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**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION
AND
NEW ORLEANS LEGAL ASSISTANCE CORPORATION
COMBINED FINANCIAL STATEMENTS AND
AUDITOR'S REPORT
DECEMBER 31, 2004**

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 7-6-05

**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, 2004, 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 2003 financial statements and, in my report dated April 1, 2004, 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, 2004, 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 March 24, 2005, 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 grants. That 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 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 not a required part of the combined basic financial statements. 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 L. Scanlan, CPA

New Orleans, Louisiana
March 24, 2005

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

DECEMBER 31, 2004

ASSETS

**TOTAL
MEMORANDUM ONLY
DECEMBER 31, 2003**

CURRENT ASSETS

Cash	\$ 198,002	\$ 305,324
Cash in escrow-client deposits	34,431	31,948
Certificates of deposit	100,000	117,725
Receivables		
Pledges, less reserve for uncollected pledges	-	19,170
Grants	56,348	95,709
Other	38,111	24,445
Prepaid expenses and deposits	<u>58,789</u>	<u>37,779</u>
Total current assets	485,681	632,100
Property and equipment-at-cost (Notes A4 and B)	<u>21,266</u>	<u>42,592</u>
Total assets	<u>\$ 506,947</u>	<u>\$ 674,692</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 96,454	\$ 82,728
Accrued taxes and expenses (Note C)	236,809	212,515
Client court costs advanced	<u>34,431</u>	<u>31,948</u>
Total current liabilities	367,694	327,191
Commitments (Note D)	-	-
Net assets		
Unrestricted	117,987	262,464
Temporarily restricted (Note E)	<u>21,266</u>	<u>85,037</u>
Total net assets	<u>139,253</u>	<u>347,501</u>
Total liabilities and net assets	<u>\$ 506,947</u>	<u>\$ 674,692</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, 2004

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL MEMORANDUM ONLY</u> For the year ended	
			<u>2004</u>	<u>2003</u>
REVENUE				
Grants and fees	\$ 163,829	\$ 3,137,084	\$ 3,300,913	\$ 3,402,708
Interest	200	5,994	6,194	7,136
Donations	4,444	-	4,444	150
Other	2,405	1,364	3,769	2,540
Net assets released from restrictions	<u>3,208,213</u>	<u>< 3,208,213 ></u>	<u>-</u>	<u>-</u>
Total revenues	3,379,091	< 63,771 >	3,315,320	3,412,534
EXPENSES				
Personnel:				
Salaries – lawyers	1,465,094	-	1,465,094	1,412,494
Salaries – non-lawyers	732,130	-	732,130	895,475
Fringe benefits	<u>538,891</u>	<u>-</u>	<u>538,891</u>	<u>540,714</u>
Total personnel expenses	2,736,115	-	2,736,115	2,848,683
Contract services	220,614	-	220,614	270,156
Travel and training	43,481	-	43,481	53,063
Space costs	222,676	-	222,676	201,764
Supplies	48,773	-	48,773	51,636
Equipment	66,652	-	66,652	69,264
Depreciation	22,106	-	22,106	60,444
Litigation	3,951	-	3,951	9,536
Other	<u>159,200</u>	<u>-</u>	<u>159,200</u>	<u>150,435</u>
Total expenses	<u>3,523,568</u>	<u>-</u>	<u>3,523,568</u>	<u>3,714,981</u>
Increase <decrease> in net assets	< 144,477 >	< 63,771 >	< 208,248 >	< 302,447 >
Net assets, beginning of year	<u>262,464</u>	<u>85,037</u>	<u>347,501</u>	<u>649,948</u>
Net assets, end of year	<u>\$ 117,987</u>	<u>\$ 21,266</u>	<u>\$ 139,253</u>	<u>\$ 347,501</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, 2004

