

**SOUTHWEST LOUISIANA LAW CENTER, INC.**

**FINANCIAL STATEMENTS**

**Year Ended December 31, 2013**

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**INDEPENDENT ACCOUNTANTS' COMPILATION REPORT**

Board of Directors  
Southwest Louisiana Law Center, Inc.  
Lake Charles, Louisiana

We have compiled the accompanying statement of financial position of Southwest Louisiana Law Center, Inc. (a non-profit organization) as of December 31, 2013 and the related statements of activities, functional expenses, and cash flows for the year then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

McMullen and Mancuso, CPAs, LLC

*McMullen and Mancuso CPAs*

June 27, 2014

*Members*

*American Institute of Certified Public Accountants  
Louisiana Society of Certified Public Accountants*

**SOUTHWEST LOUISIANA LAW CENTER, INC.**

**STATEMENT OF FINANCIAL POSITION**

**As of December 31, 2013**

**with comparative totals for 2012**

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 12,510	\$ 13,411
Restricted Cash	30,010	21,336
Investment	11,537	10,568
Accounts Receivable	68,317	48,009
Allowance for Doubtful Accounts	(23,911)	(16,803)
Unconditional Promise to Give	32,500	31,961
Total Current Assets	<u>130,963</u>	<u>108,482</u>
<b>Property and Equipment</b>		
Furniture, Fixtures, and Equipment	137,856	137,856
Accumulated Depreciation	(136,462)	(135,227)
Law Library	139,840	139,840
Total Property and Equipment	<u>141,234</u>	<u>142,469</u>
<b>Other Assets</b>		
Deposits	1,075	1,075
Other Receivable	-	4,875
Total Other Assets	<u>1,075</u>	<u>5,950</u>
<b>Total Assets</b>	<u>\$ 273,272</u>	<u>\$ 256,901</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 26,608	\$ 24,180
Accrued Liabilities	15,041	15,399
Client Trust Deposits	38,089	29,504
Total Current Liabilities	<u>79,738</u>	<u>69,083</u>
<b>Total Liabilities</b>	79,738	69,083
<b>Net Assets</b>		
Unrestricted	161,034	155,857
Temporarily Restricted	32,500	31,961
Total Net Assets	<u>193,534</u>	<u>187,818</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 273,272</u>	<u>\$ 256,901</u>

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

**SOUTHWEST LOUISIANA LAW CENTER, INC.**

**STATEMENT OF ACTIVITIES**

Year Ended December 31, 2013  
with comparative totals for 2012

	<u>2013</u>			<u>2012</u>
	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>	<u>TOTAL</u>
<b>REVENUE, GAINS AND OTHER SUPPORT</b>				
Government Grants	\$ 25,102	\$ -	\$ 25,102	\$ 16,047
Other Grants	10,362	-	10,362	39,915
United Way Contributions	-	65,000	65,000	63,922
Contributions	16,778	-	16,778	32,028
In Kind Contributions (Note D)	40,673	-	40,673	40,673
Operating Income - Fees	240,390	-	240,390	207,084
Fundraising	5,000	-	5,000	-
Interest Income	1,353	-	1,353	1,076
	<u>339,658</u>	<u>65,000</u>	<u>404,658</u>	<u>400,745</u>
Total Revenues and Other Support				
Net Assets Released From Restrictions	<u>64,461</u>	<u>(64,461)</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Support	404,119	539	404,658	400,745
<b>EXPENSES</b>				
Program Services	319,696	-	319,696	324,919
Supporting Services:				
Management and General	<u>79,246</u>	<u>-</u>	<u>79,246</u>	<u>84,145</u>
Total Expenses	<u>398,942</u>	<u>-</u>	<u>398,942</u>	<u>409,064</u>
<b>CHANGE IN NET ASSETS</b>	5,177	539	5,716	(8,319)
<b>NET ASSETS AT BEGINNING OF YEAR, AS ORIGINALLY REPORTED</b>	155,857	31,961	187,818	193,658
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,479</u>
<b>NET ASSETS AT BEGINNING OF YEAR, AS RESTATED</b>	<u>155,857</u>	<u>31,961</u>	<u>187,818</u>	<u>196,137</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 161,034</u>	<u>\$ 32,500</u>	<u>\$ 193,534</u>	<u>\$ 187,818</u>

