

**LOUISIANA CENTER FOR LAW AND CIVIC EDUCATION, INC.
BATON ROUGE, LOUISIANA**

FINANCIAL STATEMENTS

For the Year Ended December 31, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/9/08

THOMAS, WILSON, RAGUSA, UFFMAN & CO.

**CERTIFIED PUBLIC ACCOUNTANTS
BATON ROUGE, LOUISIANA**

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THOMAS, WILSON, RAGUSA, UFFMAN & CO.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Louisiana Center for Law and Civic Education, Inc.
Baton Rouge, Louisiana

We have audited the accompanying statement of financial position of the Louisiana Center for Law and Civic Education, Inc. (a non-profit organization) as of December 31, 2006, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Center for Law and Civic Education, Inc. as of December 31, 2006, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of revenues and expenses by funding source on page eight is presented for purposes of additional analysis and is not a required part of the financial statements of the Center. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2007, on our consideration of the Louisiana Center for Law and Civic Education, Inc.'s internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Thomas Wilson, Ragusa, Uffman & Co CPA
Baton Rouge, Louisiana
September 28, 2007

LOUISIANA CENTER FOR LAW AND CIVIC EDUCATION, INC.
BATON ROUGE, LOUISIANA

STATEMENT OF FINANCIAL POSITION
December 31, 2006

ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents	\$ 135,440
Investments	13,320
Employee Receivable	155
TOTAL CURRENT ASSETS	<u>148,915</u>

PROPERTY AND EQUIPMENT:

Office Equipment and Library Materials	44,053
Less Accumulated Depreciation	<u>(42,188)</u>

NET PROPERTY AND EQUIPMENT 1,865

TOTAL ASSETS \$ 150,780

LIABILITIES AND NET ASSETS

LIABILITIES:

Accrued expenses \$ 3,012

NET ASSETS

Unrestricted	20,307
Temporarily Restricted	114,141
Permanently Restricted	13,320
Total Net Assets	<u>147,768</u>

Total Liabilities and Net Assets \$ 150,780

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

LOUISIANA CENTER FOR LAW AND CIVIC EDUCATION, INC.
BATON ROUGE, LOUISIANA

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>REVENUES AND OTHER SUPPORT</u>				
Grants in Aid - Private Sources	\$ 19,250	\$ 161,836	\$ -	\$ 181,086
Federal and State Assistance	20,000	-	-	20,000
Registration Fees, Contributions & Other	14,881	-	-	14,881
Investment Income	1,589	496	-	2,085
Contributions In-kind	9,310	-	-	9,310
Net Assets Released from Restrictions	66,698	(66,698)	-	-
Total Revenues and Other Support	131,728	95,634	-	227,362
<u>EXPENSES</u>				
Education Programs	92,011	-	-	92,011
Management and General	52,126	-	-	52,126
Fundraising	3,500	-	-	3,500
Total Expenses and Losses	147,637	-	-	147,637
CHANGE IN NET ASSETS	(15,909)	95,634	-	79,725
<u>NET ASSETS AT BEGINNING OF YEAR AS RESTATED</u>				
	36,216	18,507	13,320	68,043
<u>NET ASSETS AT END OF YEAR</u>	\$ 20,307	\$ 114,141	\$ 13,320	\$ 147,768

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

LOUISIANA CENTER FOR LAW AND CIVIC EDUCATION, INC.
BATON ROUGE, LOUISIANASTATEMENT OF CASH FLOWS
For the Year Ended December 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ 79,725
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	(81,457)
Increase in Employee Receivable	(155)
Decrease in Accrued Expenses	<u>(1,628)</u>
Net provided by operating activities; net change in cash	(3,515)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>54,579</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 51,064</u>

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

LOUISIANA CENTER FOR LAW AND CIVIC EDUCATION, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS -1-
December 31, 2006

1. Nature of Operations and Significant Accounting Policies

Nature of Operations

The Louisiana Center for Law and Civic Education, Inc. (the Center) was organized to institutionalize law-related curricula in Louisiana schools, the justice system, and the broader community; to serve as a centralized office and support network for existing and developing law-related education programs in the State of Louisiana; to provide a permanent law-related education organization for sharing common resources statewide; to conduct awareness seminars on law-related education for teachers, administrators, and community members; and to develop law-related education teaching materials. Funding for the Center's operations is provided from federal, state and private grants, fundraising activities, contributions and participant fees.

Basis of Accounting and Reporting

The financial statements of the Center have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when they are earned and expenses when they are incurred.

