

**CAPITAL
DEFENSE
PROJECT**

OF SOUTHEAST LOUISIANA

CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION
(AUDIT REPORT)**

YEARS ENDED JUNE 30, 2023 AND 2022



HMS SCHAFFER GROUP | CPAs
HUNER · MURRET · SHIPP

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Capital Defense Project of Southeast Louisiana
New Orleans, LA

We have audited the accompanying financial statements of Capital Defense Project of Southeast Louisiana (a Louisiana Not-for-Profit Corporation), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Capital Defense Project of Southeast Louisiana as of June 30, 2023 and 2022 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Capital Defense Project of Southeast Louisiana and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Capital Defense Project of Southeast Louisiana' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Capital Defense Project of Southeast Louisiana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Capital Defense Project of Southeast Louisiana's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompany Schedule of Compensation, Benefits, and Other Payments to the Director 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 22, 2023, on our consideration of Capital Defense Project of Southeast Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Capital Defense Project of Southeast Louisiana's internal control over financial reporting and compliance.



HMS Schafer Group, LLC

December 22, 2023

CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|-------------------|
| <u>ASSETS</u> | | |
| <u>Current Assets</u> | | |
| Cash | \$ 179,882 | \$ 147,132 |
| Certificates of Deposit | 588,326 | 578,975 |
| Contract Receivable | 106,667 | 105,379 |
| Reimbursements Receivable | 65,814 | 42,023 |
| Prepaid Expenses | 42,678 | 59,648 |
| Total Current Assets | <u>983,367</u> | <u>933,157</u> |
| <u>Property and Equipment</u> | | |
| Leasehold Improvements | 23,392 | 23,392 |
| Equipment | 127,076 | 120,334 |
| Furniture and Fixtures | 25,323 | 35,128 |
| Right-of-Use Asset - Finance Lease | 41,178 | - |
| | <u>216,969</u> | <u>178,854</u> |
| Less: Accumulated Depreciation | (153,172) | (158,051) |
| Less: Accumulated Amortization - Finance Lease | (3,432) | - |
| Net Property and Equipment | <u>60,365</u> | <u>20,803</u> |
| <u>Other Assets</u> | | |
| Deposit | 6,491 | 6,491 |
| Right-of-Use Asset - Operating Lease | 1,252 | - |
| Total Other Assets | <u>7,743</u> | <u>6,491</u> |
| TOTAL ASSETS | <u>\$ 1,051,475</u> | <u>\$ 960,451</u> |

CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

| <u>LIABILITIES AND NET ASSETS</u> | <u>2023</u> | <u>2022</u> |
|--|--------------|-------------|
| <u>Current Liabilities</u> | | |
| Accounts Payable | \$ 3,616 | \$ 9,469 |
| Payroll Liabilities | 373 | - |
| Compensated Absences Liability | 108,185 | 82,697 |
| Current Portion of Lease Liability - Finance Lease | 13,423 | - |
| Current Portion of Lease Liability - Operating Lease | 441 | - |
| Total Current Liabilities | 126,038 | 92,166 |
| <u>Long-Term Liabilities</u> | | |
| Lease Liability - Finance Lease | 35,732 | - |
| Lease Liability - Operating Lease | 1,252 | - |
| Less: Current Portion of Lease Liability - Finance Lease | (13,423) | - |
| Less: Current Portion of Lease Liability - Operating Lease | (441) | - |
| Total Long-Term Liabilities | 23,120 | - |
| Total Liabilities | 149,158 | 92,166 |
| <u>Net Assets</u> | | |
| Net Assets without Donor Restrictions | 902,317 | 868,285 |
| Net Assets with Donor Restrictions | - | - |
| Total Net Assets | 902,317 | 868,285 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 1,051,475 | \$ 960,451 |

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2023 AND 2022**

| | <u>2023</u> | <u>2022</u> |
|---|------------------|------------------|
| <u>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</u> | | |
| <u>Revenue</u> | | |
| Contract Revenue | \$ 1,280,000 | \$ 1,280,000 |
| Expert Expenditure Reimbursement | 54,691 | 77,851 |
| Rental Income | 5,706 | 5,706 |
| Interest Income | 12,942 | 4,241 |
| Other Income | 1,703 | - |
| Net Assets Released from Restrictions | - | - |
| Total Revenue | 1,355,042 | 1,367,798 |
| <u>Expenses</u> | | |
| Program Services | 1,055,845 | 1,102,822 |
| Management and General | 265,165 | 236,167 |
| Fundraising | - | - |
| Total Expenses | 1,321,010 | 1,338,989 |
| Change in Net Assets Without Donor Restrictions | \$ 34,032 | \$ 28,809 |
| <u>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</u> | | |
| <u>Revenue</u> | | |
| Total Revenue | - | - |
| Change in Net Assets With Donor Restrictions | \$ - | \$ - |
| CHANGES IN NET ASSETS | \$ 34,032 | \$ 28,809 |
| Net Assets, Beginning of Year | \$ 868,285 | \$ 839,476 |
| Change in Net Assets without Donor Restrictions | 34,032 | 28,809 |
| Change in Net Assets with Donor Restrictions | - | - |
| Net Assets, End of Year | \$ 902,317 | \$ 868,285 |

See Independent Auditor's Report and Notes to the Financial Statements.

CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

| | Program Service | Management & General | Fundraising | Total |
|---|---------------------|-------------------------|-------------|---------------------|
| Amortization Expense - Right-of-Use Asset | \$ 1,716 | \$ 1,716 | \$ - | \$ 3,432 |
| Audit Expense | - | 21,000 | - | 21,000 |
| Capital Representation | 20,210 | - | - | 20,210 |
| Contract Attorney | 86,396 | - | - | 86,396 |
| Contract Labor - Office | - | - | - | - |
| Depreciation | 3,919 | 3,918 | - | 7,837 |
| Dues, Seminars, and Subscriptions | 50,560 | - | - | 50,560 |
| Experts | 3,025 | - | - | 3,025 |
| Insurance | 63,444 | 36,656 | - | 100,100 |
| Interest Expense | - | 756 | - | 756 |
| Interest Expense - Lease Liability | - | 609 | - | 609 |
| Investigators | 5,543 | - | - | 5,543 |
| Lease Expense - Operating | 60 | 60 | - | 120 |
| Miscellaneous | 650 | 650 | - | 1,300 |
| Office Expense | 6,801 | 6,800 | - | 13,601 |
| Payroll | 575,006 | 106,132 | - | 681,138 |
| Payroll Taxes | 42,417 | 8,174 | - | 50,591 |
| Professional Services | - | 14,696 | - | 14,696 |
| Reimbursable Expert Expenditures | 54,691 | - | - | 54,691 |
| Rent | 29,280 | 32,671 | - | 61,951 |
| Repairs and Maintenance | 438 | 437 | - | 875 |
| Simple IRA Contributions | 39,632 | 9,668 | - | 49,300 |
| Technical Support | 7,520 | 7,519 | - | 15,039 |
| Travel | 50,834 | - | - | 50,834 |
| Utilities and Internet | 13,703 | 13,703 | - | 27,406 |
| Total Expenses | <u>\$ 1,055,845</u> | <u>\$ 265,165</u> | <u>\$ -</u> | <u>\$ 1,321,010</u> |

CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

| | Program Service | Management & General | Fundraising | Total |
|-----------------------------------|---------------------|-------------------------|-------------|---------------------|
| Audit Expense | \$ - | \$ 15,000 | \$ - | \$ 15,000 |
| Capital Representation | 12,047 | - | - | 12,047 |
| Contract Attorney | 226,404 | - | - | 226,404 |
| Contract Labor - Office | - | 1,228 | - | 1,228 |
| Depreciation | 5,222 | 5,222 | - | 10,444 |
| Dues, Seminars, and Subscriptions | 43,870 | - | - | 43,870 |
| Experts | 24,793 | - | - | 24,793 |
| Insurance | 54,669 | 33,669 | - | 88,338 |
| Investigators | 464 | - | - | 464 |
| Miscellaneous | 819 | 819 | - | 1,638 |
| Office Expense | 14,666 | 14,666 | - | 29,332 |
| Payroll | 495,677 | 92,132 | - | 587,809 |
| Payroll Taxes | 34,963 | 7,103 | - | 42,066 |
| Professional Services | - | 10,725 | - | 10,725 |
| Reimbursable Expert Expenditures | 77,852 | - | - | 77,852 |
| Rent | 29,340 | 32,023 | - | 61,363 |
| Simple IRA Contributions | 40,940 | 7,323 | - | 48,263 |
| Technical Support | 1,471 | 1,470 | - | 2,941 |
| Travel | 24,838 | - | - | 24,838 |
| Utilities and Internet | 14,787 | 14,787 | - | 29,574 |
| Total Expenses | \$ 1,102,822 | \$ 236,167 | \$ - | \$ 1,338,989 |

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022**

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | |
| Change in Net Assets | \$ 34,032 | \$ 28,809 |
| Non Cash items Included in Change in Net Assets: | | |
| Amortization - Right-of-Use Asset | 3,432 | - |
| Depreciation | 7,837 | 10,444 |
| Lease Expense - Operating | 120 | - |
| Cash Paid for Amounts Included in the Measurement of Lease Liability | (120) | - |
| Interest Income on Certificates of Deposit | (9,351) | (3,481) |
| Decrease (Increase) in Assets: | | |
| Contract Receivable | (1,288) | 2,576 |
| Reimbursement Receivable | (23,791) | (16,198) |
| Rent Receivable | - | 476 |
| Prepaid Expenses | 16,970 | (26,420) |
| Increase (Decrease) in Liabilities: | | |
| Accounts Payable | (5,853) | (6,649) |
| Payroll Liabilities | 373 | (777) |
| Compensated Absences Liability | 25,488 | 21,681 |
| Net Cash Provided by (Used in) Operating Activities | <u>47,849</u> | <u>10,461</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | |
| Purchase of Property and Equipment | (9,653) | - |
| Proceeds from Disposal of Furniture and Fixtures | - | - |
| Net Cash Provided by (Used in) Investing Activities | <u>(9,653)</u> | <u>-</u> |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | |
| Payments on Lease Liability - Finance Lease | (5,446) | - |
| Net Cash Provided by (Used in) Financing Activities | <u>(5,446)</u> | <u>-</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | \$ 32,750 | \$ 10,461 |
| Cash and Cash Equivalents, Beginning of Year | \$ 147,132 | \$ 136,671 |
| Cash and Cash Equivalents, End of Year | <u>\$ 179,882</u> | <u>\$ 147,132</u> |
| <u>SUPPLEMENTARY CASH FLOW INFORMATION</u> | | |
| Cash Paid During the Year for: | | |
| Interest | \$ 756 | \$ - |
| Income Taxes | <u>\$ -</u> | <u>\$ -</u> |
| <u>SUPPLEMENTARY NONCASH INVESTING AND FINANCING TRANSACTIONS</u> | | |
| Obtaining Right-of-Use Asset and Related Lease Liability: | | |
| Right-of-Use Asset - Finance Lease | \$ 41,178 | \$ - |
| Right-of-Use Asset - Operating Lease | \$ 1,360 | \$ - |
| Lease Liability - Finance Lease | \$ (41,178) | \$ - |
| Lease Liability - Operating Lease | \$ (1,360) | \$ - |
| | <u>\$ -</u> | <u>\$ -</u> |

See Independent Auditor's Report and Notes to the Financial Statements.

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1. **NATURE OF BUSINESS**

The Capital Defense Project of Southeast Louisiana (Project) is a non-profit 501(c)(3) law office funded by the State of Louisiana Public Defender Board (LPDB) to provide legal representation in the form of "criminal defense services at trial" in capital cases where there exists an ethical conflict in the representation of indigents by the 22nd Judicial District Public Defenders Office, where the Public Defender's Office lacks the capacity to accept an additional capital case, and where the representation of indigents in capital cases in Orleans Parish indicted after August 29, 2005, and in pre-indictment cases, as funding permits, and in other capital cases in parishes statewide, as needed; in cases remanded on appeal for further hearings or retrial statewide subject to agreement with the local District Defender's office; and in any case, statewide, where appointed counsel has sought consultation services and provision of those services has been approved by the State Public Defender or Capital Case Coordinator and the Capital Defense Project. The Project's viability is dependent on funding from LPDB.

