

RECEIVED  
LEGISLATIVE AUDITOR

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION  
AND  
NEW ORLEANS LEGAL ASSISTANCE CORPORATION  
COMBINED FINANCIAL STATEMENTS AND  
AUDITOR'S REPORT  
DECEMBER 31, 2005**

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 5-24-06

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION  
AND  
NEW ORLEANS LEGAL ASSISTANCE CORPORATION**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Southeast Louisiana Legal Services Corporation and  
New Orleans Legal Assistance Corporation

I have audited the accompanying combined statement of financial position of Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation (non-profit corporations) as of December 31, 2005, and the related combined statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. My responsibility is to express an opinion on these financial statements based on my audit. The prior year summarized comparative information has been derived from the Corporation's 2004 financial statements and, in my report dated March 24, 2005, I expressed an unqualified opinion on those financial statements.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation as of December 31, 2005, 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.

In accordance with Government Auditing Standards, I have also issued my report dated April 7, 2006, on my consideration of Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation's internal control over financial reporting and my 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 my 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 and should be considered in assessing the results of my audit.

My audit was performed for the purpose of forming an opinion on the combined basic financial statements of Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation taken as a whole. The supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the combined basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is also not a required part of the combined financial statements of the Corporation. Such information has been subjected to the auditing procedures applied in the audit of the combined basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the combined basic financial statements taken as a whole.

*Justin J. Scanlon, CPA*

New Orleans, Louisiana  
April 7, 2006

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION  
AND  
NEW ORLEANS LEGAL ASSISTANCE CORPORATION  
COMBINED STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2005**

**ASSETS**

**TOTAL  
MEMORANDUM ONLY  
DECEMBER 31, 2004**

**CURRENT ASSETS**

Cash	\$ 517,540	\$ 198,002
Cash in escrow-client deposits	36,694	34,431
Certificates of deposit	100,000	100,000
Receivables		
Grants	154,732	56,348
Other	44,840	38,111
Prepaid expenses and deposits	<u>51,008</u>	<u>58,789</u>
Total current assets	904,814	485,681
Property and equipment-at-cost (Notes A4 and B)	<u>12,162</u>	<u>21,266</u>
Total assets	<u>\$ 916,976</u>	<u>\$ 506,947</u>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$ 67,773	\$ 96,454
Accrued taxes and expenses (Note C)	225,636	236,809
Client court costs advanced	<u>36,694</u>	<u>34,431</u>
Total current liabilities	330,103	367,694
Commitments (Note D)	-	-
Net assets		
Unrestricted	359,480	117,987
Temporarily restricted (Note E)	<u>227,393</u>	<u>21,266</u>
Total net assets	<u>586,873</u>	<u>139,253</u>
Total liabilities and net assets	<u>\$ 916,976</u>	<u>\$ 506,947</u>

The accompanying notes are an integral part of this financial statement.