**TOTAL
MEMORANDUM ONLY
December 31, 2003**

Increase <decrease> in cash and cash equivalents		
Cash flows from operating activities:		
Increase <Decrease> in net assets	\$ < 208,248>	\$ <302,447>
Adjustments to reconcile increase <decrease> in net assets to net assets used in operating activities:		
Depreciation	22,106	60,444
Write down <up> of property and equipment	< 780>	10,374
Changes in assets and liabilities:		
<Increase> decrease in client deposits	< 2,483>	<2,471>
<Increase> decrease in pledges receivable	19,170	3,305
<Increase> decrease in grants receivable	39,361	<28,544>
<Increase> decrease in other receivables	< 13,666>	<16,347>
<Increase> decrease in prepaid expenses and deposits	< 21,010>	8,411
Increase <decrease> in accounts payable	13,726	27,711
Increase <decrease> in accrued liabilities	24,294	110,949
Increase <decrease> in client court costs advanced	<u>2,483</u>	<u>2,502</u>
Net cash used in operating activities	<u><125,047></u>	<u><126,113></u>
Cash flows from investing activities:		
Acquisition of property and equipment	-	<1,011>
Proceeds from maturity of certificates of deposit	17,725	95,000
Purchase of certificates of deposit	<u>-</u>	<u><162></u>
Net cash provided by investing activities	<u>17,725</u>	<u>93,827</u>
Net increase <decrease> in cash and cash equivalents	< 107,322>	<32,286>
Cash and cash equivalents, beginning of year	<u>305,324</u>	<u>337,610</u>
Cash and cash equivalents, end of year	<u>\$ 198,002</u>	<u>\$ 305,324</u>

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, 2004

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 77% 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, 2004

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, assets used to acquire property and equipment are 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 \$1,000. 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, 2004 totaled \$22,106.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2004

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, 2004 consists of the following:

Property and equipment	\$ 143,933
Less accumulated depreciation	<u>< 122,667 ></u> 21,266
Law library, less accumulated depreciation of \$27,972	<u>-</u> <u>\$ 21,266</u>

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2004

NOTE C -- ACCRUED TAXES AND EXPENSES

Accrued taxes and expenses consist of the following:

Accrued salaries	\$ 81,876
Accrued annual leave	137,798
Accrued payroll liabilities	<u>17,135</u>
	<u>\$ 236,809</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 \$190,233 for the year ended December 31, 2004.

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. The office located in Chalmette, Louisiana is on a month-to-month basis.

Future minimum lease payments are as follows:

Year ending December 31,

2005	\$ 156,802
2006	168,193
2007	127,498
2008	<u>10,598</u>
	<u>\$ 463,091</u>

NOTE E -- NET ASSETS -- TEMPORARILY RESTRICTED

Temporarily restricted net assets are available for the following purposes as of December 31, 2004:

Property and equipment	<u>\$ 21,266</u>
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**SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION
AND
NEW ORLEANS LEGAL ASSISTANCE CORPORATION**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2004

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) \$13,000 (\$16,000 over 50 years of age) less 3% employer contribution. The employer contribution for the year ended December 31, 2004 totaled \$59,588.

NOTE G – FUNCTIONAL EXPENSES

The functional expenses for the year ended December 31, 2004 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	\$ 1,465,094	\$ 1,322,050	\$ 142,336	\$ 708
Salaries – non-lawyers	732,130	657,605	74,525	-
Fringe benefits	<u>538,891</u>	<u>478,707</u>	<u>60,047</u>	<u>137</u>
Total personnel benefits	2,736,115	2,458,362	276,908	845
Contract services	220,614	210,664	9,950	-
Travel and training	43,481	38,019	5,462	-
Space costs	222,676	198,181	24,495	-
Supplies	48,773	43,866	4,907	-
Equipment	66,652	59,318	7,334	-
Depreciation	22,106	19,674	2,432	-
Litigation	3,951	3,951	-	-
Other	<u>159,200</u>	<u>154,118</u>	<u>5,082</u>	<u>-</u>
Total expenses	<u>\$ 3,523,568</u>	<u>\$ 3,186,153</u>	<u>\$ 336,570</u>	<u>\$ 845</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, 2004.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2004

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 is in compliance with this grant condition for 2004.