NOTE 2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of the Project is presented to assist in understanding the Project's financial statements. The financial statements and notes are representations of the Project's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and have been consistently applied in the presentation of the financial statements.

A. **Basis of Accounting**

The Project's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

B. **Financial Statement Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) *Accounting Standards Codification 958, Not-for-Profit Entities*. Under FASB ASC 958, the Project is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the following:

- The nature of the not-for-profit;
- The environment in which the not-for-profit operates;
- The purpose specified in the not-for-profit's articles of incorporation or bylaws; and
- Limits resulting from contractual agreements with suppliers, creditors, and others entered into by the not-for-profit in the course of its business.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed time and/or purpose restrictions.

C. Functional Expense Allocation

The costs of providing the Project's program and supporting services have been reported on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Expenses are charged to each functional classification based on direct expenses incurred. Any program expenses not directly chargeable to the program are allocated based on estimate of time and effort.

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Project considers all unrestricted highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

F. Contract and Reimbursements Receivable

Contract Receivable

Contract Receivable consists of the portion of contract revenues approved by the Louisiana Public Defender Board for the year ending June 30, 2023 that had not been received by the Project as of June 30, 2023. Contract Receivable as of June 30, 2023 was \$106,667.

Reimbursements Receivable

Reimbursements Receivable consists of reimbursements approved by the Louisiana Public Defender Board for expenditures incurred by June 30, 2023 that had not been received by the Project by year-end. Reimbursements Receivable as of June 30, 2023 was \$65,814.

The Project considers all Contract and Reimbursements Receivables to be fully collectible. Accordingly, there was no allowance for doubtful accounts recorded.

G. Property and Equipment

Property and Equipment is recorded at cost and is depreciated using the straight-line method over their estimated useful lives. The Project capitalizes property and equipment if its value is greater than \$500 and its useful life is more than a year. Expenditures for additions and betterments that extend the useful life of an asset are capitalized. Repairs and maintenance are expensed as incurred.

As of June 30, 2023, the estimated useful lives are as follows:

| | |
|--------------------------------------|-------------|
| Leasehold Improvements | 10 years |
| Equipment | 5 – 7 years |
| Furniture and Fixtures | 5 – 7 years |
| Right-of-Use Asset – Operating Lease | 5 years |

Depreciation expense for the years ended June 30, 2023 and 2022 was \$7,837 and \$10,444, respectively.

The Project did not receive any donations of property and equipment during the year ended June 30, 2023.

CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

H. Income Tax Status

The Project is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under Section 121(5) of Title 47 of the Louisiana Revised Statutes of 1950. However, income from certain activities not directly related to the Project's tax-exempt purpose would be subject to taxation as unrelated business income. There was no unrelated business income during the year.

The Company's federal and state tax returns are subject to possible examination by taxing authorities generally for a period of three years from the filing of those returns.

I. Contract Revenue Recognition

Contract revenue is comprised of funds received under a contract with the Louisiana Public Defender Board. The contract is a single performance obligation that is satisfied over time. Payments are received monthly. Contract revenue is recorded over the period covered by the original contract. Any amendments to the contract are recorded in the period received. Contract Revenue is reported as an increase in unrestricted net assets since the use of the funds outlined by the Louisiana Public Defender Board pertains to the primary purpose of the Project specified in the Project's Articles of Incorporation.

The contracts for the year ended June 30, 2023 provided \$1,280,000 to the Project. Therefore, total contract revenue for the year ended June 30, 2023 was \$1,280,000.

J. New Accounting Pronouncement

In February 2016, FASB issued ASU 2016-02, Leases (Topic 842). This new accounting pronouncement includes a lease accounting model that recognizes two types of leases—finance leases and operating leases. The standard requires that a lessee recognize on the balance sheet right-of-use assets and associated lease liabilities relating to leases with terms of more than twelve (12) months. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee will depend on its classification as a finance or operating lease. The Company adopted FASB ASC 842, with a date of initial application of July 1, 2022, by applying the modified retrospective transition approach and using the additional (and optional) transition method provided by ASU No. 2018-11, Leases (Topic 842): Targeted Improvements. The Company did not restate prior comparative periods as presented under FASB ASC 840 and instead evaluated

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

whether a cumulative effect adjustment to retained earnings as of July 1, 2022, was necessary for the cumulative impact of adoption of FASB ASC 842.

There was no significant impact as a result of adopting FASB ASC 842. FASB ASC 842 did not have a significant effect on the results of operations or cash flows for the year ended June 30, 2023.

The Company has elected to apply the practical expedients that allows the Company to not reassess the following at transition:

- Whether any expired or existing contracts are or contain leases;
- The lease classification for any expired or existing leases; and
- Initial direct costs on any existing leases.

K. Leases

The Company assesses whether an arrangement qualifies as a lease (i.e. conveys the right to control the use of an identified asset for a period time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed.

Leases are classified as finance, operating, or short-term.

Lease agreements with lease and non-lease components are generally accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices. The Company has elected to apply the practical expedient that allows the Company to not separate lease and non-lease components for leases of office space, warehouses, and vehicles.

For finance and operating leases, a right-of-use asset is recorded to represent the Company's right to use an underlying asset for the lease term and a lease liability is recorded to represent the Company's obligation to make lease payments.

Since most leases do not provide an implicit rate, the Company uses the daily treasury par yield curve rate (risk-free discount rate) at the commencement date in determining the present value of lease payments.

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

A short-term lease is a lease that, at the commencement date, has a lease term of twelve (12) months or less that does not have an option to extend the lease that management is reasonably certain to exercise and does not include an option to purchase the underlying asset that management is reasonably certain to exercise. In accordance with FASB ASC Leases 842-20-25-2, the Company has elected to adopt an exemption from the recognition and measurement requirements for short-term leases. As such, lease payments are recognized in net income on a straight-line basis over the lease term. The Company has chosen to apply this short-term lease practical expedient for all asset classes.