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION  
AND  
NEW ORLEANS LEGAL ASSISTANCE CORPORATION**

**COMBINED STATEMENT OF ACTIVITIES**

**For the year ended December 31, 2005**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL MEMORANDUM ONLY</u> For the year ended	
			<u>2005</u>	<u>2004</u>
<b>REVENUE</b>				
Grants and fees	\$ 173,902	\$ 3,425,561	\$ 3,599,463	\$ 3,300,913
Interest	232	15,473	15,705	6,194
Donations	4,739	150,581	155,320	4,444
Other	-	5,040	5,040	3,769
Net assets released from restrictions	<u>3,390,528</u>	<u>&lt; 3,390,528 &gt;</u>	<u>-</u>	<u>-</u>
Total revenues	3,569,401	206,127	3,775,528	3,315,320
<b>EXPENSES</b>				
Personnel:				
Salaries – lawyers	1,435,904	-	1,435,904	1,465,094
Salaries – non-lawyers	712,088	-	712,088	732,130
Fringe benefits	<u>541,270</u>	<u>-</u>	<u>541,270</u>	<u>538,891</u>
Total personnel expenses	2,689,262	-	2,689,262	2,736,115
Contract services	147,231	-	147,231	220,614
Travel and training	35,697	-	35,697	43,481
Space costs	173,262	-	173,262	222,676
Supplies	46,146	-	46,146	48,773
Equipment	95,604	-	95,604	66,652
Depreciation	9,104	-	9,104	22,106
Litigation	9,277	-	9,277	3,951
Other	<u>122,325</u>	<u>-</u>	<u>122,325</u>	<u>159,200</u>
Total expenses	<u>3,327,908</u>	<u>-</u>	<u>3,327,908</u>	<u>3,523,568</u>
Increase <decrease> in net assets	241,493	206,127	447,620	< 208,248 >
Net assets, beginning of year	<u>117,987</u>	<u>21,266</u>	<u>139,253</u>	<u>347,501</u>
Net assets, end of year	<u>\$ 359,480</u>	<u>\$ 227,393</u>	<u>\$ 586,873</u>	<u>\$ 139,253</u>

The accompanying notes are an integral part of this financial statement.

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION  
AND  
NEW ORLEANS LEGAL ASSISTANCE CORPORATION**

**COMBINED STATEMENT OF CASH FLOWS**

For the year ended December 31, 2005

**TOTAL  
MEMORANDUM ONLY  
December 31, 2004**

Increase <decrease> in cash and cash equivalents

Cash flows from operating activities:

Increase <decrease> in net assets	\$ 447,620	\$ < 208,248>
Adjustments to reconcile increase <decrease> in net assets to net assets provided by <used in> operating activities:		
Depreciation	9,104	22,106
Write down <up> of property and equipment	-	< 780>

Changes in assets and liabilities:

<Increase> decrease in client deposits	< 2,263>	< 2,483>
<Increase> decrease in pledges receivable	-	19,170
<Increase> decrease in grants receivable	< 98,384>	39,361
<Increase> decrease in other receivables	< 6,729>	< 13,666>
<Increase> decrease in prepaid expenses and deposits	7,781	< 21,010>
Increase <decrease> in accounts payable	< 28,681>	13,726
Increase <decrease> in accrued liabilities	< 11,173>	24,294
Increase <decrease> in client court costs advanced	<u>2,263</u>	<u>2,483</u>
Net cash provided by <used in> operating activities	<u>319,538</u>	<u>&lt;125,047&gt;</u>

Cash flows from investing activities:

Proceeds from maturity of certificates of deposit	<u>-</u>	<u>17,725</u>
Net cash provided by investing activities	<u>-</u>	<u>17,725</u>

Net increase <decrease> in cash and cash equivalents 319,538 < 107,322>

Cash and cash equivalents, beginning of year 198,002 305,324

Cash and cash equivalents, end of year \$ 517,540 \$ 198,002

The accompanying notes are an integral part of this financial statement.

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION  
AND  
NEW ORLEANS LEGAL ASSISTANCE CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2005**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

**1. Nature of Activities**

Southeast Louisiana Legal Services Corporation is a nonprofit corporation organized for the purpose of providing legal assistance in noncriminal proceedings or matters to persons financially unable to afford legal assistance in a ten parish area: Tangipahoa, Livingston, St. Helena, St. Tammany, Washington, Orleans, Jefferson, St. Bernard, St. Charles and Plaquemines. Southeast Louisiana Legal Services Corporation is principally funded through grants from Legal Services Corporation, a nonprofit corporation established by Congress to administer a nationwide legal assistance program. Legal Services Corporation's funding constituted 68% of the total funding for the corporation.

New Orleans Legal Assistance Corporation is a nonprofit corporation organized for the purpose of providing legal assistance in non-criminal proceedings or matters to persons residing in Orleans, Jefferson, St. Bernard, St. Charles, and Plaquemines Parishes who are financially unable to afford legal assistance.

**2. Financial Statement Presentation**

The financial statements are presented in accordance with the disclosure and reporting requirements of the Financial Accounting Standards Board (FASB) as set forth in the Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-For-Profit Organizations," dated June 1993. Accordingly, the net assets of the corporation are classified to present the following classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets. There are no permanently restricted net assets.

