

R E P O R T
ACADIANA
LEGAL SERVICE CORPORATION
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2020 AND 2019

ACADIANA LEGAL SERVICE CORPORATION

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Duplantier Hrapmann Hogan & Maher, LLP

A.J. Duplantier, Jr., CPA
(1919-1985)

Felix J. Hrapmann, Jr., CPA
(1919-1990)

William R. Hogan, Jr., CPA
(1920-1996)

James Maher, Jr., CPA
(1921-1999)

Lindsay J. Calub, CPA, LLC
Guy L. Duplantier, CPA
Michelle H. Cunningham, CPA
Dennis W. Dillon, CPA
Grady C. Lloyd, III CPA

Heather M. Jovanovich, CPA
Terri L. Kitto, CPA

Robynn P. Beck, CPA
John P. Butler, CPA
Jason C. Montegut, CPA
Paul M. Novak, CPA, AVB, CVA
Wesley D. Wade, CPA

Michael J. O' Rourke, CPA
David A. Burgard, CPA
Clifford J. Giffin, Jr., CPA
William G. Stamm, CPA

New Orleans
1615 Poydras Street,
Suite 2100
New Orleans, LA 70112
Phone: (504) 586-8866
Fax: (504) 525-5888

Northshore
1290 Seventh Street
Slidell, LA 70458
Phone: (985) 641-1272
Fax: (985) 781-6497

Houma
247 Corporate Drive
Houma, LA 70360
Phone: (985) 868-2630
Fax: (985) 872-3833

Napoleonville
5047 Highway 1
P.O. Box 830
Napoleonville, LA 70390
Phone: (985) 369-6003
Fax: (985) 369-9941

INDEPENDENT AUDITOR'S REPORT

April 27, 2021

Board of Directors
Acadiana Legal Service Corporation
Lafayette, LA

Report on the Financial Statements

We have audited the accompanying financial statements of Acadiana Legal Service Corporation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Acadiana Legal Service Corporation as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of Acadiana Legal Service Corporation as a whole. The accompanying supplementary information and other supplementary information, as listed in the index to report, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information and schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The other supplementary information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2021, on our consideration of Acadiana Legal Service Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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 Acadiana Legal Service Corporation's internal control over financial reporting and compliance.

Duplantier, Chapman, Hogan and Baker, LLP

New Orleans, Louisiana

ACADIANA LEGAL SERVICE CORPORATION
 STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,178,635	\$ 2,051,223
Grants receivable	216,611	208,822
Court fees and other receivables	59,010	8,513
Prepaid expenses	59,604	44,848
Client escrow funds, restricted	23,967	21,734
Total current assets	3,537,827	2,335,140
PROPERTY AND EQUIPMENT - NET	3,565,084	3,083,890
TOTAL ASSETS	\$ 7,102,911	\$ 5,419,030

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Payable from current assets:		
Accounts payable	\$ 71,207	\$ 88,596
Accrued expenses	218,834	128,257
Refundable advances	2,435,023	1,434,175
Note payable, current portion	14,289	-
Total payable from current assets	2,739,353	1,651,028
Payable from restricted assets:		
Client escrow funds	23,967	22,234
Total payable from restricted assets	23,967	22,234
Total current liabilities	2,763,320	1,673,262
LONG-TERM LIABILITIES:		
Note payable, non-current portion	185,826	-
Compensated annual leave	330,181	242,033
Total long-term liabilities	516,007	242,033
TOTAL LIABILITIES	3,279,327	1,915,295
NET ASSETS:		
Without donor restrictions	377,579	411,822
Without donor restrictions - property	30,342	32,454
Total net assets without donor restrictions	407,921	444,276
With donor restrictions:		
Legal Services Corporation - property	3,306,369	3,013,804
Louisiana Bar Foundation - grants	32,987	8,023
Louisiana Bar Foundation - property	28,258	37,632
Other - grants	48,049	-
Total net assets with donor restrictions	3,415,663	3,059,459
Total net assets	3,823,584	3,503,735
TOTAL LIABILITIES AND NET ASSETS	\$ 7,102,911	\$ 5,419,030

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

ACADIANA LEGAL SERVICE CORPORATION
 STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:						
Grant revenue	\$ 1,120,445	\$ 7,510,232	\$ 8,630,677	\$ 313,085	\$ 5,670,148	\$ 5,983,233
Interest earnings	596	18,112	18,708	24	22,457	22,481
Donations	37,259	-	37,259	521	-	521
Other revenues	156,978	108,989	265,967	37,210	41,901	79,111
Net assets released from restrictions:						
Satisfaction of grant restrictions	7,281,129	(7,281,129)	-	6,360,949	(6,360,949)	-
Total revenue and support	<u>8,596,407</u>	<u>356,204</u>	<u>8,952,611</u>	<u>6,711,789</u>	<u>(626,443)</u>	<u>6,085,346</u>
EXPENSES:						
Legal services	7,665,656	-	7,665,656	5,620,823	-	5,620,823
Supportive services	967,106	-	967,106	805,860	-	805,860
Total expenses	<u>8,632,762</u>	<u>-</u>	<u>8,632,762</u>	<u>6,426,683</u>	<u>-</u>	<u>6,426,683</u>
CHANGE IN NET ASSETS	(36,355)	356,204	319,849	285,106	(626,443)	(341,337)
NET ASSETS (DEFICIT) AT BEGINNING OF YEAR	<u>444,276</u>	<u>3,059,459</u>	<u>3,503,735</u>	<u>159,170</u>	<u>3,685,902</u>	<u>3,845,072</u>
NET ASSETS AT END OF YEAR	<u>\$ 407,921</u>	<u>\$ 3,415,663</u>	<u>\$ 3,823,584</u>	<u>\$ 444,276</u>	<u>\$ 3,059,459</u>	<u>\$ 3,503,735</u>

The accompanying notes are an integral part of these financial statements

ACADIANA LEGAL SERVICE CORPORATION
 STATEMENTS OF FUNCTIONAL EXPENSES
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Legal Services	Supportive Services	Total Expenses	Legal Services	Supportive Services	Total Expenses
Salaries and wages:						
Lawyers	\$ 3,280,979	\$ 48,820	\$ 3,329,799	\$2,167,041	\$ 40,799	\$2,207,840
Paralegals and law clerks	1,101,721	246,603	1,348,324	765,360	191,269	956,629
Other	1,001,710	224,217	1,225,927	764,957	191,168	956,125
Employee benefits	1,150,305	257,478	1,407,783	817,189	204,222	1,021,411
Office rent and utilities	189,832	25,886	215,718	181,942	24,810	206,752
Equipment rentals and maintenance	61,331	13,728	75,059	71,955	17,982	89,937
Office supplies and expenses	165,890	37,132	203,022	144,736	36,170	180,906
Telephone	53,457	11,965	65,422	41,340	10,331	51,671
Travel and training	39,863	2,544	42,407	121,884	7,780	129,664
Depreciation	115,448	25,841	141,289	110,743	27,676	138,419
Library and other supplies	50,688	-	50,688	55,124	-	55,124
Insurance	78,978	17,678	96,656	74,522	18,624	93,146
Professional services	24,290	5,437	29,727	25,491	6,371	31,862
Contractual services	156,502	35,030	191,532	90,848	22,704	113,552
Membership fees	29,601	604	30,205	28,515	582	29,097
Litigation costs	2,138	-	2,138	5,656	-	5,656
Subgrant awards	120,502	-	120,502	132,026	-	132,026
Interest	-	4,648	4,648	-	-	-
Miscellaneous	42,421	9,495	51,916	21,494	5,372	26,866
Total expenses	<u>\$7,665,656</u>	<u>\$ 967,106</u>	<u>\$8,632,762</u>	<u>\$5,620,823</u>	<u>\$ 805,860</u>	<u>\$6,426,683</u>

The accompanying notes are an integral part of these financial statements

ACADIANA LEGAL SERVICE CORPORATION
 STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 319,849	\$ (341,337)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Gain on disposal of property, plant, and equipment	(30,085)	(35,263)
Depreciation	141,289	138,419
Effects on operating cash flows due to change in:		
Grants receivable	(7,789)	122,899
Court fees and other receivables	(50,497)	(2,442)
Prepaid expenses	(14,756)	(1,238)
Client escrow funds	1,733	(310)
Accounts payable	(17,389)	(17,259)
Accrued expenses	90,577	38,618
Refundable advances	1,000,848	1,434,175
Compensated annual leave	88,148	55,232
Net cash provided by operating activities	<u>1,521,928</u>	<u>1,391,494</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(622,483)	(264,116)
Insurance proceeds	30,085	32,763
Net cash used by investing activities	<u>(592,398)</u>	<u>(231,353)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	250,000	-
Principal payments on notes payable	(49,885)	-
Net cash provided by financing activities	<u>200,115</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,129,645	1,160,141
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	<u>2,072,957</u>	<u>912,816</u>
Cash, Cash Equivalents, and Restricted Cash - End of Year	<u>\$ 3,202,602</u>	<u>\$ 2,072,957</u>
Cash paid during the year for interest	<u>\$ 4,648</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

ACADIANA LEGAL SERVICE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Operations

Acadiana Legal Service Corporation (the Corporation), incorporated in 1978, is a non-profit organization that fights to make hope, dignity, and justice available primarily to low-income, disadvantaged, and other eligible residents through high quality and aggressive civil legal assistance and education. The Corporation is funded primarily by the Legal Services Corporation (LSC), a non-profit corporation, established by Congress to administer a nationwide legal assistance program and the Louisiana Bar Foundation, a non-profit 501(c)(3) entity organized under the State of Louisiana and the largest funder of civil legal aid in the state.