**SOUTHWEST LOUISIANA LAW CENTER, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**For the year ended December 31, 2013**

**with comparative totals for 2012**

	Program Services	Supporting Services	Total Program and Supporting Service Expense	
	2013			2012
Bad Debt	\$ -	\$ -	\$ -	\$ 2,030
Bank and Credit Card Fees	2,307	-	2,307	1,602
Computer Maintenance	-	-	-	1,185
Conferences and Meetings	1,181	131	1,312	511
Employee Benefits	17,782	5,219	23,001	35,056
Equipment Rental and Maintenance	6,151	683	6,834	4,853
Insurance	4,400	489	4,889	6,607
Interest	58	6	64	103
Library Expense	48	-	48	57
Litigation and Client Cost	1,112	-	1,112	1,538
Meals and Entertainment	261	29	290	-
Membership Fees	1,647	183	1,830	1,393
Office Supplies and Expense	2,605	289	2,894	4,650
Other Costs	3,583	398	3,981	744
Payroll Taxes	15,822	4,644	20,466	19,757
Postage and Shipping	220	24	244	166
Professional Fees	3,173	352	3,525	4,175
Rent	47,226	5,247	52,473	55,133
Salaries	206,823	60,697	267,520	261,784
Telephone	3,045	537	3,582	4,029
Training	122	13	135	220
Travel and Training	1,080	120	1,200	1,100
<b>Total Before Depreciation</b>	<b>318,646</b>	<b>79,061</b>	<b>397,707</b>	<b>406,693</b>
<b>Depreciation</b>	<b>1,050</b>	<b>185</b>	<b>1,235</b>	<b>2,371</b>
<b>Total Expenses</b>	<b>\$ 319,696</b>	<b>\$ 79,246</b>	<b>\$ 398,942</b>	<b>\$ 409,064</b>

**SOUTHWEST LOUISIANA LAW CENTER, INC.**

**STATEMENT OF CASH FLOWS**

**For the Year Ended December 31, 2013**

**with comparative totals for 2012**

	<u>2013</u>	<u>2012</u>
<b>Cash Flows From Operating Activities</b>		
Change in Net Assets	\$ 5,716	\$ (8,319)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation Expense	1,235	2,371
(Increase) Decrease in Assets:		
Accounts Receivable	(8,325)	(1,723)
Restricted Cash - Client Escrow Funds	(8,674)	18,844
Unconditional Promise to Give	(539)	(6,961)
Increase (Decrease) in Liabilities:		
Accounts Payable	2,428	8,073
Accrued Liabilities	(358)	3,837
Client Trust Deposits	8,585	(16,942)
Net Cash Provided (Used) by Operating Activities	<u>68</u>	<u>(820)</u>
<b>Cash Flows From Investing Activities</b>		
Dividend Reinvestment	<u>(969)</u>	<u>(739)</u>
Net Cash Provided (Used) by Investing Activities	<u>(969)</u>	<u>(739)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(901)	(1,559)
Cash and Cash Equivalents, Beginning January 1, 2013	<u>13,411</u>	<u>14,970</u>
Cash and Cash Equivalents, Ending December 31, 2013	<u>\$ 12,510</u>	<u>\$ 13,411</u>
<b>Supplemental Disclosures:</b>		
<b>Cash Paid During the Year for:</b>		
Interest	<u>\$ 64</u>	

**Southwest Louisiana Law Center, Inc.**  
**Lake Charles, Louisiana**

**Notes to the Financial Statements**  
**December 31, 2013**

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

1. Organization and Purpose  
Southwest Louisiana Law Center, Inc. is a non-profit corporation organized for the purpose of providing legal assistance in non-criminal proceedings or matters to persons unable to afford such services.
  