Net assets of the restricted class are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class.



**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION  
AND  
NEW ORLEANS LEGAL ASSISTANCE CORPORATION  
NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2005**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**3. Revenue Recognition**

Southeast Louisiana Legal Services Corporation recognizes annualized grant funds from Legal Services Corporation as support on a straight-line basis over the grant period. Funds remaining unexpended at the end of an accounting period are recorded as temporarily restricted net assets. Subject to the provisions of Legal Services Corporation's Fund Balance Regulations, Southeast Louisiana Legal Services Corporation may use unspent funds in future periods as long as expenses incurred are in compliance with the specified terms of the Legal Services grant as defined. Legal Services Corporation may, at its discretion, request reimbursement for expenses or return of funds, or both as a result of noncompliance by Southeast Louisiana Legal Services Corporation with the terms of the grant. In addition, if Southeast Louisiana Legal Services Corporation terminates its Legal Services grant activities, all unexpended funds are to be returned to Legal Service Corporation.

Contributed support is reported as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as "net assets released from restrictions". Revenues other than Legal Services Corporation grant revenue is recognized as it is earned in accordance with approved contracts.

**4. Property and equipment**

Property and equipment are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets.

Property and equipment acquired with Legal Services Corporation funds are considered to be owned by Southeast Louisiana Legal Services 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 sale of assets purchased with its funds. Therefore, property and equipment is reported as temporarily restricted support.

It is the policy of the corporation to capitalize all property, furniture, and equipment with an acquisition cost in excess of \$5,000. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the results of operations. Depreciation expense for the year ended December 31, 2005 totaled \$9,104.

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION  
AND  
NEW ORLEANS LEGAL ASSISTANCE CORPORATION**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

December 31, 2005

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**5. Cash equivalents**

The Corporation considers demand deposits and short-term investments with an original maturity of three months or less to be cash equivalents.

**6. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**7. Fair Values of Financial Instruments**

Generally accepted accounting principles require disclosure of fair value information about financial instruments for which it is practicable to estimate fair value, whether or not recognized in the statement of financial position. Cash and cash equivalents carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

**8. Total Columns of Combined Statements**

Total columns are captioned "Memorandum Only" to indicate that they are presented only to assist with financial analysis. Data in these columns do not present financial position or changes in net assets in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

**NOTE B - PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2005 consists of the following:

Property and equipment	\$ 143,933
Less accumulated depreciation	<u>&lt; 131,771 &gt;</u>
	<u>\$ 12,162</u>

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION  
AND  
NEW ORLEANS LEGAL ASSISTANCE CORPORATION  
NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2005**

**NOTE C – ACCRUED TAXES AND EXPENSES**

Accrued taxes and expenses consist of the following:

Accrued salaries	\$ 70,156
Accrued annual leave	139,886
Accrued payroll tax liabilities	<u>15,594</u>
	<u>\$ 225,636</u>

**NOTE D – COMMITMENTS**

Southeast Louisiana Legal Services Corporation has operating lease agreements for the rental of office space for its operations. Rental expense charged to operations totaled \$144,342 for the year ended December 31, 2005.

The operating lease for the corporation's Hammond office expires on April 30, 2007; Covington, Louisiana expires January 31, 2007; Marrero, Louisiana expires November 30, 2006; and New Orleans, Louisiana expires January 31, 2008.