Effective January 3, 2017, the Corporation expanded its operations when the Legal Services Corporation awarded the Corporation an expansion grant to provide services to additional parishes in the northern sections of Louisiana. The Corporation now provides free, specialized, civil legal services to low-income individuals and families across 42 Louisiana parishes. The Corporation works every-day to assist domestic violence victims, stands for the rights of abused and neglected children, helps preserve housing for hard-working families, prevents homelessness for people with disabilities and veterans, helps protect elderly consumers, removes barriers to health care, and much more.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and the requirements of the Legal Services Corporation Accounting Guide.

Basis of Presentation

Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Corporation and changes therein are classified and reported as follows:

- a) *Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Revenues are reported as increases in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions.
- b) *Net assets with donor restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulated that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

ACADIANA LEGAL SERVICE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Cash and Cash Equivalents

For financial statement purposes, the Corporation considers all highly-liquid investments purchased with a maturity of three months or less to be cash equivalents.

Client Trust Escrow Funds

Funds received from clients are deposited into a separate cash account and restricted for the payment of expenses in connection with related litigation.

Property and Equipment

Property and equipment is recorded at cost. Depreciation of property and equipment is based upon the estimated useful service lives, which range from 1 to 39 years, using the straight-line method. Maintenance and repairs are charged to expense, while additions and improvements are capitalized. Property acquisitions of non-expendable items with a value in excess of \$5,000 and a useful life of more than one year are capitalized and depreciated. Any purchases below this threshold are expensed.

Property and equipment acquired with Legal Services Corporation funds are considered to be owned by Acadiana Legal Service Corporation while used in the program or future authorized programs. However, Legal Services Corporation has a reversionary interest in those assets and has a right to determine the use of any proceeds from the sales of assets purchased with its funds. Legal Services Corporation has a reversionary interest in all assets of the Corporation.

Revenue and Support

The Corporation receives as revenue and support grant revenues which management has determined are contributions. The Corporation recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Once the condition is met, contributions are recorded as increases in net assets without donor restrictions or increases in net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions, and reported in the statement of activities as net assets released from donor restrictions. Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

ACADIANA LEGAL SERVICE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Attorney's Fees

Attorney's fees received are recorded during the accounting period in which the money from the fee award is actually received by the Corporation and is expended for any purpose permitted by the Legal Services Corporation Act.

Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses which are directly associated with legal services or supportive services are charged directly to that functional area. Office rent and utilities expenses have been allocated based upon the square footage allocated to supportive services. All other expenses have been allocated to legal services or supportive services based on administrative time devoted by the Corporation staff.

Donated Services and Assets

Donated services are legal services rendered at no charge to the Corporation. The value of donated services is based upon estimated fees normally charged by the professional rendering the service.

Donated services are recognized both as support and expenses and, therefore, do not affect net assets. Donated services amounted to \$4,409 and \$18,421 for the years ended December 31, 2020 and 2019, respectively.

Donated land, buildings, and furniture and equipment are recorded at their fair value at the date of donation. These donations are either expensed or capitalized.

Income Taxes

The Corporation is exempt from federal tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Corporation has been classified as an organization that is not a private foundation under Section 509(a)(2). Accordingly, no provision for income taxes has been made. However, if the Corporation were to engage in activities unrelated to the purpose for which it was created, taxable income could result. In management's judgment, the Corporation does not have any tax positions that would result in a loss contingency considering the facts, circumstances, and information available at the reporting date.

ACADIANA LEGAL SERVICE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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.

Advertising

The Corporation expenses the cost of advertising as incurred. Total advertising expenses for the years ended December 31, 2020 and 2019, were \$23,889 and \$9,673, respectively.

New Accounting Pronouncements

Beginning January 1, 2019, the Corporation adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The amendments in this Update require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The adoption of the Update has resulted in the Corporation including the client escrow funds, restricted, and the change in client escrow funds liability on the statements of cash flows for the years ended December 31, 2020 and 2019. Net assets are unchanged due to the adoption of the Update.

Beginning January 1, 2019, the Corporation adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The Update clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. A footnote on the change in accounting principle has also been added to the financial statements (Note 19).

2. CASH, CASH EQUIVALENTS, AND RESTRICTED CASH:

At December 31, 2020 and 2019, the Corporation had cash, cash equivalents, and restricted cash (book balances) totaling \$3,202,602 and \$2,072,957, consisting primarily of demand deposit and money market accounts at several financial institutions. These deposits were stated at cost, which approximates market.

ACADIANA LEGAL SERVICE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

2. CASH, CASH EQUIVALENTS, AND RESTRICTED CASH: (Continued)

Accounts are insured by Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Insurance Fund (NCUSIF) up to \$250,000. All of the Corporation's cash balances were insured by the FDIC, NCUSIF, or letters of credit at December 31, 2020 and 2019. The Corporation's cash, cash equivalents, and restricted cash consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 3,178,635	\$ 2,051,223
Client escrow funds, restricted	<u>23,967</u>	<u>21,734</u>
Total cash, cash equivalents, and restricted cash	<u>\$ 3,202,602</u>	<u>\$ 2,072,957</u>

3. GRANTS RECEIVABLE:

Grants receivable for the Corporation consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Beauregard Parish Council on Aging, Inc.	\$ 186	\$ -
Bienville Parish Council on Aging, Inc.	254	573
Bossier Council on Aging, Inc.	1,472	-
Caddo Council on Aging, Inc.	-	571
Cajun Area Agency on Aging, Inc.	18,011	18,107
Calcasieu Parish Council on Aging, Inc.	8,200	8,200
Caldwell Parish Council on Aging, Inc.	-	291
Cameron Parish Council on Aging, Inc.	29	973
CENLA Area Agency on Aging, Inc.	10,303	13,049
Claiborne Parish Council on Aging, Inc.	1,207	827
Jefferson Davis Parish Council on Aging, Inc.	471	1,095
Lincoln Parish Council on Aging, Inc.	517	1,654
Louisiana Bar Foundation - Title IV-E	162,888	153,613
Morehouse Parish Council on Aging, Inc.	587	1,300
Natchitoches Parish Council on Aging, Inc.	1,459	3,416
Ouachita Council on Aging, Inc.	7,000	2,073
Red River Council on Aging, Inc.	698	-
Sabine Parish Council on Aging, Inc.	19	261
Vernon Council on Aging, Inc.	689	1,255
Webster Council on Aging, Inc.	2,607	1,448
West Carroll Parish Council on Aging, Inc.	14	116
Total Grants Receivable	<u>\$ 216,611</u>	<u>\$ 208,822</u>

ACADIANA LEGAL SERVICE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

4. PROPERTY AND EQUIPMENT:

The following is a summary of changes in property and equipment for the year ended December 31, 2020:

	01/01/20	Additions	Deletions	12/31/20	LSC	Non-LSC
<u>Assets not being depreciated:</u>						
Land	\$ 886,665	\$ 140,000	\$ -	\$ 1,026,665	\$ 1,026,665	\$ -
<u>Assets being depreciated:</u>						
Buildings and improvements	3,032,045	456,484	-	3,488,529	3,453,837	34,692
Law library	38,082	-	-	38,082	38,082	-
Furniture and equipment	623,828	25,999	-	649,827	576,307	73,520
	<u>3,693,955</u>	<u>482,483</u>	<u>-</u>	<u>4,176,438</u>	<u>4,068,226</u>	<u>108,212</u>
<u>Less: accumulated depreciation:</u>						
Buildings and improvements	(1,086,623)	(71,130)	-	(1,157,753)	(1,151,091)	(6,662)
Law library	(34,501)	(3,109)	-	(37,610)	(37,610)	-
Furniture and equipment	(375,606)	(67,050)	-	(442,656)	(399,706)	(42,950)
	<u>(1,496,730)</u>	<u>(141,289)</u>	<u>-</u>	<u>(1,638,019)</u>	<u>(1,588,407)</u>	<u>(49,612)</u>
Net property and equipment being depreciated	<u>2,197,225</u>	<u>341,194</u>	<u>-</u>	<u>2,538,419</u>	<u>2,479,819</u>	<u>58,600</u>
Net property and equipment	<u>\$ 3,083,890</u>	<u>\$ 481,194</u>	<u>\$ -</u>	<u>\$ 3,565,084</u>	<u>\$ 3,506,484</u>	<u>\$ 58,600</u>