Note 3. RESTRICTIONS ON NET ASSETS

There are no restrictions on net assets. However, the board has designated \$505,375 of net assets without restrictions that would be used to cover outstanding expenditures in the event funding from LPDB is lost.

Note 4. CONCENTRATIONS OF CREDIT RISK

Cash and Cash Equivalents

At various times during the year ended June 30, 2022, the Project's cash on deposit with financial institutions exceeded \$250,000. The Federal Deposit Insurance Corporation (FDIC) provides deposit insurance coverage up to \$250,000, per depositor, per bank, for each account ownership category. The amount of uninsured deposits at June 30, 2023, was \$591,384.

Contract Revenue and Receivable

All contract revenue for the years ended June 30, 2023 and 2022 was from the Louisiana Public Defender Board. At June 30, 2023 and 2022, all contract receivable was owed by the Louisiana Public Defender Board.

Reimbursements Receivable

At June 30, 2023 and 2022, all reimbursements receivable were due from the Louisiana Public Defender Board.

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

Note 5. COMPENSATED ABSENCES

All full-time or regularly-scheduled part-time employees are eligible to earn sick and vacation leave, depending on length of service and other factors.

Sick leave is not payable upon separation from the Project. Therefore, the Project does not accrue for sick leave since the amount cannot be reasonably estimated. The Project recognizes the cost of sick leave when actually paid to employees.

Accrued unused vacation leave earned by an employee can be carried forward to subsequent years, and the employee can be paid the value of their accrued unused annual leave, up to a maximum of 300 hours, provided that the employee is not dismissed for cause. Therefore, the Project has accrued a liability for these compensated absences, which is included in Compensated Absences Liability on the accompanying Balance Sheets.

Note 6. LEASES

Finance and Operating Leases

The Company leases office and equipment from unrelated parties. The leases do not have an option to extend the lease. One lease includes an option to purchase the leased property. If the Company is reasonably certain to exercise the option to purchase the leased property, the purchase option is reflected in the calculation of the related right-of-use asset and lease liability.

Short-Term Leases

The Company leases office space and storage space from unrelated parties on a month-to-month basis. The leases are accounted for as short-term leases since the lease term is month to month, they do not include an option to extend, and they do not include an option to purchase.

CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

The following summarizes the line items in the financial statements that relate to the leases:

| | Years Ended June 30: | |
|--|----------------------|------------------|
| | 2023 | 2022 |
| <u>STATEMENTS OF FINANCIAL POSITION</u> | | |
| <u>Assets</u> | | |
| Right-of-Use Asset - Finance Lease | \$ 41,178 | \$ - |
| Less: Accumulated Amortization - Finance Lease | \$ (3,432) | \$ - |
| Right-of-Use Asset - Operating Lease | \$ 1,252 | \$ - |
| Total Lease Assets | <u>\$ 38,999</u> | <u>\$ -</u> |
| <u>Liabilities</u> | | |
| Lease Liability - Finance Lease | \$ 35,732 | \$ - |
| Lease Liability - Operating Lease | \$ 1,252 | \$ - |
| Current Portion of Lease Liabilities - Finance Lease | \$ 13,423 | \$ - |
| Current Portion of Lease Liabilities - Operating Lease | \$ 441 | \$ - |
| Less: Current of Lease Liabilities - Finance Lease | \$ (13,423) | \$ - |
| Less: Current of Lease Liabilities - Operating Lease | \$ (441) | \$ - |
| Total Lease Liabilities | <u>\$ 36,984</u> | <u>\$ -</u> |
| <u>STATEMENTS OF ACTIVITIES</u> | | |
| <u>Lease Cost</u> | | |
| Finance Lease Cost: | | |
| Amortization Expense - Right of Use Asset | \$ 3,432 | \$ - |
| Interest Expense - Lease Liability | \$ 609 | \$ - |
| Lease Expense - Operating Lease | \$ 120 | \$ - |
| Rent - Short-Term Lease | \$ 61,951 | \$ 61,363 |
| Total Lease Cost | <u>\$ 66,112</u> | <u>\$ 61,363</u> |
| <u>STATEMENTS OF CASH FLOWS</u> | | |
| Cash Flows from Operating Activities: | | |
| Amortization - Right of Use Asset | \$ 3,432 | \$ - |
| Lease Expense - Operating Lease | \$ 120 | \$ - |
| Cash Paid for Amounts Included in the Measurement of | \$ (120) | \$ - |
| <i>Supplementary Noncash Investing and Financing Transactions:</i> | | |
| Obtaining Right-of-Use Asset and Related Lease Liability: | | |
| Right-of-Use Asset - Finance Lease | \$ 41,178 | \$ - |
| Right-of-Use Asset - Operating Lease | \$ 1,360 | \$ - |
| Lease Liability - Finance Lease | \$ (41,178) | \$ - |
| Lease Liability - Operating Lease | \$ (1,360) | \$ - |

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

The following summarizes the weighted average remaining lease term and discount rate as of June 30, 2023:

| | Years Ended June 30: | |
|--|----------------------|------|
| | 2023 | 2022 |
| <u>Weighted-Average Remaining Lease Term</u> | | |
| Finance Leases | 2.6 | - |
| Operating Leases | 2.8 | - |
| <u>Weighted-Average Discount Rate</u> | | |
| Finance Leases | 3.75% | - |
| Operating Leases | 3.73% | - |

The maturities of lease liabilities as of June 30, 2023 are as follows:

| | Years Ended June 30: | |
|------------------------------------|----------------------|-------------|
| | 2023 | 2022 |
| 2024 | \$ 15,014 | \$ - |
| 2025 | 15,013 | - |
| 2026 | 8,838 | - |
| 2027 | - | - |
| 2028 | - | - |
| Thereafter | - | - |
| Total Lease Payments | \$ 38,865 | \$ - |
| Less: Present Value Adjustment | (1,881) | - |
| Present Value of Lease Liabilities | <u>\$ 36,984</u> | <u>\$ -</u> |

Rental Income

The Company leases office space to employees on a month-to-month basis. These leases are accounted for as short-term leases. Rental income earned during the years ended June 30, 2023 and 2022 is reported in Revenue as Rental Income.