Future minimum lease payments are as follows:

Year ending December 31,	
2006	\$ 162,883
2007	141,583
2008	<u>10,873</u>
	<u>\$ 315,339</u>

**NOTE E – NET ASSETS – TEMPORARILY RESTRICTED**

Temporarily restricted net assets are available for the following purposes as of December 31, 2005:

Property and equipment	\$ 12,162
Legal Services Corporation	15,191
United Way	23,259
Donations – restricted	110,281
American Bar Association	<u>66,500</u>
	<u>\$ 227,393</u>

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION  
AND  
NEW ORLEANS LEGAL ASSISTANCE CORPORATION  
NOTES TO FINANCIAL STATEMENTS - CONTINUED**

December 31, 2005

**NOTE F – DEFERRED COMPENSATION PLAN**

Southeast Louisiana Legal Services Corporation maintains a deferred compensation plan pursuant to Section 403(B) of the Internal Revenue Code. Employees are eligible to participate in the plan upon employment, but the employer's contribution is not allocated to the employee participant accounts until after one year of service. Also full vesting of benefits occurs after four years of employment. Covered employees may voluntarily contribute up to the lesser of (1) 20% of compensation, less 3% employer contribution, or (2) \$14,000 (\$18,000 over 50 years of age) less 3% employer contribution. The 2005 employer contribution rate remains unchanged from the prior year. The employer contribution for the year ended December 31, 2005 totaled \$54,846.

**NOTE G – FUNCTIONAL EXPENSES**

The functional expenses for the year ended December 31, 2005 consist of the following:

	<u>Total</u>	<u>Legal Services for the poor</u>	<u>Management and general</u>	<u>Fund raising</u>
Personnel:				
Salaries – lawyers	\$ 1,435,904	\$ 1,294,091	\$ 133,130	\$ 8,683
Salaries – non-lawyers	712,088	602,797	109,291	-
Fringe benefits	<u>541,270</u>	<u>469,173</u>	<u>69,679</u>	<u>2,418</u>
Total personnel benefits	2,689,262	2,366,061	312,100	11,101
Contract services	147,231	137,281	9,950	-
Travel and training	35,697	29,187	6,352	158
Space costs	173,262	149,178	23,218	866
Supplies	46,146	39,755	6,161	230
Equipment	95,604	82,315	12,811	478
Depreciation	9,104	7,838	1,220	46
Litigation	9,277	9,277	-	-
Other	<u>122,325</u>	<u>121,256</u>	<u>1,030</u>	<u>39</u>
Total expenses	<u>\$ 3,327,908</u>	<u>\$ 3,942,148</u>	<u>\$ 372,842</u>	<u>\$ 12,918</u>

**NOTE H – INCOME TAXES**

Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

**NOTE I - BOARD OF DIRECTORS COMPENSATION**

The board of directors is a voluntary board; therefore, no compensation was paid to any board member during the year ended December 31, 2005.

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION  
AND  
NEW ORLEANS LEGAL ASSISTANCE CORPORATION  
NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2005**

**NOTE J – CONTRACT SERVICES**

One of the general grant conditions of the Legal Services Corporation grant is that the recipient shall allocate a substantial amount of its annualized basic field grant award to provide the opportunity for the involvement of private attorneys in the delivery of legal assistance to eligible clients. A substantial amount has been defined as twelve and one-half percent (12 ½%) of the recipient's annualized basic field grant award. Southeast Louisiana Legal Services Corporation received a partial waiver from Legal Services Corporation reducing its 2005 Private Activity Involvement requirement to \$228,158. The corporation is in compliance with this revised grant condition.

**NOTE K – CONCENTRATION OF CREDIT RISK**

As of December 31, 2005, the corporation's cash balances are properly secured with FDIC insurance and pledged securities with the Federal Reserve System.