The following is a summary of changes in property and equipment for the year ended December 31, 2019:

	01/01/19	Additions	Deletions	12/31/19	LSC	Non-LSC
<u>Assets not being depreciated:</u>						
Land	\$ 886,665	\$ -	\$ -	\$ 886,665	\$ 886,665	\$ -
<u>Assets being depreciated:</u>						
Buildings and improvements	2,893,942	170,866	(32,763)	3,032,045	3,001,253	30,792
Law library	38,082	-	-	38,082	38,082	-
Furniture and equipment	531,420	95,750	(3,342)	623,828	550,308	73,520
	<u>3,463,444</u>	<u>266,616</u>	<u>(36,105)</u>	<u>3,693,955</u>	<u>3,589,643</u>	<u>104,312</u>
<u>Less: accumulated depreciation:</u>						
Buildings and improvements	(1,055,605)	(63,781)	32,763	(1,086,623)	(1,082,329)	(4,294)
Law library	(31,392)	(3,109)	-	(34,501)	(34,501)	-
Furniture and equipment	(307,419)	(71,529)	3,342	(375,606)	(345,674)	(29,932)
	<u>(1,394,416)</u>	<u>(138,419)</u>	<u>36,105</u>	<u>(1,496,730)</u>	<u>(1,462,504)</u>	<u>(34,226)</u>
Net property and equipment being depreciated	<u>2,069,028</u>	<u>128,197</u>	<u>-</u>	<u>2,197,225</u>	<u>2,127,139</u>	<u>70,086</u>
Net property and equipment	<u>\$ 2,955,693</u>	<u>\$ 128,197</u>	<u>\$ -</u>	<u>\$ 3,083,890</u>	<u>\$ 3,013,804</u>	<u>\$ 70,086</u>

ACADIANA LEGAL SERVICE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

4. PROPERTY AND EQUIPMENT: (Continued)

Depreciation expense for the years ended December 31, 2020 and 2019, was \$141,289 and \$138,419, respectively.

5. DONATED PROPERTY AND EQUIPMENT:

Donations of property and equipment are recorded as contributions at fair value at the date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as increases in net assets with donor restrictions. It is the Corporation's policy to imply a time restriction, based on the assets' estimated useful lives, on donations of property and equipment that are not restricted as to their use by the donor. Accordingly, those donations are recorded as increases in net assets with donor restrictions. The Corporation reclassifies net assets with donor restrictions to net assets without donor restrictions each year for the amount of depreciation expense relating to the donated property and equipment.

During the years ended December 31, 2020 and 2019, the Corporation received no donations for which capitalization was necessary. Donated furniture and equipment, for which capitalization was not necessary, amounted to \$20,845 and \$-0- for the years ended December 31, 2020 and 2019, respectively.

6. LEASE COMMITMENTS:

Operating Leases

The Corporation has entered into agreements to lease postage meters, ranging from \$62 to \$228, for each of its offices. The terms of these agreements range from 51 to 60 months. The Corporation has entered into month-to-month agreements to lease storage units. Payments under these agreements approximated \$455 per month for the storage units through May 2019, subsequent to which the payments approximated \$235 per month. As of December 31, 2020, the Corporation leases one storage unit on a month-to-month basis at \$235 per month. The Corporation has also entered into month-to-month arrangements for the use of copy machines at its offices. Payments under these arrangements range from \$82 to \$359 per month.

The operating lease commitments expected under the above leases are as follows for the years ending December 31:

2021	\$ 7,733
2022	5,327
2023	3,044
2024	2,150
2025	679
	<u>\$ 18,933</u>

ACADIANA LEGAL SERVICE CORPORATION
 NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

6. LEASE COMMITMENTS: (Continued)

Total rent expense charged under the operating leases above totaled \$55,191 and \$71,875 for the years ended December 31, 2020 and 2019, respectively.

7. NOTES PAYABLE:

The Corporation entered into a loan agreement with Hancock Whitney Bank on July 29, 2020, for \$250,000 to finance a portion of the purchase of an office building in Lake Charles, Louisiana. The loan is for a term of 15 years and bears interest at a rate of 4.39%. The loan is payable in 180 monthly payments of principal and interest of \$1,907 and matures on July 29, 2035. During the year ended December 31, 2020, the Corporation made additional principal payments of \$45,000 on the loan. The balance on the loan at December 31, 2020, is \$200,115. The loan is secured by the office building in Lake Charles, Louisiana.

Loan maturities for each of the five years following December 31, 2020, are as follows:

Year Ending December 31,	
2021	\$ 14,289
2022	14,912
2023	15,589
2024	16,278
2025	17,037
Thereafter	122,010
	<u>\$ 200,115</u>

Interest expense on the loan was \$4,648 for the year ended December 31, 2020.

8. COMPENSATED ANNUAL LEAVE:

An employee commences to earn and accrue annual leave with pay from the first day of employment. Accrual rates and carryover balances are based on the length of employment. Employees with less than three years of service are allowed to carryover a maximum of 150 hours of accrued annual leave, respectively. Employees with more than three years of service are allowed to carryover a maximum of 225 hours of accrued annual leave, respectively. If accrued annual leave above 150 hours or 225 hours, respectively, is not taken by the end of the calendar year, the amounts exceeding the limit will be forfeited. For the year ended December 31, 2020, the Corporation, in response to the coronavirus pandemic and its employees' inability to take vacations, scheduled trips, or extended time off during the pandemic, increased the maximum carryover limit of annual leave from 150 hours to 200 hours or 225 hours to 275 hours, depending on an employee's length of employment.

ACADIANA LEGAL SERVICE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

8. COMPENSATED ANNUAL LEAVE: (Continued)

Upon termination of employment, the employee will be paid any accrued and unused annual leave. Accrued compensatory time and sick time will not be paid upon termination. The Corporation has accrued \$330,181 and \$242,033 in compensated annual leave and compensatory time at December 31, 2020 and 2019, respectively. Included in the accrual of annual leave and compensatory time at December 31, 2020 and 2019, is \$-0- and \$11,594, respectively, in compensatory time due as a result of employee classification changes that were made in December 2019, so as to be in compliance with new rules issued by the Fair Labor Standards Act on exemptions and overtime.

During the year ended December 31, 2018, the Corporation implemented an annual leave redemption policy. The policy allows employees to redeem up to 37.5 hours of their unused, accrued annual leave. To be eligible for the redemption, employees must have at least 75 hours remaining after redemption and must have taken a scheduled vacation/annual leave for five consecutive days prior to the redemption. Compensation for the annual leave redeemed is at the employee's current hourly rate. The annual leave redemption policy will be applicable as long as funding is available. For the year ended December 31, 2020, the Corporation, in response to the coronavirus pandemic and its employees' inability to take vacations, scheduled trips, or extended time off during the pandemic, made the following changes to its annual leave redemption policy: (1) waived the requirement that employees use five consecutive days of annual leave before being eligible to redeem annual leave hours; and (2) increased the number of hours for redemption of annual leave from 37.5 hours to 60.0 hours. The Corporation has made payments of \$35,429 and \$17,358 under the annual leave redemption policy for the years ended December 31, 2020 and 2019, respectively.

9. REVENUE AND SUPPORT:

The Corporation's revenue that is derived from cost-reimbursable federal and state contracts and grants, which are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses, is recognized when the Corporation has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

During the years ended December 31, 2020 and 2019, the Corporation received conditional grant funds from Legal Services Corporation, Louisiana Bar Foundation, and AARP Foundation. The conditional grants are reported as revenue when performance is met which includes when qualifying expenses are incurred. Any conditional grant funds received in which performance has not been met is reported as refundable advances in the statement of financial position. In accordance with normal Legal Services Corporation and Louisiana Bar Foundation, the Corporation may use unspent funds in future periods as long as expenses incurred are in compliance with specified terms of the grant.

ACADIANA LEGAL SERVICE CORPORATION
 NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

9. REVENUE AND SUPPORT: (Continued)

The Corporation receives “one-time” grants from Legal Services Corporation to support a specific event or project. These “one-time” grants are infusions for the Legal Services Corporation’s annualized grant and are recorded as revenue as eligible costs are incurred. Until eligible expenses are incurred, the grants are recorded as refundable advances on the statement of financial position. When a “one-time grant” expires, any unexpended funds are returned to the Legal Services Corporation. As of December 31, 2020 and 2019, the Corporation reported refundable advances of \$411,714 and \$-0- related to “one-time” grants received from Legal Services Corporation.