Basis of Presentation

In accordance with SFAS No. 117, *Financial Statements of Not for Profit Organizations*, the Center reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The Center reports contributions of cash and other assets as restricted support if they are received with donor or grantor stipulations that limit the use of the donated or granted assets. When a donor or grantor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If the temporary restriction is met for the entire amount of the funds received during the year the funds were received, the amounts have been classified as unrestricted net assets and reported in the unrestricted column in the statement of activities.

Endowment contributions are permanently restricted by the donor. Interest earnings available for distribution are recorded in unrestricted net assets.

To ensure observance of limitations and restrictions placed on the uses of resources available to the Center, the accounting system is organized and operated on a fund basis. The financial statements of the individual funds have been presented on a combined basis, separated into unrestricted, temporarily restricted, and permanently restricted.

Office Equipment & Library Materials

Office equipment and library materials are recorded at cost. Items donated to the Center are recorded at estimated fair market value at the date of donation. Depreciation is provided over the estimated useful lives of exhaustible assets (5-7 years) on a straight-line basis.

Income Taxes

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

LOUISIANA CENTER FOR LAW AND CIVIC EDUCATION, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS -2-
December 31, 2006

1. Nature of Operations and Significant Accounting Policies (continued)

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.

Cash Equivalents

The Center considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash includes temporarily restricted cash of \$110,644.

Investments

Investments consist of non-negotiable certificates of deposit and are carried at cost, which approximates fair value. The use of the principal of these investments is restricted.

2. Temporarily Restricted Net Assets

Temporarily restricted net assets as of December 31, 2006 included those net assets obtained from the following funding sources:

IOLTA	\$ 4,144
Center for Civic Education	13,627
LA Judicial Excellence	57,892
TPAL	2,942
Cy-Pres Funds	35,000
Savings Account - Endowment Interest	432
Youth for Justice	104
	<u>\$ 114,141</u>

Net assets were released from grantor restrictions during the year by incurring expenses satisfying the purpose specified by grantors as follows:

IOLTA	\$ 35,305
Center for Civic Education	6,349
LA Judicial Excellence	20,338
Council for Excellence in Government	2,750
Savings Account - Endowment Interest	310
Youth for Justice	1,646
Total restrictions released	<u>\$ 66,698</u>

LOUISIANA CENTER FOR LAW AND CIVIC EDUCATION, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS -3-
December 31, 2006

3. Contributed Services and Facilities

As a means of providing law and civic education, the Center solicits volunteer services from attorneys, judges, and physicians for classroom instruction. The value of these contributed services, based on average fair market hourly rates for these professionals, was approximately \$7,095 for the year ended 2006. These contributions are not recognized in the statements of activities, as they do not meet the criteria for recognition.

The Board of Directors is a voluntary board; no compensation is paid to its members.

The Center receives in-kind contributions of gratuitous rent and facilities usage. The fair market values of the occupied space and facilities are recorded as both contributions and expenses under management and general expenses in the amount of \$9,310 for 2006.

4. Leases

During the aftermath of hurricane Katrina in 2005, the Center relocated to Baton Rouge for an indefinite period of time. Rent paid to the Baton Rouge Bar association totaled \$2,600 for 2006. The lease payment is \$300 per month and the term is month to month.

5. Concentrations

Grants and appropriations from private foundations and governmental agencies have historically comprised a significant portion of the Center's total revenues. Generally, these grants and appropriations provide funding on an annual basis, with no formal commitment for continued funding. Continuation of operations depends on funding from these sources.

6. Related Party Transactions

The Center is affiliated with the Louisiana State Bar Association (the Association) by way of common management and board members. The Center's operations are conducted by employees of the Association, who work exclusively on matters of the Center. The Center pays the Association monthly fees to cover all payroll cost of those employees as well as certain overhead expenses. Amounts paid for the years ended December 31, 2006 was approximately \$81,000. The Association also provided the gratuitous rent of facilities usage as discussed in Note 3.

7. Endowed Assets

The Center's Endowment Fund (the Fund) was created through individual private donations. The Fund's assets consist of primarily a certificate of deposit with a local bank. Interest earning of the Fund are to be utilized at the discretion of the Board of Directors. The principal investment of this fund is permanently restricted.

The carrying amount of the investment of \$13,320 at December 31, 2006, is its cost, which approximates fair value.