Note 7.

SIMPLE- IRA

The Project offers a Simplified Employee Pension plan (SEP-IRA) to its employees after one year of employment. The Project contributes a maximum of 10% of an employee's annual base salary. Contributions for the year ended June 30, 2023 and 2022 were \$49,300 and \$48,263, respectively.

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

Note 8. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Project's financial assets available within one year of June 30, 2023 to meet cash needs for general expenditures consists of the following:

| | | |
|---------------------------|----|----------------|
| Cash and Cash Equivalents | \$ | 179,882 |
| Contract Receivable | | 106,667 |
| Reimbursements Receivable | | <u>65,814</u> |
| | \$ | <u>352,363</u> |

As part of the Project's liquidity management, it invests any excess cash in long-term Certificates of Deposit.

Note 9. SUBSEQUENT EVENTS

Management evaluated subsequent events through December 22, 2023, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO DIRECTOR
YEARS ENDED JUNE 30, 2023 AND 2022**

DIRECTOR: Kerry P. Cuccia

| PURPOSE | 2023 | 2022 |
|--|------------|------------|
| Payroll: | | |
| Salary | \$ 134,934 | \$ 127,417 |
| Compensatory Time (Earned and Paid in Current Year) | \$ 31,512 | \$ 4,691 |
| Compensatory Time (Accrued in Prior Year and Paid in Current Year) | \$ - | \$ - |
| Vacation Earned but Not Used (Accrued in Current Year) | \$ 12,003 | \$ 12,580 |
| Simple IRA Contributions | \$ 13,493 | \$ 12,742 |
| Insurance - Health | \$ 18,745 | \$ 17,746 |
| Insurance - Disability | \$ 1,398 | \$ 1,398 |
| Insurance - Dental/Vision | \$ 728 | \$ 681 |
| Reimbursements | | |
| Travel | \$ 5,676 | \$ 3,815 |
| Office Expense | \$ 905 | \$ 200 |
| Capital Representation | \$ 121 | \$ 400 |
| Dues, Seminars, and Subscriptions | \$ 861 | \$ - |

See Independent Auditor's Report.



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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*

To the Board of Directors of
Capital Defense Project of Southeast Louisiana

We have audited, 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, the financial statements of Capital Defense Project of Southeast Louisiana (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 22, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Capital Defense Project of Southeast Louisiana's internal control over financial reporting (internal control) as a basis for designing 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 Capital Defense Project of Southeast Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Capital Defense Project of Southeast Louisiana's internal control.

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

that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Capital Defense Project of Southeast Louisiana'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 financial statements. 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.



HMS Schafer Group, LLC

December 22, 2023

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

We have audited the financial statements of Capital Defense Project of Southeast Louisiana as of and for the year ended June 30, 2023, and have issued our report thereon dated December 22, 2023. We conducted our audit 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.

Section I - Summary of Auditor's Results

- Independent Auditor's Report - Our audit of the financial statements as of June 30, 2023, resulted in an unqualified opinion.
- 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*

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Compliance

Noncompliance Material to Financial Statements Yes No

- Federal Awards Not Applicable
- Was a management letter issued? Yes No
- Identification of Major Programs: Not Applicable

Section II - Financial Statement Findings

No Section II Findings.

Section III - Federal Award Findings and Questioned Costs

No Section III Findings.

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2023**

FINDINGS RELATING TO: 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*

None.

FINDINGS RELATING TO: Internal Control and Compliance Material to Federal Awards

Not applicable.

**CAPITAL
DEFENSE
PROJECT**

OF SOUTHEAST LOUISIANA

CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA

STATEWIDE AGREED-UPON PROCEDURES

YEAR ENDED JUNE 30, 2023



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**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
TABLE OF CONTENTS
JUNE 30, 2023**

- I. Independent Accountant's Report on Applying Agreed-Upon Procedures

- II. Schedule of Procedures, Findings, and Management's Response



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Director of Capital Defense Project of Southeast Louisiana and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. Capital Defense Project of Southeast Louisiana's management is responsible for those C/C areas identified in the SAUPs.

Capital Defense Project of Southeast Louisiana has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are documented in the attached Schedule of Procedures, Findings, and Management's Response.

We were engaged by Capital Defense Project of Southeast Louisiana to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, 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.

We are required to be independent of Capital Defense Project of Southeast Louisiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended 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.

HMS Schafer Group, LLC
HMS Schafer Group, LLC

December 22, 2023

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
SCHEDULE OF PROCEDURES, FINDINGS, AND MANAGEMENT'S RESPONSE
YEAR-ENDED JUNE 30, 2023**

| | PROCEDURES | FINDINGS | EXCEPTIONS FOUND? | MANAGEMENT'S RESPONSE <i>(Responses are per Kerry P. Cuccia, Director)</i> |
|--------------|---|--|-------------------|---|
| 1) | Written Policies and Procedures | | | |
| A. | <i>1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:</i> | | | |
| i. | Budgeting , including preparing, adopting, monitoring, and amending the budget | No exceptions were noted as a result of applying the procedure. | No | N/A |
| ii. | 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. | No exceptions were noted as a result of applying the procedure. | No | N/A |
| iii. | Disbursements , including processing, reviewing, and approving | No exceptions were noted as a result of applying the procedure. | No | N/A |
| iv. | Receipts/Collections , including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation). | No exceptions were noted as a result of applying the procedure. | No | N/A |
| v. | Payroll/Personnel , including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules. | No exceptions were noted as a result of applying the procedure. | No | N/A |
| vi. | Contracting , including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process | The Entity's "Business and Financial Operating Policies and Procedures" manual addresses contracting. However, written contracts are not required by the entity. | No | N/A |
| vii. | Travel and expense reimbursement , including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers | No exceptions were noted as a result of applying the procedure. | No | N/A |
| viii. | Credit Cards (and debit cards, fuel cards, purchase cards, if applicable) , including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases) | No exceptions were noted as a result of applying the procedure. | No | N/A |
| ix. | 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) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy. | N/A - Entity is a non-profit 501(c)(3) | N/A | N/A |
| x. | Debt Service , including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements. | N/A - Entity is a non-profit 501(c)(3) | N/A | N/A |