The Corporation reported refundable advances as of December 31, 2020 and 2019, from the following grants:

<u>Grant</u>	<u>Grant Number</u>	<u>Grant Amount</u>	<u>Grant Period</u>	<u>2020</u>	<u>2019</u>
LSC - Basic Field	Service Area - LA-15	\$ 3,933,894	1/1/2020 - 12/31/2020	\$ 1,874,392	\$ -
LSC - COVID-19 Response	CV20088	\$ 655,650	3/1/2020 - 9/30/2021	393,413	-
LSC - Pro Bono Innovation	PB20008	\$ 221,552	10/1/2020 - 9/30/2023	18,301	-
AARP Foundation - Hurricane Laura	DIS-2020-10-004	\$ 150,000	10/26/2020 - 9/30/2022	148,917	-
LSC - Basic Field	Service Area - LA-15	\$ 3,717,027	1/1/2019 - 12/31/2019	-	992,160
LA Bar Foundation - IOLTA	2019-001 LSC	\$ 1,423,344	7/1/2019 - 6/30/2020	-	333,842
LA Bar Foundation - CINC	CINC2019-001	\$ 1,660,853	7/1/2019 - 6/30/2020	-	108,173
				\$ 2,435,023	\$ 1,434,175

The Corporation recognized greater than 10% of its revenue from each of the following grantors in the years ended December 31:

	2020	2019
Legal Services Corporation	37%	45%
Louisiana Bar Foundation	46%	49%
SBA - PPP	11%	0%

10. FEDERAL AND STATE GRANTS:

The Corporation participates in a number of federal and state grant programs, which are governed by various rules and regulations of each grantor agency. Costs charged to each respective grant program are subject to audit and adjustment by the grantor agency; therefore, to the extent that the Corporation has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivables at December 31, 2020 and 2019, may be impaired. In the opinion of the management of the Corporation, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

ACADIANA LEGAL SERVICE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

11. LIMITATION OF FEDERAL CARRYOVER FUNDS:

The Legal Services Corporation limits the federal Legal Services Corporation (LSC) carryover to 10% of the annualized grant award. Any excess carryover must be returned to the Legal Services Corporation. This percentage may be increased to 25% if a waiver of the restriction is submitted and approved. Recipients may request a waiver to retain funds in excess of 25% of a recipient's LSC support only for extraordinary and compelling circumstances, such as when a natural disaster or other catastrophic event prevents the timely expenditure of LSC funds, or when the recipient receives an insurance reimbursement, the proceeds from the sale of real property, a payment from a lawsuit in which the recipient was a party, or a payment from an LSC-funded lawsuit, regardless of whether the recipient was a party to the lawsuit.

On March 20, 2020, via a Frequently Asked Question, LSC reminded Recipients that 45 C.F.R. Part 1628 allows grantees to request approval to carry over funds in excess of 25% of LSC support when there are “extraordinary and compelling circumstances, such as a natural disaster or other catastrophic event, that prevent the timely expenditure of LSC funds” and advised that the COVID-19 crisis is such an event. Therefore, LSC has determined that all Recipients with a December 31, 2020 or January 31, 2021 fiscal year end (FYE) will be allowed to carry over any excess LSC fund balance for that fiscal year, regardless of the amount. Despite this blanket approval, recipients are still required to submit a waiver request within 30 days after the submission of annual audited financial statements. However, rather than submit a formal request letter, recipients will only need to complete a simple Fund Balance Waiver Request for Fiscal Year 2020 Smartsheet Form. LSC provided a blanket approval of all December 31, 2020 and January 31, 2021 FYE excess fund balance waiver requests; therefore, recipients will not receive separate approval notices from LSC after completing the Form.

The Corporation has a carryover of 46.48% for the year ending December 31, 2020. A waiver will be submitted to the Legal Services Corporation related to the December 31, 2020, excess carryover of approximately \$1,874,392, of which \$1,471,133 exceeded the allowable 10% carryover and \$866,243 exceeded the 25% carryover threshold. The carryover was due primarily to the Corporation receiving \$966,569 in Payroll Protection Program (PPP) funds in 2020. PPP funds were used to cover payroll and related benefits in 2020 that normally would have been covered with Legal Services Corporation funds.

For the year ended December 31, 2019, the Corporation had a 26.35% or \$992,160 carryover, of which \$615,577 exceeded the 10% carryover threshold and \$50,703 exceeded the 25% carryover threshold. The carryover was due to the Corporation receiving a combined increase of \$1,031,290 in unbudgeted income in 2019 and having \$340,713 in budgeted expenses in which the Corporation was unable to expend in 2019. The Office of Compliance and Enforcement of Legal Services Corporation granted the Corporation's request to carryover \$615,577 above the 10% threshold, of which \$50,703 is above the 25% threshold, in its LSC fund account for the 2019 fiscal year. Pursuant to 45 CFR § 1628.4(e), the Corporation was required to use the carryover funds it was permitted to retain by December 31, 2020, and the funds were to be used in accordance with the purposes outlined in the waiver approval letter. The funds were used for a down payment and closing costs on the purchase of an office building

ACADIANA LEGAL SERVICE CORPORATION
 NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

11. LIMITATION OF FEDERAL CARRYOVER FUNDS: (Continued)

in Lake Charles, Louisiana; for repairs on the Natchitoches, Louisiana, office building roof; for the paving of a parking lot at the Shreveport, Louisiana, office; for a new vehicle for the Monroe, Louisiana, office; and for additional principal payments on the loan that was obtained to finance a portion of the Lake Charles, Louisiana, office building purchase. Additionally, the Corporation increased personnel expenses as a result of granting a cost-of-living salary increase, effective January 3, 2020.

12. SUBGRANTS TO OTHER AGENCIES:

During the years ended December 31, 2020 and 2019, the Corporation granted the following subgrants to other agencies:

	2020	2019
Legal Services Corporation:		
Central Louisiana Pro Bono Project	\$ 11,884	\$ 11,884
Lafayette Volunteer Lawyer Project	23,118	21,018
Shreveport Bar Foundation Pro Bono Project	45,000	45,000
Southwest Louisiana Bar Foundation	-	13,624
Total Legal Services Corporation	80,002	91,526
Child in Need of Care (CINC):		
Central Louisiana Pro Bono Project	23,000	23,000
Southwest Louisiana Bar Foundation	17,500	17,500
Total Child in Need of Care (CINC)	40,500	40,500
Total Subgrants to Other Agencies	\$ 120,502	\$ 132,026

All sub-grantees are pro bono programs, which use the funds to provide civil legal services to low-income persons eligible for representation by the Corporation.

13. PRIVATE ATTORNEY INVOLVEMENT (PAI):

The Legal Services Corporation requires attorneys in private practice be involved in the delivery of services by Acadiana Legal Service Corporation. The involvement must equal, at a minimum, 12.5% of the annualized basic field grant. For the years ended December 31, 2020 and 2019, PAI amounted to approximately 9.34% and 10.31%, respectively. This is based on the \$367,268 and \$383,222, respectively, of total PAI expenditures from the Legal Services Corporation basic field grant, Louisiana Bar Foundation grants, Title III-B, and other funding sources. A schedule of private attorney involvement expenses is listed below:

ACADIANA LEGAL SERVICE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

13. PRIVATE ATTORNEY INVOLVEMENT (PAI): (Continued)

	2020	2019
Salaries and wages:		
Lawyers	\$ 36,969	\$ 53,001
Paralegals	21,882	21,073
Non-lawyers	32,292	37,081
Employee benefits	21,747	29,912
Office rent and utilities	3,639	9,059
Equipment rentals and maintenance	1,066	3,056
Office supplies and expenses	17,656	19,301
Travel and training	689	3,769
Library and other supplies	846	1,685
Telephone	571	1,519
Insurance	2,161	3,758
Professional services	534	1,018
Contractual services	106,103	66,023
Membership fees	206	360
Litigation costs	44	301
Subgrants	120,502	132,026
Miscellaneous	361	280
Total Private Attorney Involvement Expenses	\$ 367,268	\$ 383,222
Compliance percentage	12.50%	12.50%
Actual PAI to LSC Basic Field Advances	9.34%	10.31%

For the year ended December 31, 2020, Acadiana Legal Service Corporation's Private Attorney Involvement was approximately 9.34% of its annualized LSC Basic Field Award, which is below the required 12.5% threshold. The Corporation's inability to meet the 12.5% threshold was due to increases in unbudgeted income in 2020, issues partnering with local bars and law schools because of their locations being outside of the Corporation's service area, two hurricanes preventing the Corporation from contracting with a new PAI partner in Southwest Louisiana, and the ongoing coronavirus (COVID-19) pandemic. The Office of Compliance and Enforcement of Legal Services Corporation granted the Corporation a partial waiver of \$136,981 to reduce its PAI expenditure requirement to \$354,756 for the year ended December 31, 2020.