NOTE K – CONCENTRATION OF CREDIT RISK

As of December 31, 2004, 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, 2004

	<u>SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION</u>	<u>NEW ORLEANS LEGAL ASSISTANCE CORPORATION</u>	<u>ELIMINATIONS</u>	<u>TOTAL</u>
REVENUE				
Grants and fees	\$ 3,178,717	\$ 122,196	\$ -	\$ 3,300,913
Interest income	5,994	200	-	6,194
Donations	22,020	4,424	< 22,000 >	4,444
Other	<u>3,769</u>	<u>-</u>	<u>-</u>	<u>3,769</u>
Total revenues	<u>3,210,500</u>	<u>126,820</u>	<u>< 22,000 ></u>	<u>3,315,320</u>
EXPENSES				
Personnel:				
Salaries – lawyers	1,409,668	55,426	-	1,465,094
Salaries – non-lawyers	723,193	8,937	-	732,130
Fringe benefits	<u>528,790</u>	<u>10,101</u>	<u>-</u>	<u>538,891</u>
Total personnel expenses	<u>2,661,651</u>	<u>74,464</u>	<u>-</u>	<u>2,736,115</u>
Contract services	176,172	44,442	-	220,614
Travel and training	41,150	2,331	-	43,481
Space costs	222,676	-	-	222,676
Supplies	44,609	4,164	-	48,773
Equipment	66,652	-	-	66,652
Depreciation	22,106	-	-	22,106
Litigation	3,951	-	-	3,951
Other	<u>138,719</u>	<u>42,481</u>	<u>< 22,000 ></u>	<u>159,200</u>
Total expenses	<u>3,377,686</u>	<u>167,882</u>	<u>< 22,000 ></u>	<u>3,523,568</u>
Increase <decrease> in net assets	<u>< 167,186 ></u>	<u>< 41,062 ></u>	<u>-</u>	<u>< 208,248 ></u>
Net assets, beginning of year	<u>290,376</u>	<u>57,125</u>	<u>-</u>	<u>347,501</u>
Net assets, end of year	<u>\$ 123,190</u>	<u>\$ 16,063</u>	<u>\$ -</u>	<u>\$ 139,253</u>

ELIMINATIONS

Eliminate the transfer of donations between organizations.

SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION

STATEMENT OF ACTIVITIES

For the year ended December 31, 2004

	LEGAL SERVICES CORPORATION					
	BASIC FIELD GRANT	PRIVATE ATTORNEY INVOLVEMENT	TOTAL	TECHNICAL INITIATIVE GRANT	TECHNICAL ASSISTANCE GRANT-NOLAC	GILLIS LONG LAW CENTER
REVENUE						
Grants and fees	\$ 2,104,059	\$ 300,580	\$ 2,404,639	\$ 17,194	\$ 24,300	\$ 35,322
Interest income	5,994	-	5,994	-	-	-
Donations	-	-	-	-	-	-
Other	1,364	-	1,364	-	-	-
Total revenues	<u>2,111,417</u>	<u>300,580</u>	<u>2,411,997</u>	<u>17,194</u>	<u>24,300</u>	<u>35,322</u>
EXPENSES						
Personnel:						
Salaries - lawyers	788,555	57,654	846,209	2,200	-	-
Salaries - non-lawyers	553,043	35,309	588,352	47,669	-	35,322
Fringe benefits	415,263	23,047	438,310	11,233	-	-
Total personnel expenses	<u>1,756,861</u>	<u>116,010</u>	<u>1,872,871</u>	<u>61,102</u>	<u>-</u>	<u>35,322</u>
Contract services	9,110	141,127	150,237	400	-	-
Travel and training	29,790	1,784	31,574	2,284	-	-
Space costs	196,768	9,428	206,196	-	-	-
Supplies	33,363	1,967	35,330	340	-	-
Equipment	41,052	2,644	43,696	2,347	-	-
Depreciation	-	-	-	-	-	-
Litigation	3,635	94	3,729	-	-	-
Other	118,173	6,116	124,289	-	-	-
Total expenses	<u>2,188,752</u>	<u>279,170</u>	<u>2,467,922</u>	<u>66,473</u>	<u>-</u>	<u>35,322</u>
Increase <decrease> in net assets	\$ < 77,335 >	\$ 21,410	< 55,925 >	< 49,279 >	24,300	-
Net assets, beginning of year	-	-	55,925	-	< 24,770 >	-
Net assets, end of year	\$ -	\$ -	\$ -	\$ < 49,279 >	\$ < 470 >	\$ -

SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION

STATEMENT OF ACTIVITIES

For the year ended December 31, 2004

	LOUISIANA BAR FOUNDATION IOLTA	CAPITAL AREA AGING ON AGING	ST. TAMMANY COUNCIL ON AGING	LIVINGSTON PARISH COUNCIL ON AGING	GOVERNORS OFFICE OF ELDERLY AFFAIRS	ADMINISTRATION ON AGING
REVENUE						
Grants and fees	\$ 218,573	\$ 8,546	\$ -	\$ 3,557	\$ 3,900	\$ 51,476
Interest income	-	-	-	-	-	-
Donations	-	-	-	-	-	1,625
Other	-	-	-	-	-	53,101
Total revenues	<u>218,573</u>	<u>8,546</u>	<u>-</u>	<u>3,557</u>	<u>3,900</u>	<u>58,662</u>
EXPENSES						
Personnel:						
Salaries – lawyers	157,962	6,101	194	2,597	3,735	41,031
Salaries – non-lawyers	14,583	455	-	260	-	-
Fringe benefits	11,543	685	-	161	165	9,518
Total personnel expenses	<u>184,088</u>	<u>7,241</u>	<u>194</u>	<u>3,018</u>	<u>3,900</u>	<u>50,549</u>
Contract services	8,085	-	-	-	-	4,450
Travel and training	-	-	-	-	-	3,223
Space costs	12,000	300	-	180	-	-
Supplies	3,500	570	-	180	-	440
Equipment	500	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Litigation	-	-	-	-	-	-
Other	10,400	300	-	-	-	-
Total expenses	<u>218,573</u>	<u>8,411</u>	<u>194</u>	<u>3,378</u>	<u>3,900</u>	<u>58,662</u>
Increase <decrease> in net assets	-	135	< 194 >	179	-	< 5,561 >
Net assets, beginning of year	-	< 135 >	194	< 179 >	-	5,561
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION

STATEMENT OF ACTIVITIES

For the year ended December 31, 2004

	VIOLENCE AGAINST WOMEN ACT	BAPTIST COMMUNITY MINISTRIES	LOUISIANA STATE BAR ASSOCIATION - VISITATION GRANT	UNITY FOR THE HOMELESS, INC.	CITY OF NEW ORLEANS ESG GRANT	INTERNAL REVENUE SERVICE GRANT
REVENUE						
Grants and fees	\$ 4,113	\$ 5,000	\$ 15,137	\$ 99,668	\$ 40,000	\$ 31,463
Interest income	-	-	-	-	-	-
Donations	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>4,113</u>	<u>5,000</u>	<u>15,137</u>	<u>99,668</u>	<u>40,000</u>	<u>31,463</u>
EXPENSES						
Personnel:						
Salaries - lawyers	6,737	2,999	15,137	63,991	36,152	21,641
Salaries - non-lawyers	-	-	-	16,380	1,148	295
Fringe benefits	-	-	-	19,297	2,700	4,947
Total personnel expenses	<u>6,737</u>	<u>2,999</u>	<u>15,137</u>	<u>99,668</u>	<u>40,000</u>	<u>26,883</u>
Contract services	-	-	-	-	-	-
Travel and training	-	-	-	-	-	785
Space costs	-	-	-	-	-	2,000
Supplies	-	-	-	-	-	263
Equipment	-	-	-	-	-	200
Depreciation	-	-	-	-	-	-
Litigation	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total expenses	<u>6,737</u>	<u>2,999</u>	<u>15,137</u>	<u>99,668</u>	<u>40,000</u>	<u>1,332</u>
Increase <decrease> in net assets	<u>< 2,624 ></u>	<u>2,001</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, beginning of year	<u>2,624</u>	<u>< 2,001 ></u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION