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
SCHEDULE OF PROCEDURES, FINDINGS, AND MANAGEMENT'S RESPONSE
YEAR-ENDED JUNE 30, 2023**

| | PROCEDURES | FINDINGS | EXCEPTIONS FOUND? | MANAGEMENT'S RESPONSE (Responses are per Kerry P. Cuccia, Director) |
|-----------|--|--|--------------------------|--|
| xii. | Information Technology 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. | N/A - Entity is a non-profit 501(c)(3) | N/A | N/A |
| xii. | Prevention of Sexual Harassment , including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting. | N/A - Entity is a non-profit 501(c)(3) | N/A | N/A |
| 2) | Board or Finance Committee | | | |
| A. | Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and: | | | |
| i. | Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document. | Board met on a frequency sufficient for the Entity's size and structure. | No | N/A |
| ii. | For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds ⁷ , and semi-annual budget-to-actual, at a minimum, on all special revenue funds. Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds ⁸ if those public funds comprised more than 10% of the entity's collections during the fiscal period. | N/A - Entity is a non-profit 501(c)(3) | N/A | N/A |
| iii. | For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned 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 unassigned fund balance in the general fund. | N/A - Entity is a non-profit 501(c)(3) | N/A | N/A |
| iv. | Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved. | No audit finding in prior year. | N/A | N/A |

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
SCHEDULE OF PROCEDURES, FINDINGS, AND MANAGEMENT'S RESPONSE
YEAR-ENDED JUNE 30, 2023**

| | PROCEDURES | FINDINGS | EXCEPTIONS FOUND? | MANAGEMENT'S RESPONSE <i>(Responses are per Kerry P. Cuccia, Director)</i> |
|-----------|---|--|-------------------|---|
| 3) | <i>Bank Reconciliations</i> | | | |
| A. | <i>Obtain a listing of client bank accounts 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 each selected account, and observe that:</i> | The Office Manager provided a listing of Entity bank accounts, and the Director confirmed that the listing was complete. | No | N/A |
| i. | <i>Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);</i> | All bank statements selected were reconciled within QuickBooks within two months of statement closing date. | No | N/A |
| ii. | <i>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</i> | No exceptions were noted as a result of applying the procedure. | No | N/A |
| iii. | <i>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.</i> | No exceptions were noted as a result of applying the procedure. | No | N/A |
| 4) | <i>Collections (excluding electronic funds transfers)</i> | | | |
| A. | <i>Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).</i> | The Office Manager provided a listing of all locations maintained by Entity, noting there was only one location, and the Director confirmed that the listing was complete. | No | N/A |
| B. | <i>For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:</i> | | | |
| i. | <i>Employees responsible for cash collections do not share cash drawers/registers.</i> | N/A - There are no cash registers or drawers. | N/A | N/A |

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
SCHEDULE OF PROCEDURES, FINDINGS, AND MANAGEMENT'S RESPONSE
YEAR-ENDED JUNE 30, 2023**

| | PROCEDURES | FINDINGS | EXCEPTIONS FOUND? | MANAGEMENT'S RESPONSE <i>(Responses are per Kerry P. Cuccia, Director)</i> |
|------|---|--|----------------------|---|
| ii. | <i>Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.</i> | The majority of the funds received by the Entity were from the Louisiana Public Defender Board (LPDB). The Entity was 100% funded by LPDB in accordance with the "FY23 Contract for Capital Criminal Defense Services" and related Amendments. Funds received in accordance with Contract were received by the Entity via EFT. Total Contract Revenue per June 30, 2023 audited Statement of Activities agreed to "FY23 Contract for Capital Criminal Defense Services " and to the Office of Statewide Reporting and Accounting Policy Vendor Search for the year ended June 30, 2023. In addition, the Entity receives funding from LPDB to cover the cost of services incurred for expert witnesses. These reimbursements from LPDB are received via check and deposited by the Office Manager. The Office Manager maintains a spreadsheet of expert expenditures that is used to track the expenditure, reimbursement request, and reimbursement. Total Expert Expenditure Reimbursement per June 30, 2023 audited Statement of Activities agreed to Reimbursable Expert Expenditures per June 30, 2023 audited Statement of Functional Expenses. | No | N/A |
| iii. | <i>Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit</i> | No exceptions were noted as a result of applying the procedure. | No | N/A |
| iv. | <i>The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.</i> | No exceptions were noted as a result of applying the procedure. | No | N/A |
| C | <i>Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.</i> | The Entity's Crime Policy covers employee theft. | No | N/A |
| D | <i>Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliation procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:</i> | | | |
| i. | <i>Observe that receipts are sequentially pre-numbered.</i> | N/A - No receipts. | N/A | N/A |
| ii. | <i>Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.</i> | N/A - No receipts. | N/A | N/A |
| iii. | <i>Trace the deposit slip total to the actual deposit per the bank statement.</i> | No exceptions were noted as a result of applying the procedure. | No | N/A |