For the year ended December 31, 2019, Acadiana Legal Service Corporation's Private Attorney Involvement was approximately 10.31% of its annualized LSC Basic Field Award, which is below the required 12.5% threshold. The Corporation's inability to meet the 12.5% threshold was due to increases in unbudgeted income in 2019, the suspension of PAI case referrals because of vacancies at both the Shreveport and Central Louisiana Pro Bono Project locations, and issues partnering with local bars and law schools because of their locations being outside of the Corporation's service area. The Office of Compliance and Enforcement of Legal Services Corporation granted the Corporation a partial waiver of \$81,406 to reduce its PAI expenditure requirement to \$383,222 for the year ended December 31, 2019.

ACADIANA LEGAL SERVICE CORPORATION
 NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

14. RETIREMENT PLAN:

The Corporation adopted a 403(b) retirement plan (the Plan) effective January 1, 1995. The Plan was amended and restated effective January 1, 2009. The Plan allows for employee elective deferrals and employer matching contributions. Employees are eligible to make elective deferrals to the Plan on their hire date, if their normal work hours are greater than 20 hours per week. Employees are considered eligible for employer matching contributions upon completing two years of eligible service. One year of eligible service consists of 1,000 hours. The Corporation shall determine, at its sole discretion, the amount of employer contributions to be made to the Plan.

Effective with the first pay period in January 2019, the Corporation increased the employer matching contribution to 5% of the qualifying participant's salary. The Corporation's matching contributions for the years ended December 31, 2020 and 2019, were \$119,284 and \$62,911, respectively.

15. NET ASSETS WITH DONOR RESTRICTIONS:

The Corporation's net assets with donor restrictions at December 31 consisted of the following:

	<u>2020</u>	<u>2019</u>
Litigation services	\$ 81,036	\$ 8,023
Property	3,334,627	3,051,436
	<u>\$ 3,415,663</u>	<u>\$ 3,059,459</u>

16. NET ASSETS RELEASED FROM DONOR RESTRICTIONS:

Net assets were released from grant restrictions by satisfaction of the restricted purposes during the years ended December 31, as follows:

	<u>2020</u>	<u>2019</u>
Child in need of care cases	\$ 1,881,602	\$ 1,523,362
Title IV-E	435,907	153,613
State of Louisiana Appropriation	108,873	250,000
Other legal assistance	4,854,747	4,433,974
	<u>\$ 7,281,129</u>	<u>\$ 6,360,949</u>

17. BOARD-DESIGNATED NET ASSETS:

The Board of Directors has voted to designate up to \$100,000 of net assets to establish a \$100,000 reserve for future building maintenance and capital improvements of the Corporation's facilities.

ACADIANA LEGAL SERVICE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

18. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following reflects the Corporation's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts available include donor-restricted amounts that are available for general expenditure in the following year.

	<u>2020</u>	<u>2019</u>
Financial assets, at year-end:		
Cash and cash equivalents	\$ 3,178,635	\$ 2,051,223
Grants receivable	216,611	208,822
Court fees and other receivables	59,010	8,513
Client escrow funds	23,967	21,734
Total financial assets at year-end	<u>3,478,223</u>	<u>2,290,292</u>
Less contractual or donor-imposed restrictions:		
Client escrow funds	(23,967)	(22,234)
Refundable advances for legal services (Legal Service Corporation)	(2,286,106)	(992,160)
Refundable advances for legal services (Louisiana Bar Foundation)	-	(442,015)
Refundable advances for legal services (AARP)	(148,917)	-
Donor-restricted for legal services (Louisiana Bar Foundation)	(32,987)	(8,023)
Donor-restricted for legal services (Other)	(48,049)	-
Board-designated reserve for future maintenance and capital improvements	(100,000)	(100,000)
Board-designated reserve for future purchase of office space	-	(75,000)
Total contractual or donor-imposed restrictions	<u>(2,640,026)</u>	<u>(1,639,432)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 838,197</u>	<u>\$ 650,860</u>

19. CHANGE IN ACCOUNTING PRINCIPLES:

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities.

The change in accounting principle was adopted on a modified prospective basis as of January 1, 2019. As a result, there was no cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of January 1, 2019. In comparison to the year ended December 31, 2018, the effect of adopting the new accounting principle was an increase in refundable advances and a decrease in grant revenues by \$1,434,175 in the year ended December 31, 2019.

ACADIANA LEGAL SERVICE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

20. PAYROLL PROTECTION PROGRAM:

On April 29, 2020, the Corporation received a loan in the amount of \$966,569 through the Small Business Administration (SBA) as part of the Payroll Protection Program (PPP) related to the Coronavirus Aid, Relief, and Economic Safety (CARES) Act, as a result of the coronavirus (COVID-19) pandemic. The loan was administered through Gulf Coast Bank for the purposes of covering payroll with related benefits, rental expenses, and business utility payments during the pandemic while normal business activities were interrupted. The loan carried an interest rate of 1.00% and was to mature two years from the date of issuance. On January 15, 2021, the SBA notified the Corporation that the entire loan was forgiven.

The Corporation has recorded the PPP loan and subsequent forgiveness in accordance with ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*, and has considered the PPP loan to be a conditional contribution. In accordance with ASC 958-605, conditional contributions are not recognized until the conditions are substantially met or explicitly waived. In cases where conditions are met over time or in stages, contributions should be recognized as qualifying expenses are incurred. Under this model, the Corporation initially recognized the proceeds from the PPP loan as a refundable advance, until the conditions for forgiveness were substantially met. The Corporation subsequently recognized governmental grant revenue as it incurred qualifying PPP expenses and substantially met the conditions of the PPP loan. As the Corporation has substantially met all PPP conditions, incurred qualifying expenses, anticipated forgiveness of the PPP loan as of December 31, 2020, and received notification of full forgiveness on January 15, 2021, the Corporation has recognized \$966,569, the full amount of the PPP loan, as grant revenue in the year ended December 31, 2020.

21. ECONOMIC DEPENDENCY:

Approximately 83% of the Corporation's funding is provided through grants administered by the Legal Services Corporation and the Louisiana Bar Foundation. If significant budget cuts are incurred by either of the aforementioned grantors, the amount of funds received by the Corporation could be significantly reduced and adversely affect the Corporation's operations. Management is not aware of any actions that will adversely affect the amount of funding to be received by the Corporation in the next fiscal year.

22. UNCERTAINTIES:

The COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the magnitude that the pandemic will have on the Corporation's financial condition, liquidity, and future results of operations. Management is actively monitoring the situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. The Corporation is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

ACADIANA LEGAL SERVICE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

22. UNCERTAINTIES: (Continued)

The Corporation's operations are heavily dependent on private and public donations from individuals, foundations, and corporations. Additionally, access to grants and contracts from federal, state, and local governments may decrease or may not be available depending on appropriations. The outbreak may have a continued negative impact on economic and market conditions, triggering a period of economic slowdown. This situation may depress donations and grant revenues during fiscal year 2021 and beyond.

23. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through the date that the financial statements were available to be issued, which was April 27, 2021.