8. Correction of an Error

The Center's net assets as of December 31, 2005 have been restated to correct an error in the classification of some expenses. \$2,197 in assets previously charged to the IOLTA fund have been reclassified as relating to the Police Foundation and the Endowment funds. The correction increased temporarily restricted net assets by \$507 and decreased unrestricted net assets by \$507. The changes in temporarily restricted net assets included an increase in temporarily restricted net assets relating to the IOLTA fund of \$2,197, a decrease of \$300 in temporarily restricted net assets relating to the endowment fund, and a decrease of \$1,390 in temporarily restricted net assets relating to the Police Foundation fund.

LOUISIANA CENTER FOR LAW AND CIVIC EDUCATION, INC.
BATON ROUGE, LOUISIANA

SCHEDULE OF REVENUES AND EXPENSES BY FUNDING SOURCE
For the Year Ended December 31, 2006

	General	Endowment Fund	IOLTA	Center for Civic Education	Cy-Pres Funds
REVENUES					
Grants in Aid-Private Sources	\$ -	\$ -	\$ 35,706	\$ 12,900	\$ 35,000
Federal and State Assistance	-	-	-	-	-
Registration Fees, Contributions, & Other	14,881	-	-	-	-
Investment Income	1,589	496	-	-	-
Contributed Rent	9,310	-	-	-	-
Total Revenues	25,780	496	35,706	12,900	35,000
EXPENSES					
Education Programs					
Salaries & Wages	-	-	21,313	-	-
Payroll Taxes & Benefits	6,945	-	-	175	-
Postage & Printing	3,506	-	13	207	-
Contractual Fees	400	-	-	2,020	-
Travel Expenses	1,604	-	-	199	-
Newsletter & Advertising	3,657	-	-	-	-
Stipends/Awards-Teachers	-	250	-	-	-
Telephones & Fax	2,409	-	-	-	-
Working Meals	2,011	-	-	-	-
Program Events and Workshops	-	-	-	560	-
Education Materials	-	-	-	914	-
Meetings & Conferences	1,144	-	-	-	-
Dues & Subscriptions	160	-	-	-	-
Office Expense	-	-	-	135	-
Miscellaneous	-	60	-	-	-
Insurance	500	-	-	-	-
Contributions	-	-	-	220	-
Total Education Program	22,336	310	21,326	4,430	-
Management and General					
Salaries & Wages	393	-	12,619	-	-
Payroll Taxes & Benefits	2,680	-	-	-	-
Rent	9,310	-	-	-	-
Office Expense	2,758	-	-	-	-
Travel Expenses	354	-	-	669	-
Depreciation	2,919	-	-	-	-
Working Meals	-	-	-	850	-
Postage and Printing	500	-	-	75	-
Newsletter and Publishing	-	-	835	-	-
Dues & Subscriptions	-	-	-	325	-
Maintenance & Repairs	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Contractual fees	-	-	525	-	-
Telephone & Fax	-	-	-	-	-
Total Management & General	18,914	-	13,979	1,919	-
Fundraising					
Event Activity	-	-	-	-	-
Total Fundraising	-	-	-	-	-
Total Expenses	41,250	310	35,305	6,349	-
Revenues Over (Under) Expenses	\$ (15,470)	\$ 186	\$ 401	\$ 6,551	\$ 35,000