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
SCHEDULE OF PROCEDURES, FINDINGS, AND MANAGEMENT'S RESPONSE
YEAR-ENDED JUNE 30, 2023**

| | PROCEDURES | FINDINGS | EXCEPTIONS FOUND? | MANAGEMENT'S RESPONSE <i>(Responses are per Kerry P. Cuccia, Director)</i> |
|-----------|---|--|-------------------|---|
| iv. | Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer). | No exceptions were noted as a result of applying the procedure. | No | N/A |
| v. | Trace the actual deposit per the bank statement to the general ledger. | No exceptions were noted as a result of applying the procedure. | No | N/A |
| 5) | Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases) | | | |
| A | 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). | The Office Manager provided a listing of all locations maintained by Entity, noting there was only one location, and the Director confirmed that the listing was complete. | No | N/A |
| B | For each location selected under #5A 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: | | | |
| i. | At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase. | Purchases made by Director are not approved by another employee. | Yes | Due to entity size and structure, purchases made by the Director are not subject to approval by another employee. |
| ii. | At least two employees are involved in processing and approving payments to vendors. | No exceptions were noted as a result of applying the procedure. | No | N/A |
| iii. | 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. | No exceptions were noted as a result of applying the procedure. | No | N/A |
| iv. | 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. | The employee responsible for processing checks also mails checks. | Yes | Due to entity size and structure, segregation of these duties is not feasible. |
| v. | Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means. [Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.] | N/A - No online bank access. | N/A | N/A |
| C | For each location selected under procedure #5A 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: | The Office Manager provided the general ledger, and the Director confirmed that the general ledger was complete. | No | N/A |
| i. | Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and | No exceptions were noted as a result of applying the procedure. | No | N/A |
| ii. | Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B, as applicable. | No exceptions were noted as a result of applying the procedure. | No | N/A |

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
SCHEDULE OF PROCEDURES, FINDINGS, AND MANAGEMENT'S RESPONSE
YEAR-ENDED JUNE 30, 2023**

| | PROCEDURES | FINDINGS | EXCEPTIONS FOUND? | MANAGEMENT'S RESPONSE <i>(Responses are per Kerry P. Cuccia, Director)</i> |
|------------|---|--|-------------------|--|
| D | <i>Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.</i> | No exceptions were noted as a result of applying the procedure. | No | N/A |
| 6) | <i>Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)</i> | | | |
| A | <i>Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase 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.</i> | The Office Manager provided a listing of all active credit cards, bank debit cards, fuel cards, and P-cards, noting there were only two cards, and the Director confirmed that the listing was complete. | No | N/A |
| B | <i>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:</i> | | | |
| i. | <i>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) were reviewed and approved, in writing (or electronically approved), 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.]</i> | For the selected credit card statements, there was supporting document for each transaction. The Office Manager and Director are the two card holders. The Director reviewed the statements. No review or approval of the statements was performed by a non-cardholder. The selected credit card statements were paid in full, thus no late fees or finance charges were assessed. | Yes | <i>Due to size and structure of the Entity, review and approval of transactions by a non-cardholder is not feasible.</i> |
| ii. | <i>Observe that finance charges and late fees were not assessed on the selected statements.</i> | | | |
| C | <i>Using the monthly statements or combined statements selected under #13 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).</i> | | | |
| | <i>a) For each transaction, observe that it is supported by:</i> | | | |
| | <i>∅ An original itemized receipt that identifies precisely what was purchased</i> | For each transaction selected from the credit card statements, there was an itemized receipt present. | No | N/A |
| | <i>∅ Written documentation of the business/public purpose</i> | For each transaction from the selected credit card statements, there was documentation of the business/public purpose. | No | N/A |

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
SCHEDULE OF PROCEDURES, FINDINGS, AND MANAGEMENT'S RESPONSE
YEAR-ENDED JUNE 30, 2023**

| | PROCEDURES | FINDINGS | EXCEPTIONS FOUND? | MANAGEMENT'S RESPONSE (Responses are per Kerry P. Cuccia, Director) |
|-------------|--|---|-------------------|--|
| | <p>∅ Documentation of the individuals participating in meals (for meal charges only). [Note: For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.]</p> | N/A - No meal charges were selected from credit card statements. | N/A | N/A |
| 7) | Travel and Expense Reimbursement (excluding card transactions) | | | |
| A | 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: | The Office Manager provided the general ledger, and the Director confirmed that the general ledger was complete. | No | N/A |
| i. | If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov); | Each transaction was reimbursed using a per diem that was equal to or less than rates published by the U.S. General Services Administration. Transactions reimbursed for actual costs were supported by an itemized receipt. Each transaction tested had a documented business purpose and was approved by the Director. Supporting documentation for reimbursements to the Director are reviewed by the Office Manager. | No | N/A |
| ii. | If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased. | | | |
| iii. | 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 #1A(vii)). | | | |
| iv. | Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement. | | | |
| 8) | Contracts | | | |
| A | 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: | The Office Manager provided the general ledger, and the Director confirmed that the general ledger was complete. | No | N/A |
| i. | 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. | No transactions subject to Louisiana Public Bid Law or Procurement Code found. | No | N/A |
| ii. | Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter). | N/A - Not required by policy or law. | N/A | N/A |
| ii. | If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and | No contract amendments noted. | No | N/A |

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
SCHEDULE OF PROCEDURES, FINDINGS, AND MANAGEMENT'S RESPONSE
YEAR-ENDED JUNE 30, 2023**

| | PROCEDURES | FINDINGS | EXCEPTIONS FOUND? | MANAGEMENT'S RESPONSE <i>(Responses are per Kerry P. Cuccia, Director)</i> |
|-----------|---|--|----------------------|--|
| iv. | <i>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.</i> | For those selected payments with a formal/written contract, a supporting invoice was obtained and agreed to the related payment. | No | N/A |
| 9) | <i>Payroll and Personnel</i> | | | |
| A | <i>Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.</i> | <p>The Office Manager provided a listing of employees with their related salaries, and the Director confirmed that the listing was complete.</p> <p>The Entity's annual budget and staffing plan that is completed and submitted to Louisiana Public Defender Board prior to start of annual Contract requires an annual salary breakdown by position. The Entity's annual "FY23 Contract for Capital Criminal Defense Services" (Contract) requires remuneration of staff for services performed under the Contract to be consistent with the wage schedule accompanying the Contract unless a variance is agreed to by the State Public Defender or Trial Level Compliance Officer upon a showing of good cause. Categories of staff positions include: Director, Lead Counsel, Associate Counsel, Junior Attorney, Mitigation Worker, Fact investigator, and Paralegal.</p> <p>Employees selected for testing that were included in the above staff positions were in agreement with the wage schedule in the Contract.</p> <p>The Contract does not address salaries of administrative office staff.</p> | Yes | <p><i>The Director uses the "Wage Schedule" included in the entity's annual "FY23 Contract for Capital Criminal Defense Services" (Contract) to determine the appropriate salary range for the following positions: Director, Lead Counsel, Associate Counsel, Junior Attorney, Mitigation Worker, Fact Investigator, and Paralegal. Hourly pay rate/salary adjustments are approved by the Director (by email) who notifies the Office Manager who notifies the Outside Certified Public Accountant who is responsible for payroll processing. The Director is responsible for signing all payroll checks.</i></p> <p><i>The entity will update personnel files to include an approved pay schedule that documents the employee's agreed upon salary or pay rate.</i></p> |
| B | <i>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:</i> | Attendance and leave records for the week of 01/01/23-01/15/23 obtained. | | |
| i. | <i>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.)</i> | Selected employees documented their daily attendance and leave. | No | N/A |
| ii. | <i>Observe that supervisors approved the attendance and leave of the selected employees/officials.</i> | For each employee selected, management's approval was noted. | No | N/A |
| iii. | <i>Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.</i> | No leave taken during the pay period. | No | N/A |
| iv. | <i>Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.</i> | See response at 9A above. | No | See response at 9A above. |