SUPPLEMENTARY INFORMATION

ACADIANA LEGAL SERVICE CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF SUPPORT, REVENUE, AND EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Legal Services Corporation						Louisiana Bar Foundation						Other					2020 Totals		
	Basic Field	TIG	Telework Capacity	COVID-19 Response	Pro Bono Innovation	Property and Equipment	Total	IOLTA	CINC	Title IV-E	State of LA Appropriation	Other	Property and Equipment	Total	PPP	AARP	Other		Property and Equipment	Total
REVENUE AND SUPPORT																				
Grant revenue	\$ 3,051,663	\$ 8,198	\$ 18,640	\$ 262,237	\$ 13,349	\$ -	\$ 3,354,087	\$ 1,614,910	\$ 1,868,526	\$ 435,907	\$ 125,000	\$ 60,000	\$ -	\$ 4,104,343	\$ 966,569	\$ 1,083	\$ 204,595	\$ -	\$ 1,172,247	\$ 8,630,677
Interest earnings	9,184	-	-	-	-	-	9,184	3,843	5,085	-	-	-	-	8,928	-	-	596	-	596	18,708
Donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37,259	-	37,259	37,259
Other revenues	89,516	-	-	-	-	-	89,516	11,482	7,991	-	-	-	-	19,473	-	-	156,978	-	156,978	265,967
Total revenue and support	3,150,363	8,198	18,640	262,237	13,349	-	3,452,787	1,630,235	1,881,602	435,907	125,000	60,000	-	4,132,744	966,569	1,083	399,428	-	1,367,080	8,952,611
EXPENSES																				
Salaries and wages																				
Lawyers	547,940	1,329	-	82,368	1,276	-	632,913	986,908	1,191,511	-	88,485	60,683	-	2,327,587	315,594	994	52,711	-	369,299	3,329,799
Paralegals and law clerks	496,888	33	-	54,470	8,843	-	560,234	250,586	279,123	-	18	2	-	529,729	221,076	11	37,274	-	258,361	1,348,324
Non-lawyers	592,112	-	-	552	350	-	593,014	144,229	160,764	-	-	3,600	-	308,593	322,828	-	1,492	-	324,320	1,225,927
Employee benefits	597,444	141	-	16,328	1,053	-	614,966	317,288	369,045	-	20,370	6,649	-	713,352	72,792	78	6,595	-	79,465	1,407,783
Office rent and utilities	99,972	-	-	37,115	-	-	137,087	23,478	29,991	-	-	-	-	53,469	25,159	-	3	-	25,162	215,718
Equipment rentals and maintenance	29,277	-	1,080	7,049	-	-	37,406	16,122	21,427	-	-	-	-	37,549	-	-	104	-	104	75,059
Office supplies and expenses	77,125	-	17,490	26,360	1,827	-	122,802	25,954	27,052	-	-	-	-	53,006	-	-	27,214	-	27,214	203,022
Telephone	15,686	-	70	10,615	-	-	26,371	10,561	17,130	-	-	204	-	27,895	9,120	-	2,036	-	11,156	65,422
Travel and training	18,935	80	-	1,755	-	-	20,770	7,000	14,449	-	-	188	-	21,637	-	-	-	-	-	42,407
Depreciation	-	-	-	-	-	125,903	125,903	-	-	-	-	-	9,374	9,374	-	-	-	6,012	6,012	141,289
Library and other supplies	23,250	-	-	-	-	-	23,250	12,036	15,375	-	-	-	-	27,411	-	-	27	-	27	50,688
Insurance	59,376	-	-	-	-	-	59,376	16,402	20,878	-	-	-	-	37,280	-	-	-	-	-	96,656
Professional services	14,667	-	-	-	-	-	14,667	6,624	8,436	-	-	-	-	15,060	-	-	-	-	-	29,727
Contractual services	70,250	3,000	-	3,850	-	-	77,100	4,780	109,652	-	-	-	-	114,432	-	-	-	-	-	191,532
Membership fees	5,644	-	-	-	-	-	5,644	18,112	6,374	-	-	75	-	24,561	-	-	-	-	-	30,205
Litigation costs	1,214	-	-	-	-	-	1,214	454	470	-	-	-	-	924	-	-	-	-	-	2,138
Subgrant awards	80,002	-	-	-	-	-	80,002	-	40,500	-	-	-	-	40,500	-	-	-	-	-	120,502
Interest	4,648	-	-	-	-	-	4,648	-	-	-	-	-	-	-	-	-	-	-	-	4,648
Miscellaneous	9,914	-	-	6,600	-	-	16,514	31,207	4,195	-	-	-	-	35,402	-	-	-	-	-	51,916
Total expenses	2,744,344	4,383	18,640	247,062	13,349	125,903	3,153,881	1,871,741	2,316,372	-	108,873	71,401	9,374	4,377,761	966,569	1,083	127,456	6,012	1,101,120	8,632,762
Change in Net Assets before Transfers	406,019	3,615	-	15,175	-	(125,903)	298,906	(241,506)	(434,770)	435,907	16,127	(11,401)	(9,374)	(245,017)	-	-	271,972	(6,012)	265,960	319,849
Interfund transfers	(2,726)	3,466	-	-	-	-	740	241,506	434,770	(435,907)	-	20,238	-	260,607	-	-	(261,347)	-	(261,347)	-
Change in Net Assets after Transfers	403,293	7,081	-	15,175	-	(125,903)	299,646	-	-	-	16,127	8,837	(9,374)	15,590	-	-	10,625	(6,012)	4,613	319,849
NET ASSETS (DEFICIT) AT BEGINNING OF YEAR	-	(7,081)	-	-	-	3,013,804	3,006,723	-	-	-	-	8,023	37,632	45,655	-	-	418,903	32,454	451,357	3,503,735
Debt service payments	(49,885)	-	-	-	-	49,885	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of property - purchases	(353,408)	-	-	(15,175)	-	368,583	-	-	-	-	-	-	-	-	-	-	(3,900)	3,900	-	-
NET ASSETS WITH RESTRICTIONS AT END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,306,369	\$ 3,306,369	\$ -	\$ -	\$ -	\$ 16,127	\$ 16,860	\$ 28,238	\$ 61,245	\$ -	\$ -	\$ 48,049	\$ -	\$ 48,049	\$ 3,415,663
NET ASSETS (DEFICIT) WITHOUT RESTRICTIONS AT END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 377,579	\$ 30,342	\$ 407,921	\$ 407,921

ACADIANA LEGAL SERVICE CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF SUPPORT, REVENUE, AND EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Legal Services Corporation				Louisiana Bar Foundation						Other			2019 Totals	
	Basic Field	TIG	Property and Equipment	Total	IOLTA	CINC	Title IV-E	State of LA Appropriation	Other	Property and Equipment	Total	Other	Property and Equipment		Total
REVENUE AND SUPPORT:															
Grant revenue	\$ 2,724,867	\$ 6,000	\$ -	\$ 2,730,867	\$ 908,613	\$ 1,517,254	\$ 153,613	\$ 250,000	\$ 115,801	\$ -	\$ 2,945,281	\$ 307,085	\$ -	\$ 307,085	\$ 5,983,233
Interest earnings	11,627	-	-	11,627	4,638	6,108	-	-	84	-	10,830	24	-	24	22,481
Donations	-	-	-	-	-	-	-	-	-	-	-	521	-	521	521
Other revenues	37,176	-	-	37,176	-	-	-	-	4,725	-	4,725	37,210	-	37,210	79,111
Total revenue and support	2,773,670	6,000	-	2,779,670	913,251	1,523,362	153,613	250,000	120,610	-	2,960,836	344,840	-	344,840	6,085,346
EXPENSES:															
Salaries and wages:															
Lawyers	672,732	488	-	673,220	340,134	624,977	98,186	250,000	161,340	-	1,474,637	59,983	-	59,983	2,207,840
Paralegals and law clerks	603,236	-	-	603,236	150,249	135,075	25,060	-	-	-	310,384	43,009	-	43,009	956,629
Non-lawyers	715,965	643	-	716,608	90,167	145,939	-	-	773	-	236,879	2,638	-	2,638	956,125
Employee benefits	530,364	91	-	530,455	183,672	250,389	30,367	-	26,193	-	490,621	335	-	335	1,021,411
Office rent and utilities	160,621	-	-	160,621	19,867	26,242	-	-	1	-	46,110	21	-	21	206,752
Equipment rentals and maintenance	54,188	-	-	54,188	15,287	20,405	-	-	-	-	35,692	57	-	57	89,937
Office supplies and expenses	104,237	-	-	104,237	28,630	44,498	-	-	2,299	-	75,427	1,242	-	1,242	180,906
Telephone	26,936	-	-	26,936	9,386	15,041	-	-	269	-	24,696	39	-	39	51,671
Travel and training	66,822	-	-	66,822	23,365	37,853	-	-	1,578	-	62,796	46	-	46	129,664
Depreciation	-	-	122,335	122,335	-	-	-	-	-	12,380	12,380	-	3,704	3,704	138,419
Library and other supplies	29,877	-	-	29,877	10,732	14,446	-	-	-	-	25,178	69	-	69	55,124
Insurance	66,124	-	-	66,124	11,212	16,223	-	-	(413)	-	27,022	-	-	-	93,146
Professional services	18,043	-	-	18,043	5,642	8,097	-	-	-	-	13,739	80	-	80	31,862
Contractual services	28,157	9,000	-	37,157	5,114	71,318	-	-	(65)	-	76,367	28	-	28	113,552
Membership fees	4,364	-	-	4,364	9,111	6,582	-	-	539	-	16,232	8,501	-	8,501	29,097
Litigation costs	2,024	-	-	2,024	2,807	823	-	-	-	-	3,630	2	-	2	5,656
Subgrant awards	91,526	-	-	91,526	-	40,500	-	-	-	-	40,500	-	-	-	132,026
Miscellaneous	(5,409)	-	-	(5,409)	20,849	9,835	-	-	5	-	30,689	1,586	-	1,586	26,866
Total expenses	3,169,807	10,222	122,335	3,302,364	926,224	1,468,243	153,613	250,000	192,519	12,380	3,002,979	117,636	3,704	121,340	6,426,683
Change in Net Assets before Transfers	(396,137)	(4,222)	(122,335)	(522,694)	(12,973)	55,119	-	-	(71,909)	(12,380)	(42,143)	227,204	(3,704)	223,500	(341,337)
Interfund transfers	2,153	-	-	2,153	(82,762)	(55,119)	-	-	79,932	(10,032)	(67,981)	55,796	10,032	65,828	-
Change in Net Assets after Transfers	(393,984)	(4,222)	(122,335)	(520,541)	(95,735)	-	-	-	8,023	(22,412)	(110,124)	283,000	6,328	289,328	(341,337)
NET ASSETS (DEFICIT) AT BEGINNING OF YEAR	634,491	(2,859)	2,895,632	3,527,264	95,735	-	-	-	-	60,044	155,779	162,012	17	162,029	3,845,072
Acquisition of property - purchases	(238,007)	-	238,007	-	-	-	-	-	-	-	-	(26,109)	26,109	-	-
Disposal of property	(2,500)	-	2,500	-	-	-	-	-	-	-	-	-	-	-	-
NET ASSETS WITH RESTRICTIONS AT END OF YEAR	\$ -	\$ -	\$ 3,013,804	\$ 3,013,804	\$ -	\$ -	\$ -	\$ -	\$ 8,023	\$ 37,632	\$ 45,655	\$ -	\$ -	\$ -	\$ 3,059,459
NET ASSETS (DEFICIT) WITHOUT RESTRICTIONS AT END OF YEAR	\$ -	\$ (7,081)	\$ -	\$ (7,081)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 418,903	\$ 32,454	\$ 451,357	\$ 444,276