2. Basis of Accounting  
The financial statements have been prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.
  
3. Financial Statement Presentation  
The financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117 "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117 Southwest Louisiana Law Center, Inc. is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, which represent the expendable resources that are available for operations at management's discretion; temporarily restricted net assets, which represent resources restricted by donor's as to purpose or by the passage of time; and permanently restricted net assets, which represent resources whose use by the organizations is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization did not have any permanently restricted net assets this year.
  
4. Restricted Cash  
*Client Escrow Funds*  
Monies deposited with Southwest Louisiana Law Center, Inc. by its clients are deposited into separate cash accounts to be used only in connection with the related litigation. The book balance of these funds at December 31, 2013 was \$30,010. Additionally, the Organization has reserved \$8,079 of the board designated account to cover the client escrow fund liability.
  
5. Concentration of Revenue and Support  
For December 31, 2013, the Organization received approximately 59% of its revenue and support from fees generated for legal services from the geographic region of Southwest Louisiana encompassing five parishes. Approximately 16% of the Organization's funding was provided by a United Way grant. If the Organization was no longer able to generate fees for legal services, or funding from United Way was no longer available, the operations of the Organization could be adversely impacted.



Southwest Louisiana Law Center, Inc.  
Lake Charles, Louisiana

Notes to the Financial Statements  
December 31, 2013

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

6. Public Support and Revenue  
All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor or the grantor.
- The Organization receives funding primarily from the United Way of Southwest Louisiana.
7. Income Taxes  
Southwest Louisiana Law Center, Inc. is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for income taxes is included in the financial statements. In addition, Southwest Louisiana Law Center, Inc. has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509 (a) (2) of the Code.
8. Property and Equipment  
Property and equipment are recorded at cost, when purchased, or if donated, at the estimated fair value on the date of donation. All acquisitions in excess of \$250 and all expenditures for repairs, maintenance, renewals, and betterment that materially prolong the useful lives of assets are capitalized. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method and amounted to \$1,235 for the year ended December 31, 2013. The following is a summary of the estimated useful lives used:
- |                         |           |
|-------------------------|-----------|
| Furniture and equipment | 3-7 years |
|-------------------------|-----------|
9. Law Library  
Southwest Louisiana Law Center, Inc. capitalizes the costs of books, reference materials, and multiple volume sets of law books. Southwest Louisiana Law Center, Inc. estimates that the salvage value of its law library approximates the original cost and, accordingly, depreciation expense is not recorded.
10. Cash and Cash Equivalents  
For reporting purposes, cash and cash equivalents include demand deposits and certificates of deposit with an original maturity of 90 days or less.
11. Accounts Receivable  
Accounts receivable are stated at unpaid balances for services of which a contract has been signed and/or a statement has been issued. The Agency had provided for losses on accounts receivable using the direct write-off method. The Organization estimates the allowance for doubtful accounts based on an analysis of specific clients, taking into consideration the age of past due amounts and an assessment of the client's ability to pay. The allowance for uncollectible receivables for the year ended December 31, 2013 was \$23,911.

**Southwest Louisiana Law Center, Inc.  
Lake Charles, Louisiana**

**Notes to the Financial Statements  
December 31, 2013**

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

12. Promises to Give  
Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.
13. 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 reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.
14. Advertising Costs  
Advertising costs are charged to operations when incurred. Total advertising costs for the year ended December 31, 2013 were \$0.
15. Contingency Fees  
Revenue and the associated accounts receivable for cases contracted on a contingency basis are recognized in the statements when a judgment is rendered by the courts and an amount is measurable.
16. Investments  
Investments are carried at cost, which approximates fair value, and consists of assets transferred to a recipient organization.
17. Comparative Totals  
*The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2012, from which the summarized information was derived.*

**NOTE B - INVESTMENTS**

In 2007, the Organization opened a charitable fund – donor account with the Community Foundation of Southwest Louisiana, Inc. The Community Foundation's assets, in turn, are managed by investment houses. The Organization can make grants from earnings of the account, or spend down the funds. The fair value of the investment at December 31, 2013 was \$11,537.