Rapides Education	Lakeside Toyota	Tobacco Fund	LA Judicial Excellence	Youth for Justice	Council for Excellence in Govt	Total
\$ 2,000	\$ 3,500	\$ -	\$ 78,230	\$ 3,750	\$ 10,000	\$ 181,086
-	-	20,000	-	-	-	20,000
-	-	-	-	-	-	14,881
-	-	-	-	-	-	2,085
-	-	-	-	-	-	9,310
<u>2,000</u>	<u>3,500</u>	<u>20,000</u>	<u>78,230</u>	<u>3,750</u>	<u>10,000</u>	<u>227,362</u>
500	-	8,052	10,125	1,000	7,935	48,925
-	-	772	656	-	1,000	9,548
560	-	586	2,073	1,075	443	8,463
-	-	590	-	133	2,250	5,393
200	-	-	135	679	1,122	3,939
-	-	-	-	-	-	3,657
-	-	-	-	2,400	-	2,650
-	-	-	-	-	-	2,409
-	-	-	-	-	-	2,011
623	-	-	-	-	-	1,183
230	-	-	-	-	-	1,144
-	-	-	-	-	-	1,144
-	-	-	-	-	-	160
-	-	-	-	-	-	135
-	-	470	-	-	-	530
-	-	-	-	-	-	500
-	-	-	-	-	-	220
<u>2,113</u>	<u>-</u>	<u>10,470</u>	<u>12,989</u>	<u>5,287</u>	<u>12,750</u>	<u>92,011</u>
-	-	2,188	-	-	-	15,200
-	-	198	164	-	-	3,042
-	-	2,600	-	-	-	11,910
-	-	-	4,897	-	-	7,655
-	-	3,861	-	-	-	4,884
-	-	-	-	-	-	2,919
-	-	-	843	104	-	1,797
-	-	-	820	-	-	1,395
-	-	-	206	-	-	1,041
-	-	-	396	-	-	721
-	-	502	-	-	-	502
-	-	427	-	-	-	427
-	-	80	-	-	-	605
-	-	-	23	5	-	28
-	-	<u>9,856</u>	<u>7,349</u>	<u>109</u>	<u>-</u>	<u>52,126</u>
-	3,500	-	-	-	-	3,500
-	3,500	-	-	-	-	3,500
<u>2,113</u>	<u>3,500</u>	<u>20,326</u>	<u>20,338</u>	<u>5,396</u>	<u>12,750</u>	<u>147,637</u>
<u>\$ (113)</u>	<u>\$ -</u>	<u>\$ (326)</u>	<u>\$ 57,892</u>	<u>\$ (1,646)</u>	<u>\$ (2,750)</u>	<u>\$ 79,725</u>

THOMAS, WILSON, RAGUSA, UFFMAN & CO.
CERTIFIED PUBLIC ACCOUNTANTS

**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**

We have audited the financial statements of the Louisiana Center for Law and Civic Education, Inc. (a non-profit organization) as of and for the year ended December 31, 2006, and have issued our report thereon dated September 28, 2007. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Louisiana Center for Law and Civic Education, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purposes of expressing an opinion on the effectiveness of the Louisiana Center for Law and Civic Education, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Center for Law and Civic Education, Inc.'s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Louisiana Center for Law and Civic Education, Inc.'s ability to initiate, authorize, record, process, or report financial data reliability in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Louisiana Center for Law and Civic Education, Inc.'s financial statements that is more than inconsequential will not be prevented or detected by the Louisiana Center for Law and Civic Education, Inc.'s internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. (Findings 2006-1, 2006-2 and 2006-3)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Louisiana Center for Law and Civic Education, Inc.'s internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiencies described above to be material weaknesses.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Louisiana Center for Law and Civic Education, Inc. in a separate letter dated September 28, 2007.

The Louisiana Center for Law and Civic Education, Inc.'s response to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Louisiana Center for Law and Civic Education, Inc.'s responses, and, accordingly, we express no opinion on them.

This report is intended for the information of the board of directors and management, and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Thomas, Wilson, Ragusa, Uffman & Co CPA

Certified Public Accountants
September 28, 2007

LOUISIANA CENTER FOR LAW AND CIVIC EDUCATION, INC.
BATON ROUGE, LOUISIANA

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2007

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Louisiana Center for Law and Civic Education, Inc.
2. During the audit of the Louisiana Center for Law and Civic Education, Inc. we found three significant deficiencies in internal control and we considered those significant deficiencies to be material weaknesses.
3. No instances of noncompliance material to the financial statements of the Louisiana Center for Law and Civic Education, Inc. were disclosed during the audit.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

Significant Deficiencies – considered to be material weaknesses

2006-1: Finding – The Louisiana Center for Law and Civic Education, Inc. did not maintain a general ledger during the year.

2006-2: Finding – The Louisiana Center for Law and Civic Education, Inc. did not reconcile the bank accounts until after year end.

2006-3: Finding – The Louisiana Center for Law and Civic Education, Inc.'s Board did not receive timely financial reports to review.

Management's Response: In 2007, the Louisiana Center for Law and Civic Education, Inc. hired a local accounting firm to maintain the general ledger, reconcile the bank statements and present financial reports to the Board of Directors in a more timely manner.

THOMAS, WILSON, RAGUSA, UFFMAN & Co.

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To Management and the Board of Directors
Louisiana Center for Law and Civic Education, Inc.
Baton Rouge, LA

We have audited the financial statements of the Louisiana Center for Law and Civic Education, Inc. for the year ended December 31, 2006 and have issued our report thereon. As part of our examination, we made a study and evaluation of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. Under these standards, the purpose of such evaluation are to establish a basis of reliance on the system of internal accounting control in determining the nature, timing, and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements and to assist the auditor in planning and performing his audit of the financial statements. In planning and performing our audit of the financial statements of the Louisiana Center for Law and Civic Education, Inc. (a non-profit organization) for the year ended December 31, 2006 we considered the Organization's internal control to plan our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated September 28, 2007, on the financial statements of Louisiana Center for Law and Civic Education, Inc.