ACADIANA LEGAL SERVICE CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
 TO EXECUTIVE DIRECTOR
DECEMBER 31, 2020

Executive Director: Greg Landry

Purpose:

Salary	\$ 146,460
Benefits - insurance (Health, Vision, and Dental)	6,486
Benefits - other (FICA/Medicare Taxes)	10,661
Benefits - other (Life Insurance and AD&D)	378
Benefits - other (STD LTD Disability Insurance)	1,605
Benefits - other (403b Employer Match)	7,210
Dues and fees	510
Mileage reimbursements	238
Per diem	120
Other reimbursements	-
Conference travel	450
Total	<u>\$ 174,118</u>

ACADIANA LEGAL SERVICE CORPORATION
 OTHER SUPPLEMENTARY INFORMATION
 SCHEDULE OF LSC FUNDING PASSED-THROUGH TO SUBRECIPIENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Lafayette Parish Bar Foundation	Central Louisiana Pro Bono Project	Shreveport Bar Foundation	Total
Salaries and wages	\$ 16,750	\$ 7,733	\$ 33,000	\$ 57,483
Employee benefits	2,225	748	2,250	5,223
Rent	-	1,321	-	1,321
Mortgage	1,650	-	5,000	6,650
Telephone	775	1,134	1,100	3,009
Training	-	-	-	-
Travel	-	-	-	-
Insurance	-	338	1,600	1,938
Litigation	300	-	-	300
Equipment rental (copier)	-	-	1,000	1,000
Office expenses	-	610	-	610
Other expenses	1,418	-	1,050	2,468
	<u>\$ 23,118</u>	<u>\$ 11,884</u>	<u>\$ 45,000</u>	<u>\$ 80,002</u>

ACADIANA LEGAL SERVICE CORPORATION
 OTHER SUPPLEMENTARY INFORMATION
 SCHEDULE OF LSC EXCESS CARRYOVER FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Prior Year LSC Excess Carryover</u>
REVENUE AND SUPPORT:	
Grant revenue	\$ 615,577
Interest earnings	-
Donations	-
Other revenues	-
Total revenue and support	<u>615,577</u>
EXPENSES:	
Salaries and wages:	
Lawyers	142,678
Paralegals and law clerks	-
Non-lawyers	80,290
Employee benefits	-
Office rent and utilities	-
Equipment rentals and maintenance	-
Office supplies and expenses	200
Telephone	-
Travel and training	-
Depreciation	-
Library and other supplies	-
Insurance	-
Professional services	-
Contractual services	-
Membership fees	-
Litigation costs	-
Subgrant awards	-
Interest	-
Miscellaneous	-
Total expenses	<u>223,168</u>
Change in Net Assets	392,409
NET ASSETS AT BEGINNING OF YEAR	-
Debt service payments	(45,000)
Acquisition of property - purchases	<u>(347,409)</u>
NET ASSETS AT END OF YEAR	<u><u>\$ -</u></u>



Duplantier Hrapmann Hogan & Maher, LLP

A.J. Duplantier, Jr., CPA
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Felix J. Hrapmann, Jr., CPA
(1919-1990)

William R. Hogan, Jr., CPA
(1920-1996)

James Maher, Jr., CPA
(1921-1999)

Lindsay J. Calub, CPA, LLC
Guy L. Duplantier, CPA
Michelle H. Cunningham, CPA
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Robynn P. Beck, CPA
John P. Butler, CPA
Jason C. Montegut, CPA
Paul M. Novak, CPA, AVB, CVA
Wesley D. Wade, CPA

Michael J. O' Rourke, CPA
David A. Burgard, CPA
Clifford J. Giffin, Jr., CPA
William G. Stamm, CPA

New Orleans

1615 Poydras Street,
Suite 2100
New Orleans, LA 70112
Phone: (504) 586-8866
Fax: (504) 525-5888

Northshore

1290 Seventh Street
Slidell, LA 70458
Phone: (985) 641-1272
Fax: (985) 781-6497

Houma

247 Corporate Drive
Houma, LA 70360
Phone: (985) 868-2630
Fax: (985) 872-3833

Napoleonville

5047 Highway 1
P.O. Box 830
Napoleonville, LA 70390
Phone: (985) 369-6003
Fax: (985) 369-9941

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

April 27, 2021

Board of Directors
Acadiana Legal Service Corporation
Lafayette, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Acadiana Legal Service Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 27, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Acadiana Legal Service Corporation's (the Corporation) internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Duplantier, Sharpman, Hogan and Baker, LLP

New Orleans, Louisiana



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New Orleans

1615 Poydras Street,
Suite 2100
New Orleans, LA 70112
Phone: (504) 586-8866
Fax: (504) 525-5888

Northshore

1290 Seventh Street
Slidell, LA 70458
Phone: (985) 641-1272
Fax: (985) 781-6497

Houma

247 Corporate Drive
Houma, LA 70360
Phone: (985) 868-2630
Fax: (985) 872-3833

Napoleonville

5047 Highway 1
P.O. Box 830
Napoleonville, LA 70390
Phone: (985) 369-6003
Fax: (985) 369-9941

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

April 27, 2021

Board of Directors
Acadiana Legal Service Corporation
Lafayette, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Acadiana Legal Service Corporation's (the Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the Legal Services Corporation Audit Guide and Compliance Supplement (the Audit Guide) that could have a direct and material effect on each of the Corporation's major federal programs for the year ended December 31, 2020. The Corporation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

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Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the Legal Services Corporation Audit Guide and Compliance Supplement. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, Acadiana Legal Service Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over compliance.

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

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

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

Duplantier, Shapron, Hogan and Parker, LLP

New Orleans, Louisiana

ACADIANA LEGAL SERVICE CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor/ Pass-Through Grantor/ <u>Program Name</u>	<u>Grant Number</u>	<u>CFDA Number</u>	<u>Passed-through to Subrecipients</u>	<u>Federal Expenditures</u>
<u>LEGAL SERVICES CORPORATION</u>				
Basic Field Grant	LA-15	09.619051	\$ 80,002	\$ 3,150,363
Technology Initiative Grant	14014	09.619051	-	1,117
Pro Bono Innovation Fund	PB20008	09.619051	-	13,349
COVID-19 Response Grant	CV20088	09.619051	-	262,237
COVID-19 Telework Capacity Grant	CVT20084	09.619051	-	18,640
			<u>80,002</u>	<u>3,445,706</u>
<u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES ADMINISTRATION FOR CHILDREN AND FAMILIES</u>				
Title IV-E Foster Care Pass-through program from following agencies:				
Louisiana Bar Foundation	N/A	93.658	-	435,907
			<u>-</u>	<u>435,907</u>
<u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES ADMINISTRATION ON AGING</u>				
Title III, Part B - Supportive Services and Senior Centers Pass-through program from following agencies:				
Beauregard Council on Aging, Inc.	N/A	93.044	-	510
Bienville Council on Aging, Inc.	N/A	93.044	-	755
Bossier Council on Aging, Inc.	N/A	93.044	-	1,822
Caddo Council on Aging	N/A	93.044	-	4,982
Cajun Area Agency on Aging, Inc.	N/A	93.044	-	12,756
Calcasieu Council on Aging, Inc.	N/A	93.044	-	4,192
Caldwell Parish Council on Aging	N/A	93.044	-	479
Cameron Council on Aging, Inc.	N/A	93.044	-	40
CENLA Area Agency on Aging, Inc.	N/A	93.044	-	13,362
Claiborne Council on Aging, Inc.	N/A	93.044	-	975
Desoto Council on Aging, Inc.	N/A	93.044	-	174
Jefferson Davis Council on Aging, Inc.	N/A	93.044	-	476
Lincoln Parish Council on Aging	N/A	93.044	-	1,436
Morehouse Parish Council on Aging, Inc.	N/A	93.044	-	1,068
Ouachita Council on Aging Inc.	N/A	93.044	-	4,385
Natchitoches Council on Aging, Inc.	N/A	93.044	-	3,071
North Delta Area Agency on Aging, Inc.	N/A	93.044	-	80
Red River Council on Aging, Inc.	N/A	93.044	-	1,034
Sabine Parish Council on Aging	N/A	93.044	-	1,159
Vernon Council on Aging	N/A	93.044	-	2,449
Webster Council on Aging, Inc.	N/A	93.044	-	1,735
West Carroll Council on Aging	N/A	93.044	-	107
			<u>-</u>	<u>57,047</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 80,002</u>	<u>\$ 3,938,660</u>

See the accompanying notes to the schedule of expenditures of federal awards.