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
SCHEDULE OF PROCEDURES, FINDINGS, AND MANAGEMENT'S RESPONSE
YEAR-ENDED JUNE 30, 2023**

| | PROCEDURES | FINDINGS | EXCEPTIONS FOUND? | MANAGEMENT'S RESPONSE <i>(Responses are per Kerry P. Cuccia, Director)</i> |
|-----|---|--|-------------------|--|
| C | Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy. | The Office Manager provided a listing of employees terminated during the fiscal year, and the Director confirmed that the listing was complete. The calculation of final pay for the two terminated employee was obtained, and it was noted that accrued leave was overstated for one of the two employees; therefore, the employee was overpaid by \$314.22. The employees were paid out in accordance with the Entity's "Employment Policies and Procedures" manual. | Yes | <i>The calculation for accrued leave payments to terminated employees will be prepared by Office Manager and reviewed by Director in order to prevent miscalculations in the future.</i> |
| D | Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines. | The Director provided confirmation that all payroll related liabilities were paid and that all associated forms were filed timely. | No | N/A |
| 10) | Ethics (excluding nonprofits) | | | |
| A. | Using the 5 randomly selected employees/officials from "Payroll and Personnel" procedure #9A, obtain ethics documentation from management, and: | | | |
| i. | Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and | N/A - Entity is a non-profit 501(c)(3) | N/A | N/A |
| ii. | Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable. | | | |
| B. | Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170. | | | |
| 11) | Debt Service (excluding nonprofits) | | | |
| A. | Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution. | | | |
| B. | 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 (including contingency funds, short-lived asset funds, or other funds required by the debt covenants). | N/A - Entity is a non-profit 501(c)(3) | N/A | N/A |
| 12) | Fraud Notice | | | |

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SCHEDULE OF PROCEDURES, FINDINGS, AND MANAGEMENT'S RESPONSE
YEAR-ENDED JUNE 30, 2023**

| | PROCEDURES | FINDINGS | EXCEPTIONS FOUND? | MANAGEMENT'S RESPONSE <i>(Responses are per Kerry P. Cuccia, Director)</i> |
|------------|---|---|-------------------|---|
| A. | <i>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 as required by R.S. 24:523.</i> | The Director provided confirmation that there were no misappropriations of public funds or assets. | No | N/A |
| B. | <i>Observe the entity has posted, on its premises (observation may be limited to those premises that are visited during the performance of other procedures under the AUPs) and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds. (This notice is available for download or print at www.la.gov/hotline.)</i> | The Notice was posted in the office of Capital Defense Project of Southeast Louisiana. Capital Defense Project of Southeast Louisiana does not have a website. | No | N/A |
| 13) | Information Technology Disaster Recovery/Business Continuity | | | |
| A | <i>Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."</i> | | | |
| i. | <i>Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.</i> | We performed the procedure and discussed the results with management. | No | N/A |
| ii. | <i>Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.</i> | We performed the procedure and discussed the results with management. | No | N/A |
| ii. | <i>Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.</i> | We performed the procedure and discussed the results with management. | No | N/A |
| B | <i>Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.</i> | We performed the procedure and discussed the results with management. | No | N/A |
| 14) | Prevention of Sexual Harassment (A private non-profit that is subject to audit by virtue of the receipt of public funds does not appear to be subject to the sexual harassment law, R.S. 42:341, et seq. However, the non-profit could be subject to the law as part of its agreement to receive the public funds.) | | | |
| A. | <i>Using the 5 randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.</i> | N/A - Entity is a non-profit 501(c)(3) | N/A | N/A |

**CAPITAL DEFENSE PROJECT OF SOUTHEAST LOUISIANA
SCHEDULE OF PROCEDURES, FINDINGS, AND MANAGEMENT'S RESPONSE
YEAR-ENDED JUNE 30, 2023**

| | PROCEDURES | FINDINGS | EXCEPTIONS FOUND? | MANAGEMENT'S RESPONSE <i>(Responses are per Kerry P. Cuccia, Director)</i> |
|-------------|--|--|------------------------------|---|
| B. | <i>Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).</i> | N/A - Entity is a non-profit 501(c)(3) | N/A | N/A |
| C. | <i>Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:</i> | N/A - Entity is a non-profit 501(c)(3) | N/A | N/A |
| i. | <i>Number and percentage of public servants in the agency who have completed the training requirements;</i> | N/A - Entity is a non-profit 501(c)(3) | N/A | N/A |
| ii. | <i>Number of sexual harassment complaints received by the agency;</i> | N/A - Entity is a non-profit 501(c)(3) | N/A | N/A |
| iii. | <i>Number of complaints which resulted in a finding that sexual harassment occurred;</i> | N/A - Entity is a non-profit 501(c)(3) | N/A | N/A |
| iv. | <i>Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and</i> | N/A - Entity is a non-profit 501(c)(3) | N/A | N/A |
| v. | <i>Amount of time it took to resolve each complaint.</i> | N/A - Entity is a non-profit 501(c)(3) | N/A | N/A |

Note: Outside CPA referenced herein is not HMS Schafer Group, LLC.