**SUPPLEMENTAL INFORMATION**

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION  
AND  
NEW ORLEANS LEGAL ASSISTANCE CORPORATION**

**COMBINING STATEMENT OF ACTIVITIES**

For the year ended December 31, 2005

	<u>SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION</u>	<u>NEW ORLEANS LEGAL ASSISTANCE CORPORATION</u>	<u>TOTAL</u>
<b>REVENUE</b>			
Grants and fees	\$ 3,425,945	\$ 173,518	\$ 3,599,463
Interest income	15,473	232	15,705
Donations	150,581	4,739	155,320
Other	<u>5,040</u>	<u>-</u>	<u>5,040</u>
Total revenues	3,597,039	178,489	3,775,528
 <b>EXPENSES</b>			
Personnel:			
Salaries – lawyers	1,349,215	86,689	1,435,904
Salaries – non-lawyers	706,433	5,655	712,088
Fringe benefits	<u>512,638</u>	<u>28,632</u>	<u>541,270</u>
Total personnel expenses	2,568,286	120,976	2,689,262
Contract services	121,315	25,916	147,231
Travel and training	33,868	1,829	35,697
Space costs	173,262	-	173,262
Supplies	45,970	176	46,146
Equipment	95,604	-	95,604
Depreciation	9,104	-	9,104
Litigation	8,181	1,096	9,277
Other	<u>121,942</u>	<u>383</u>	<u>122,325</u>
Total expenses	<u>3,177,532</u>	<u>150,376</u>	<u>3,327,908</u>
Increase <decrease> in net assets	419,507	28,113	447,620
Net assets, beginning of year	<u>123,190</u>	<u>16,063</u>	<u>139,253</u>
Net assets, end of year	<u>\$ 542,697</u>	<u>\$ 44,176</u>	<u>\$ 586,873</u>

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION**

**STATEMENT OF ACTIVITIES**

For the year ended December 31, 2005

	LEGAL SERVICES CORPORATION					
	BASIC FIELD GRANT	PRIVATE ATTORNEY INVOLVEMENT	TOTAL	TECHNICAL INITIATIVE GRANTS	HURRICANE KATRINA GRANT	GILLIS LONG LAW CENTER
<b>REVENUE</b>						
Grants and fees	\$ 2,073,743	\$ 296,249	\$ 2,369,992	\$ 137,976	\$ 50,450	\$ 30,800
Interest income	15,473	-	15,473	-	-	-
Donations	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>2,089,216</u>	<u>296,249</u>	<u>2,385,465</u>	<u>137,976</u>	<u>50,450</u>	<u>30,800</u>
<b>EXPENSES</b>						
Personnel:						
Salaries - lawyers	862,939	34,059	896,998	14,892	-	-
Salaries - non-lawyers	545,755	61,792	607,547	52,500	-	28,611
Fringe benefits	398,419	28,024	426,443	4,974	-	2,189
Total personnel expenses	<u>1,807,113</u>	<u>123,875</u>	<u>1,930,988</u>	<u>72,366</u>	<u>-</u>	<u>30,800</u>
Contract services	7,973	84,243	92,216	-	-	-
Travel and training	21,480	1,534	23,014	3,533	-	-
Space costs	145,054	9,998	155,052	-	-	-
Supplies	34,783	2,629	37,412	-	-	-
Equipment	64,006	3,786	67,792	25,081	-	-
Depreciation	-	-	-	-	-	-
Litigation	6,662	446	7,108	-	-	-
Other	<u>65,439</u>	<u>6,444</u>	<u>71,883</u>	<u>20</u>	<u>35,259</u>	<u>-</u>
Total expenses	<u>2,152,510</u>	<u>232,955</u>	<u>2,385,465</u>	<u>101,000</u>	<u>35,259</u>	<u>30,800</u>
Increase <decrease> in net assets	<u>\$ &lt;63,294&gt;</u>	<u>\$ 63,294</u>	<u>-</u>	<u>36,976</u>	<u>15,191</u>	<u>-</u>
Net assets, beginning of year	-	-	-	< 49,749 >	-	-
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ &lt;12,773 &gt;</u>	<u>\$ 15,191</u>	<u>\$ -</u>



