets available to meet general expenditures over the next twelve months

\$ 41,809

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$30,000). As part of its liquidity plan, excess cash is separated and kept in a savings account to generate interest. The Organization is currently looking into obtaining a line of credit to help manage its cash flow needs.

# **JUSTICE AND ACCOUNTABILITY CENTER OF LOUISIANA**

## **NOTES TO FINANCIAL STATEMENTS**

### **3. Economic Dependency**

The primary sources of revenues and support for the Organization are grants and contributions provided through various funding sources. In 2018, the Organization had two major grantors that accounted for approximately 95% of revenue. In 2017, the Organization had two major grantors that accounted for approximately 84% of revenue. The continued operations of the Organization are dependent upon the renewal of grants and contributions from current funding sources as well as obtaining new funding.

### **4. Restricted Assets**

Net assets with donor restrictions at December 31, 2018 of \$21,710 are restricted for limited purposes approved by the donor.

Net assets with donor restrictions at December 31, 2017 of \$93,582 consist of \$50,000 grants receivable restricted by time and \$43,582 restricted for limited purposes approved by the donor.

### **5. Lease**

The Organization leases its operating facilities under an agreement which automatically extended on a month-to-month basis subsequent to November 31, 2017. Total lease expense for the year ended December 31, 2018 and 2017 was \$9,225 and \$7,640, respectively.

### **6. Subsequent Events**

Management of the Organization has evaluated subsequent events through the date that the financial statements were available to be issued, June 28, 2019, and determined that no events have occurred that require disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.