STATEMENT OF ACTIVITIES

For the year ended December 31, 2004

	STATE OF LOUISIANA DEPARTMENT OF JUSTICE	OTHER NON-FEDERAL	PROPERTY AND EQUIPMENT	GENERAL	TOTAL
REVENUE					
Grants and fees	\$ 37,500	\$ 14,500	\$ -	\$ 163,829	\$ 3,178,717
Interest income	-	-	-	-	5,994
Donations	-	-	-	22,020	22,020
Other	-	-	-	780	3,769
Total revenues	<u>37,500</u>	<u>14,500</u>	<u>-</u>	<u>186,629</u>	<u>3,210,500</u>
EXPENSES					
Personnel:					
Salaries – lawyers	59,135	12,775	-	131,072	1,409,668
Salaries – non-lawyers	-	-	-	18,729	723,193
Fringe benefits	12,865	-	-	17,366	528,790
Total personnel expenses	<u>72,000</u>	<u>12,775</u>	<u>-</u>	<u>167,167</u>	<u>2,661,651</u>
Contract services	-	2,000	-	11,000	176,172
Travel and training	-	-	-	3,284	41,150
Space costs	-	-	-	2,000	222,676
Supplies	3,000	18	-	968	44,609
Equipment	-	1,707	-	18,202	66,652
Depreciation	-	-	22,106	-	22,106
Litigation	-	-	-	222	3,951
Other	-	-	< 779 >	3,177	138,719
Total expenses	<u>75,000</u>	<u>16,500</u>	<u>21,327</u>	<u>206,020</u>	<u>3,377,686</u>
Increase <decrease> in net assets	< 37,500 >	< 2,000 >	< 21,327 >	< 19,391 >	< 167,186 >
Net assets, beginning of year	-	2,000	42,593	208,564	290,376
Net assets, end of year	<u>\$ < 37,500 ></u>	<u>\$ -</u>	<u>\$ 21,266</u>	<u>\$ 189,173</u>	<u>\$ 123,190</u>

SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION

NOTES TO SUPPLEMENTAL INFORMATION

DECEMBER 31, 2004

Note 1. Private Attorney Involvement Costs

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

General	\$ 1,075
Louisiana Bar Foundation	18,105
U. S. Department of Justice	2,000
Other Grants	<u>2,161</u>
	<u>\$ 23,341</u>

Note 2. Net Assets - General

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

NEW ORLEANS LEGAL ASSISTANCE CORPORATION

STATEMENT OF ACTIVITIES

For the year ended December 31, 2004

	VIOLENCE AGAINST WOMEN <u>ACT</u>	<u>GENERAL</u>	<u>TOTAL</u>
REVENUE			
Grants and fees	\$ 122,196	\$ -	\$ 122,196
Interest income	-	200	200
Donations	<u>-</u>	<u>4,424</u>	<u>4,424</u>
Total revenues	122,196	4,624	126,820
EXPENSES			
Personnel:			
Salaries – lawyers	55,426	-	55,426
Salaries – non-lawyers	8,937	-	8,937
Fringe benefits	<u>10,101</u>	<u>-</u>	<u>10,101</u>
Total personnel expenses	74,464	-	74,464
Contract services	44,442	-	44,442
Travel and training	2,331	-	2,331
Space costs	-	-	-
Supplies	4,164	-	4,164
Equipment	-	-	-
Depreciation	-	-	-
Litigation	-	-	-
Other	<u>20</u>	<u>42,461</u>	<u>42,481</u>
Total expenses	<u>125,421</u>	<u>42,461</u>	<u>167,882</u>
Increase <decrease> in net assets	< 3,225>	< 37,837>	< 41,062>
Net assets – beginning of year	<u>3,225</u>	<u>53,900</u>	<u>57,125</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ 16,063</u>	<u>\$ 16,063</u>