**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION**

**STATEMENT OF ACTIVITIES - CONTINUED**

For the year ended December 31, 2005

	LOUISIANA BAR FOUNDATION IOLTA	DONATIONS RESTRICTED	AMERICAN BAR ASSOCIATION	CAPITAL AREA AGING ON AGING	LIVINGSTON PARISH COUNCIL ON AGING	GOVERNOR'S OFFICE OF ELDERLY AFFAIRS
<b>REVENUE</b>						
Grants and fees	\$ 161,812	\$ -	\$ 66,500	\$ 10,860	\$ 3,214	\$ 3,100
Interest income	-	-	-	-	-	-
Donations	-	112,781	-	-	-	-
Other	-	300	-	-	-	-
<b>Total revenues</b>	<u>161,812</u>	<u>113,081</u>	<u>66,500</u>	<u>10,860</u>	<u>3,214</u>	<u>3,100</u>
<b>EXPENSES</b>						
<b>Personnel:</b>						
Salaries - lawyers	96,000	-	-	6,644	1,844	2,880
Salaries - non-lawyers	14,000	-	-	420	240	-
Fringe benefits	17,427	-	-	1,021	160	220
<b>Total personnel expenses</b>	<u>127,427</u>	<u>-</u>	<u>-</u>	<u>8,085</u>	<u>2,244</u>	<u>3,100</u>
<b>Contract services</b>	9,085	-	-	225	250	-
Travel and training	-	-	-	155	-	-
Space costs	12,000	-	-	600	360	-
Supplies	4,000	-	-	1,140	360	-
Equipment	-	-	-	600	-	-
Depreciation	-	-	-	-	-	-
Litigation	-	-	-	-	-	-
Other	9,300	2,800	-	55	-	-
<b>Total expenses</b>	<u>161,812</u>	<u>2,800</u>	<u>-</u>	<u>10,860</u>	<u>3,214</u>	<u>3,100</u>
<b>Increase &lt;decrease&gt; in net assets</b>	-	110,281	66,500	-	-	-
<b>Net assets, beginning of year</b>	-	-	-	-	-	-
<b>Net assets, end of year</b>	<u>\$ -</u>	<u>\$ 110,281</u>	<u>\$ 66,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION**

**STATEMENT OF ACTIVITIES - CONTINUED**

For the year ended December 31, 2005

	<u>ADMINISTRATION ON AGING</u>	<u>AARP</u>	<u>UNITY FOR THE HOMELESS</u>	<u>CITY OF NEW ORLEANS ESG GRANT</u>	<u>INTERNAL REVENUE SERVICE GRANT</u>	<u>OTHER NON-FEDERAL</u>
<b>REVENUE</b>						
Grants and fees	\$ 74,902	\$ 25,000	\$ 118,187	\$ 40,000	\$ 40,000	\$ 500
Interest income	-	-	-	-	-	-
Donations	-	-	-	-	-	4,740
Other	-	-	-	-	-	5,240
Total revenues	<u>74,902</u>	<u>25,000</u>	<u>118,187</u>	<u>40,000</u>	<u>40,000</u>	<u>10,480</u>
<b>EXPENSES</b>						
Personnel:						
Salaries – lawyers	47,069	8,014	97,870	37,159	27,142	4,215
Salaries – non-lawyers	-	-	-	-	499	-
Fringe benefits	9,979	1,872	20,317	2,841	5,939	< 2,398 >
Total personnel expenses	<u>57,048</u>	<u>9,886</u>	<u>118,187</u>	<u>40,000</u>	<u>33,580</u>	<u>1,817</u>
Contract services	14,060	-	-	-	-	-
Travel and training	1,298	-	-	-	2,570	-
Space costs	-	-	-	-	2,000	-
Supplies	1,983	-	-	-	150	525
Equipment	-	-	-	-	900	-
Depreciation	-	-	-	-	-	-
Litigation	513	-	-	-	-	500
Other	-	-	-	-	800	-
Total expenses	<u>74,902</u>	<u>9,886</u>	<u>118,187</u>	<u>40,000</u>	<u>40,000</u>	<u>2,842</u>
Increase <decrease> in net assets	-	15,114	-	-	-	2,398
Net assets, beginning of year	-	-	-	-	-	-
Net assets, end of year	<u>\$ -</u>	<u>\$ 15,114</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,398</u>