We will review the status of these comments during our next audit engagement. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

Accounting System: Maintaining a General Ledger

At the time we were engaged, the general ledger had not been maintained in a timely manner. Waiting over a year to record transactions increases the possibility of error in proper recording of income and expenditures. Not maintaining a general ledger in a timely manner also made it difficult for management to track expenditures for interim grant reporting. Since our audit it is our understanding that an accounting firm has been hired to maintain the general ledger. It is our recommendation that the executive director and the Board's treasurer review the detailed general ledger monthly to ensure proper coding of revenues and expenditures and proper allocation of expenditures among the various grants.

Cash - Bank Reconciliations

At the time we were engaged, the bank accounts had not been reconciled. Since our audit it is our understanding that an accounting firm has been hired to prepare bank reconciliations monthly. We recommend that the bank statements be reconciled within 30 days of month end.

Employee Advances – Credit Card Procedures:

During our audit, we noted that the Executive Director was allowed to charge personal expenditures to the Organization's credit card. The Organization then paid the bill in full and the employee reimbursed the Organization. We recommend that the Board adopt a policy prohibiting the use of the Organization's credit card for personal expenditures. In addition, there were times during the year when the credit card balance exceeded the allowable limit and over the limit fees were incurred. We recommend that the Board review the limit and either increase it or advise the executive director that over balance charges will be prohibited.

Proper Documentation Needed for Expenses:

It was noted that 8 of the 60 transactions reviewed during our test of transactions were found to have inadequate supporting documentation. Good internal controls require proper documentation for all expenses incurred by the Association. The lack of documentation could lead to the double payment of invoices and also provides an opportunity for misappropriation of Organization assets. We suggest that the Organization follow the procedures already in place to ensure that all Association expenses are supported by proper documentation, including reimbursements for payroll, payments for stipends, etc.

We believe that the implementation of these recommendations will provide the Association with a stronger system of internal control while also making its operations more efficient. We will be happy to discuss details of these recommendations with you and assist in any way possible with their implementation. We would like to thank the Association for the courtesies extended to us during the audit. This report is intended solely for the information and use of the Board of Directors, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Thomas, Wilson, Reguar, Affrari & Co CPA

Certified Public Accountants
September 28, 2007



The Louisiana Center for Law & Civic Education

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December 14, 2008

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Steve J. Theriot, CPA
State of Louisiana
Office of the Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-93907

Re: Louisiana Center for Law and Civic Education (LCE) Management response letter

Mr. Theriot:

Our recent audit revealed 4 areas of concern, which I have identified, in short, below, that have been address by the Board of Directors in the following manner(s):

1. Accounting System – Maintaining a General Ledger that is Timely Updated
2. Cash – Lack of Timely Bank Reconciliations

We have contracted with Doughton & Brian APAC, specifically Jo Ellen Kearney of that firm, for bookkeeping services. Ms. Kearney prepares the general ledger as well as reconciles the bank accounts, and the Board and management will soon be receiving monthly reports as to both of those items.

3. Employee Advances – Personal Charges and Credit Card Procedures

The previous executive director acquired a credit card under a personal social security number, but utilizing the name of the organization, and began making both LCE-related and personal expenditures on this card. That individual began paying the card with LCE funds then reimbursing the LCE for those items that were personal. When this procedure came to the Board's attention, it was immediately stopped. That card has since been cancelled, and the LCE now has a policy that strictly forbids an "organization" credit card.


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4. Proper Documentation Needed for Expense Reimbursements

As indicated, with the addition of Daigrepon & Brian, more stringent, timely accounting procedures are in place, including the requirement of all proper documentation to accompany expenditures. Reimbursements also have to be reviewed by two Board members of the LCF's Executive Committee before approval and the reimbursement will be granted.

Summary

The LCF is in the process of hiring a new Executive Director. Our new accounting procedures and policies will allow us to keep better track of the LCF's financial transactions, and our aggressive approach to reform in this area will greatly benefit the organization. Our commitments will also ensure that that our 12/31/06 audit report is filed in a timely manner with the Legislative Auditor's office.



.....
Brian Engeron
LCF Treasurer