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended December 31, 2004

<u>PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>NEW ORLEANS LEGAL ASSISTANCE CORPORATION</u> <u>EXPENDITURES</u>	<u>SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION</u> <u>EXPENDITURES</u>	<u>SUBRECIPIENT COSTS</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through the City of New Orleans:				
Emergency Shelter Grant	14.231	\$ -	\$ 40,000	\$ -
Passed through Unity For The Homeless, Inc.:				
Supportive Housing Program	14.215	-	99,668	-
Total U.S. Department of Housing and Urban Development			139,668	-
LEGAL SERVICES CORPORATION				
Basic Field	09.619081	-	2,467,922	63,000
Technical Initiative Grant	09.619081	-	66,473	-
Total Legal Services Corporation		-	2,534,395	63,000
U. S. DEPARTMENT OF JUSTICE				
Violence Against Women's Act	16.254	125,421	6,737	-
Total U. S. Department of Justice		125,421	6,737	-
INTERNAL REVENUE SERVICE				
LITC Program	21.008	-	31,463	-
Total Internal Revenue Service		-	31,463	-
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Predatory lending	93.048	-	58,662	-
Passed through St. Tammany Council on Aging, Inc.:				
Title III B Supportive Services	93.633	-	194	-
Passed through Livingston Council on Aging, Inc.:				
Title III B Supportive Services	93.633	-	3,557	-
Passed through Capital Area Agency on Aging:				
Title III B Supportive Services	93.633	-	8,546	-
Passed through Louisiana State Bar Association:				
TANF Program	93.558	-	15,137	-
Total U. S. Department of Health and Human Services		-	86,096	-
Total Federal Awards		\$ 125,421	\$ 2,798,359	\$ 63,000

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

For the year ended December 31, 2004

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. The contract compliance condition was satisfied for the year ended December 31, 2004.

C. Non-federal contributions

The matching contributions for the year ended December 31, 2004 consist of the following:

Unity for the Homeless, Inc.	\$ 24,183
Internal Revenue Service	30,000
Administration on Aging	<u>36,106</u>
	<u>\$ 90,289</u>

Justin J. Scanlan, C.P.A.

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING 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, 2004, and have issued my report thereon dated March 24, 2005. 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.

Compliance

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 grants, 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.

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 in amounts that would be material in relation to the financial statements being auditing 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.

This report is intended solely for the information and use of the audit committee, management, Louisiana Legislative Auditor, others within the organization 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. Scanlan, CPA

New Orleans, Louisiana
March 24, 2005

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 combined financial statements 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, 2004. 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, 2004.

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 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, others within the organization 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. Scanlon, CPA

New Orleans, Louisiana
March 24, 2005

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended December 31, 2004

A. SUMMARY OF THE AUDITOR'S REPORT

1. An unqualified opinion was issued on the financial statements of the auditee.
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. The audit disclosed no instances of noncompliance that were material to the financial statements of the auditee.
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. An unqualified opinion was issued on compliance for major programs.
6. The audit disclosed no findings which are required to be reported under Section 510(a) of Circular A-133.
7. Major programs for the year ended December 31, 2004 were:

Legal Services Corporation – CFDA #09.619081
8. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000
9. The auditee 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, 2004.

SOUTHEAST LOUISIANA LEGAL SERVICES CORPORATION
AND
NEW ORLEANS LEGAL ASSISTANCE CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

For the year ended December 31, 2004

C. SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

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

The prior year audit findings consist of the following:

<u>Compliance</u>	<u>Resolved</u>	<u>Unresolved</u>
2003-1 Timekeeping requirements	X	