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION**

**STATEMENT OF ACTIVITIES - CONTINUED**

For the year ended December 31, 2005

	STATE OF LOUISIANA DEPARTMENT OF JUSTICE	UNITED WAY TANGIPAHOA	UNITED WAY	PROPERTY AND EQUIPMENT	GENERAL	TOTAL
<b>REVENUE</b>						
Grants and fees	\$ 118,750	\$ -	\$ -	\$ -	\$ 173,902	\$ 3,425,945
Interest income	-	-	-	-	-	15,473
Donations	-	27,500	10,300	-	-	150,581
Other	-	-	-	-	-	5,040
Total revenues	<u>118,750</u>	<u>27,500</u>	<u>10,300</u>	<u>-</u>	<u>173,902</u>	<u>3,597,039</u>
<b>EXPENSES</b>						
Personnel:						
Salaries - lawyers	66,947	5,491	5,526	-	30,524	1,349,215
Salaries - non-lawyers	-	-	-	-	2,616	706,433
Fringe benefits	<u>14,303</u>	<u>84</u>	<u>881</u>	<u>-</u>	<u>6,386</u>	<u>512,638</u>
Total personnel expenses	81,250	5,575	6,407	-	39,526	2,568,286
Contract services	-	-	-	-	5,479	121,315
Travel and training	-	437	291	-	2,570	33,868
Space costs	-	750	500	-	2,000	173,262
Supplies	-	150	100	-	150	45,970
Equipment	-	199	132	-	900	95,604
Depreciation	-	-	-	9,104	-	9,104
Litigation	-	-	-	-	60	8,181
Other	<u>81,250</u>	<u>7,111</u>	<u>-</u>	<u>-</u>	<u>1,825</u>	<u>121,942</u>
Total expenses	<u>162,500</u>	<u>12,706</u>	<u>7,430</u>	<u>9,104</u>	<u>52,510</u>	<u>3,177,532</u>
Increase <decrease> in net assets	37,500	20,389	2,870	< 9,104 >	121,392	419,507
Net assets, beginning of year	< 17,800 >	-	-	21,266	189,173	123,190
Net assets, end of year	<u>\$ -</u>	<u>\$ 20,389</u>	<u>\$ 2,870</u>	<u>\$ 12,162</u>	<u>\$ 310,565</u>	<u>\$ 542,697</u>

SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION

NOTES TO SUPPLEMENTAL INFORMATION

DECEMBER 31, 2005

**Note 1. Private Attorney Involvement Costs**

Private attorney involvement costs were generated from the following non-LSC programs:

General	\$ 7,576
Louisiana Bar Foundation	11,035
Other Grants	<u>2,876</u>
	<u>\$ 21,487</u>

**Note 2. Net Assets - General**

Net Assets – General consist of interest income, unrestricted contributions, and court filing fees.

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION  
AND  
NEW ORLEANS LEGAL ASSISTANCE CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the year ended December 31, 2005**

<u>PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>NEW ORLEANS LEGAL ASSISTANCE CORPORATION EXPENDITURES</u>	<u>SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION EXPENDITURES</u>	<u>SUBRECIPIENT COSTS</u>
<b>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
Passed through the City of New Orleans:				
Emergency Shelter Grant	14.231	\$ -	\$ 40,000	\$ -
Passed through the Unity for the Homeless, Inc.:				
Supportive Housing Program	14.231	-	<u>118,187</u>	-
Total U. S. Department of Housing and Urban Development		-	<u>158,187</u>	-
<b>LEGAL SERVICES CORPORATION</b>				
Basic Field	09.619081	-	2,385,465	63,000
Technical Initiative Grant	09.619081	-	101,000	-
Hurricane Katrina Grant	09.619081	-	<u>35,259</u>	-
Total Legal Services Corporation		-	<u>2,521,724</u>	<u>63,000</u>
<b>U. S. DEPARTMENT OF JUSTICE</b>				
Violence Against Women's Act	16.254	<u>159,981</u>	-	-
Total U. S. Department of Justice		<u>159,981</u>	-	-
<b>INTERNAL REVENUE SERVICE</b>				
LITC Program	21.008	-	<u>40,000</u>	-
Total Internal Revenue Service		-	<u>40,000</u>	-
<b>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Predatory lending	93.048	-	74,902	-
Passed through Livingston Council on Aging, Inc.:				
Title III B Supportive Services	93.633	-	3,214	-
Passed through Capital Area Agency on Aging.:				
Title III B Supportive Services		-	<u>10,860</u>	-
Total U. S. Department of Health and Human Services		-	<u>88,976</u>	-
Total Federal Awards		<u>\$ 159,981</u>	<u>\$ 2,808,887</u>	<u>\$ 63,000</u>