ACADIANA LEGAL SERVICE CORPORATION
LAFAYETTE, LOUISIANA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

1. BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal award activity of Acadiana Legal Service Corporation under programs of the federal government for the year ended December 31, 2020. The information in the schedule of expenditures of federal awards is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule of expenditures of federal awards presents only a selected portion of the operations of Acadiana Legal Service Corporation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Acadiana Legal Service Corporation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying schedule of expenditures of federal awards includes the federal award activity of Acadiana Legal Service Corporation and is presented on the accrual basis of accounting. Grant revenues are recorded, for financial reporting purposes, when Acadiana Legal Service Corporation has met the cost of reimbursement or funding qualifications for the respective grants.

3. DE MINIMIS COST RATE:

During the year ended December 31, 2020, the Corporation did not elect to use the 10% de minimis cost rate as covered in §200.414 of *The Uniform Guidance*.

ACADIANA LEGAL SERVICE CORPORATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

SUMMARY OF AUDITOR’S RESULTS

Financial Statements:

Type of auditor’s report issued: Unmodified

Internal Control Over Financial Reporting:

- Material weakness(es) identified? __yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? __yes X no

Noncompliance material to financial statements noted? __yes X no

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? __yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? __yes X no

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with §200.516 of *The Uniform Guidance*: __yes X no

Identification of major program:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
09.619051	Legal Services Corporation - Basic Field Grant, Technology Initiative Grant, Pro Bono Innovation Fund, COVID-19 Response Grant, and COVID-19 Telework Capacity Grant

- The threshold for distinguishing types A & B programs was program expenditures exceeding \$750,000.
- Acadiana Legal Service Corporation did not qualify as a low-risk auditee.

ACADIANA LEGAL SERVICE CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

FINDINGS REQUIRED TO BE REPORTED UNDER GOVERNMENT AUDITING
STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA:

None

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

None

PRIOR YEAR FINDINGS:

FINDINGS REQUIRED TO BE REPORTED UNDER GOVERNMENT AUDITING
STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA:

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

2019-01:

NONCOMPLIANCE WITH LEGAL SERVICES CORPORATION'S PAI REQUIREMENT

Criteria: Recipients of Legal Services Corporation, (LSC) funding are required to devote an amount of LSC and/or non-LSC funds equal to at least 12.5% of their annualized LSC Basic Field Award to promoting the involvement of private attorneys, law students, law graduates, or other professionals in the delivery of legal information and legal assistance to eligible clients. The recipient is to demonstrate compliance with this requirement by using financial systems and procedures and maintain supporting documentation to identify and separately account for costs related to the PAI effort. While it is the expectation and experience of LSC that most basic field programs can effectively expend their PAI requirement, there are some circumstances, temporary or permanent, under which the goal of economical and effective use of LSC funds will be furthered by a partial, or in exceptional circumstances, a complete waiver of the PAI requirement. Applications for waivers of any requirement under the PAI requirement may be for the current or next fiscal year. All such applications must be in writing. Applications for waivers for the current fiscal year must be received by LSC during the current fiscal year.

Condition: For the year ended December 31, 2019, Acadiana Legal Service Corporation's Private Attorney Involvement was approximately 10.31% of its annualized LSC Basic Field Award, which is below the required 12.5% threshold. Acadiana Legal Service Corporation did not submit an application for a waiver related to its PAI requirement, which fell below the required 12.5% threshold, during the year ended December 31, 2019.

ACADIANA LEGAL SERVICE CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

PRIOR YEAR FINDINGS: (Continued)

FINDINGS REQUIRED TO BE REPORTED UNDER GOVERNMENT AUDITING
STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA (Continued)

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS: (Continued)

2019-01: (Continued)

NONCOMPLIANCE WITH LEGAL SERVICES CORPORATION'S PAI REQUIREMENT:
(Continued)

Cause: For the year ended December 31, 2019, Acadiana Legal Service Corporation did not meet LSC's PAI requirement for the following reasons:

- 1) Acadiana Legal Service Corporation had an unbudgeted increase in its LSC Basic Field Award of approximately \$500,000. Due to the delay in Congress' passing of the final 2019 appropriations, Acadiana Legal Service Corporation did not learn of the increase in award until after the Corporation's PAI contracts for the fiscal year ended December 31, 2019, were finalized. Acadiana Legal Service Corporation was able to increase the contracts of two of the PAI contracts towards the end of the year.
- 2) In prior years, Acadiana Legal Service Corporation has used part of its LSC basic field award to fund contracts with private attorneys to handle conflicts of interest in Child in Need of Care cases, but in the fiscal year ended December 31, 2019, Child in Need of Care funding increased substantially, reducing the number of private attorneys used in the current year.
- 3) The coordinator of one of Acadiana Legal Service Corporation's subgrantee/private attorney programs passed away during the year ended December 31, 2019, resulting in a suspension of cases being referred to the program until a new coordinator could be hired, which did not occur until the subsequent year.

Effect: Acadiana Legal Service Corporation is not in compliance with the terms and conditions of the LSC Basic Field Award. Non-compliance with the LSC Basic Field Award could result in reduced awards in subsequent years. If the Corporation fails to comply with the expenditure required by this PAI requirement, and the Corporation fails without good cause to seek a waiver during the term of the grant or contract, LSC could withhold from the Corporation's grant payments an amount equal to the difference between the amount expended on PAI and twelve and one-half percent (12.5%) of the Corporation's Basic Field Award. If the Corporation fails with good cause to seek a waiver, or applies for but does not receive a waiver, or receives a waiver of part of the PAI requirement and does not expend the amount required to be expended, the PAI expenditure requirement for the ensuing year shall be increased for the Corporation by an amount equal to the difference between the amount actually expended and the amount required to be expended.

ACADIANA LEGAL SERVICE CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

PRIOR YEAR FINDINGS: (Continued)

FINDINGS REQUIRED TO BE REPORTED UNDER GOVERNMENT AUDITING
STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA (Continued)

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS: (Continued)

2019-01: (Continued)

NONCOMPLIANCE WITH LEGAL SERVICES CORPORATION'S PAI REQUIREMENT:
(Continued)

Recommendation: We recommend that Acadiana Legal Service Corporation monitor its private attorney involvement on a more continuous basis so as to be able to adjust expenditures, as necessary, to be in compliance with the LSC requirement to devote an amount of LSC and/or non-LSC funds equal to at least 12.5% of their annualized LSC Basic Field Award to promoting the involvement of private attorneys, law students, law graduates, or other professionals in the delivery of legal information and legal assistance to eligible clients.

Status: The Office of Compliance and Enforcement (OCE) of Legal Services Corporation noted that Acadiana Legal Service Corporation (ALSC) failed to submit a timely waiver request for 2019 as programs may only submit waiver requests for the current or next fiscal year, not for a prior year, pursuant to 45 CFR § 1614.9(e)(1). However, based on good cause reasons provided during a phone conversation with ALSC on June 15, 2020, namely, misunderstanding that the request should have been filed in 2019 using estimates since actuals were not available, OCE determined to consider ALSC's request.

Based on the information provided, ALSC demonstrated that it qualified for a partial PAI waiver under 45 CFR § 1614.9(c)(3). Therefore, after consulting with ALSC's liaison in the Office of Program Performance ("OPP"), OCE granted ALSC a partial waiver of \$81,406 to reduce its PAI expenditure requirement to \$383,222 for the fiscal year ending December 31, 2019.

This finding was not repeated in the year ended December 31, 2020, as Acadiana Legal Service Corporation applied for and was granted a partial PAI waiver within the applicable deadlines. For the year ended December 31, 2020, Acadiana Legal Service Corporation's Private Attorney Involvement was approximately 9.34% of its annualized LSC Basic Field Award, which is below the required 12.5% threshold. Acadiana Legal Service Corporation submitted an application for a waiver related to its PAI requirement, which fell below the required 12.5% threshold, during the year ended December 31, 2020, and was granted a partial waiver to reduce its PAI expenditure requirement for the year ended December 31, 2020.