**Southwest Louisiana Law Center, Inc.  
Lake Charles, Louisiana**

**Notes to the Financial Statements  
December 31, 2013**

**NOTE C - ACCRUED LIABILITIES**

Included in accrued liabilities is annual leave, which vests with the employee and is payable upon termination totaling \$6,389 at December 31, 2013. Maximum annual leave amounts, which can be carried over to subsequent years, are 7.5 days per employee without board approval. Also included in accrued liabilities is \$6,052 of accrued wages and salaries at December 31, 2013. The remaining balance of \$2,560 in accrued liabilities represents payroll taxes and other payroll withholdings.

**NOTE D - IN KIND CONTRIBUTIONS**

Contributed services and space are recognized both as support and expenses and therefore do not affect Southwest Louisiana Law Center, Inc.'s net assets. In kind contributions received during the year ended December 31, 2013 consist of contributed space, which was valued at \$40,673.

**NOTE E - LEASE OF FACILITIES**

In addition to the value of the donated space referred to in Note D, Southwest Louisiana Law Center, Inc. entered into a one-year lease agreement with the Calcasieu Parish Police Jury on January 8, 2004, beginning January 1, 2004 until December 31, 2004, with an optional continuance on a month-to-month basis beginning January 1, 2005 for the rental of office space in Magnolia Life Building, Lake Charles, Louisiana for \$1,250 per month. A new agreement was entered into on April 22, 2010, beginning May 1, 2010 until April 30, 2011. The annual rent for the office facilities is \$14,160, to be paid monthly at \$1,180 per month. Building Lease expense for the year ended December 31, 2013 was \$11,800.

**NOTE F - RETIREMENT PLAN**

Effective April 1, 1995, Southwest Louisiana Law Center, Inc. established a 403 (b) retirement plan for those employees who meet the eligibility requirements set forth in the plan. The amount of employer contributions to the plan is equal to fifty percent of the basic employee contribution made by each participant during the plan year (up to 3% match). Total contributions made to the plan for the year ended December 31, 2013 were \$1,272.

**NOTE G - UNCONDITIONAL PROMISE TO GIVE**

During the year ended December 31, 2013, the Organization received its United Way allocation. This allocation is temporarily restricted as to time of receipt and is properly reflected in the accompanying Statement of Activities as an increase in temporarily restricted net assets. The amount to be received in less than one year is \$32,500. Uncollectible allocations are expected to be insignificant.

**Southwest Louisiana Law Center, Inc.**  
**Lake Charles, Louisiana**

**Notes to the Financial Statements**  
**December 31, 2013**

**NOTE H – CONCENTRATION OF RISK**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of accounts receivable and promises to give receivable. Accounts receivable represent amounts due for legal services from clients of both open and closed cases. Net accounts receivable totaled \$68,317 at December 31, 2013. Amounts receivable from promises to give at December 31, 2013 consists of \$32,500 from the United Way of Southwest Louisiana.

**NOTE I – FUNCTIONAL ALLOCATION OF EXPENSES**

Expenses were allocated in the accompanying financial statements to program and support services functional expense groups. The methods of allocation were based on the Organization's estimates of the relative proportion of various staff members' time and effort between program and support services as well as the Organization's estimates of the amount of each expense utilized for program or support service functions.

**NOTE J - TEMPORARILY RESTRICTED NET ASSETS**

During the year ended December 31, 2013, the Organization received its United Way allocation of \$65,000 for the period July 2013 through June 2014. The receivable of \$32,500 is the amount for January 2014 through June 2014. This allocation is temporarily restricted as to time of receipt and is properly reflected in the accompanying Statement of Activities as an increase in temporarily restricted net assets. Uncollectible allocations are expected to be insignificant.

**NOTE K – FAIR VALUES OF FINANCIAL INSTRUMENTS**

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial statements:

Cash, cash equivalents, short-term unconditional promises to give, and notes payable: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

Short-term investments: The fair value of investments is based on quoted prices for those similar investments.

**NOTE L – SUBSEQUENT EVENT**

Subsequent events were evaluated through June 27, 2014 which is the date the financial statements were available to be issued.