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION  
AND  
NEW ORLEANS LEGAL ASSISTANCE CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the year ended December 31, 2005**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**A. Presentation of Financial Statements**

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting.

**B. Contract Compliance – Legal Services Corporation**

Legal Services Corporation requires that the corporation expend 12 ½% of their funding towards private attorney involvement. Southeast Louisiana Legal Services Corporation received a waiver from Legal Services Corporation for the 2005 program year. The contract compliance condition was satisfied for the year ended December 31, 2005.

**C. Non-federal contributions**

The matching contributions for the year ended December 31, 2005 consist of the following:

Unity for the Homeless, Inc.	\$ 30,823
Internal Revenue Service	41,090
Administration on Aging	38,120
City of New Orleans	<u>50,297</u>
	<u>\$ 160,330</u>

# Justin J. Scanlan, C.P.A.

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## 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

Board of Directors  
Southeast Louisiana Legal Services Corporation and  
New Orleans Legal Assistance Corporation

I have audited the combined financial statements of Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation (non-profit corporations) as of and for the year December 31, 2005, and have issued my report thereon dated April 7, 2006. I conducted my 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.

### Internal Control Over Financial Reporting

In planning and performing my audit, I considered Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the audit committee, management, Louisiana Legislative Auditor, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "James J. Scully, CPA".

New Orleans, Louisiana  
April 7, 2006



# Justin J. Scanlan, C.P.A.

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## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors  
Southeast Louisiana Legal Services Corporation and  
New Orleans Legal Assistance Corporation

### Compliance

I have audited the compliance of Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation (non-profit organizations) with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the year ended December 31, 2005. Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation's management. My responsibility is to express an opinion on Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation's compliance based on my audit.

I conducted my 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; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that I 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 Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation's compliance with those requirements.

In my opinion, Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

### Internal Control Over Compliance

The management of Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, Louisiana Legislative Auditor, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Justin J. Scambler, CPA*

New Orleans, Louisiana  
April 7, 2006

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION  
AND  
NEW ORLEANS LEGAL ASSISTANCE CORPORATION**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the year ended December 31, 2005**

**A. SUMMARY OF THE AUDITOR'S REPORT**

1. The auditor's report expresses an unqualified opinion on the financial statements.
2. The statement that reportable conditions in internal control were disclosed by the audit of the financial statements and whether any such conditions were material weaknesses is not applicable.
3. No instances of noncompliance that were material to the financial statements of Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation were disclosed during the audit.
4. The statement that reportable conditions in internal control over major programs were disclosed by the audit and whether any such conditions were material weaknesses is not applicable.
5. The auditor's report on compliance for the major federal award programs for Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation expresses an unqualified opinion on all major federal award programs.
6. The audit disclosed no findings that are required to be reported in accordance with Section 510(a) of Circular A-133.
7. The programs tested as major programs included:

Legal Services Corporation – CFDA #09.619081
8. The threshold used to distinguish between Type A and Type B programs was \$300,000
9. Southeast Louisiana Legal Services Corporation and New Orleans Legal Assistance Corporation did not qualify as a low-risk auditee.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

There were no findings related to the financial statements for the year ended December 31, 2005.

**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION  
AND  
NEW ORLEANS LEGAL ASSISTANCE CORPORATION**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**

**For the year ended December 31, 2005**

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM  
AUDIT**

There were no items identified in the course of my testing during the current year required to be reported.

**D. STATUS OF PRIOR YEAR AUDIT FINDINGS**

There were no prior year audit findings.