

**SOUTHWEST LOUISIANA LAW CENTER, INC.**

**FINANCIAL STATEMENTS**

**Year Ended December 31, 2011**

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**INDEPENDENT ACCOUNTANTS' COMPILATION REPORT**

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

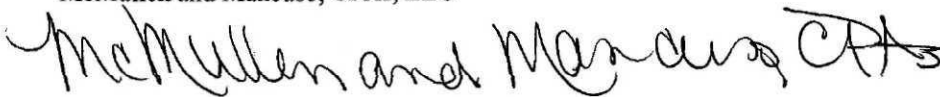
We have compiled the accompanying statement of financial position of Southwest Louisiana Law Center, Inc. (a non-profit organization) as of December 31, 2011 and the related statements of activities, functional expenses, and cash flows for the year then ended. We have not audited or reviewed the accompanying 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.

The financial statements for the year ended December 31, 2010, were audited by us, and we expressed an unqualified opinion on them in our report dated June 30, 2011, but we have not performed any auditing procedures since that date.

McMullen and Mancuso, CPAs, LLC



June 29, 2012

**SOUTHWEST LOUISIANA LAW CENTER, INC.**

**STATEMENT OF FINANCIAL POSITION**

**As of December 31, 2011**

**with comparative totals for 2010**

<b>ASSETS</b>		<b>2011</b>	<b>2010</b>
<b>Current Assets</b>			
Cash and Cash Equivalents	\$	14,970	\$ 4,366
Restricted Cash		37,701	45,267
Investment		9,829	9,829
Accounts Receivable		42,208	25,490
Allowance for Doubtful Accounts		(14,773)	(8,921)
Grants Receivable		-	6,918
Unconditional Promise to Give		25,000	25,000
Miscellaneous Receivable		1,250	500
Prepaid Expenses		-	955
Total Current Assets		<u>116,185</u>	<u>109,404</u>
<b>Property and Equipment</b>			
Furniture, Fixtures, and Equipment		137,856	136,856
Accumulated Depreciation		(132,857)	(131,952)
Law Library		<u>139,840</u>	<u>139,840</u>
Total Property and Equipment		<u>144,839</u>	<u>144,744</u>
<b>Other Assets</b>			
Deposits		1,075	1,075
Other Receivable		<u>5,674</u>	<u>5,609</u>
Total Other Assets		<u>6,749</u>	<u>6,684</u>
<b>Total Assets</b>	\$	<u><u>267,773</u></u>	\$ <u><u>260,832</u></u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$	16,107	\$ 2,685
Accrued Liabilities		11,562	21,067
Client Trust Deposits		<u>46,446</u>	<u>45,267</u>
Total Current Liabilities		<u>74,115</u>	<u>69,019</u>
Total Liabilities		74,115	69,019
<b>Net Assets</b>			
Unrestricted		168,658	156,347
Temporarily Restricted		<u>25,000</u>	<u>35,466</u>
Total Net Assets		<u>193,658</u>	<u>191,813</u>
<b>Total Liabilities and Net Assets</b>	\$	<u><u>267,773</u></u>	\$ <u><u>260,832</u></u>

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

SOUTHWEST LOUISIANA LAW CENTER, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2011  
with comparative totals for 2010

	2011			2010
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	TOTAL
<b>REVENUE, GAINS AND OTHER SUPPORT</b>				
Government Grants	\$ 193,352	\$ -	\$ 193,352	\$ 215,296
Other Grants	56,524	-	56,524	70,585
United Way Contributions	-	50,000	50,000	25,000
Contributions	10,675	-	10,675	100
In Kind Contributions (Note D)	40,673	-	40,673	40,673
Operating Income - Fees	98,475	-	98,475	75,942
Fund-raising	-	-	-	10,466
Interest Income	109	-	109	242
Unrealized Gain (Loss) on Investment	248	-	248	751
Miscellaneous Income	20	-	20	207
Total Revenues and Other Support	400,076	50,000	450,076	439,262
Net Assets Released From Restrictions	60,466	(60,466)	-	-
Total Revenues and Other Support	460,542	(10,466)	450,076	439,262
<b>EXPENSES</b>				
Program Services	325,137	-	325,137	357,268
Supporting Services:				
Management and General	123,094	-	123,094	107,858
Total Expenses	448,231	-	448,231	465,126
<b>CHANGE IN NET ASSETS</b>	12,311	(10,466)	1,845	(25,864)
<b>NET ASSETS AT BEGINNING OF YEAR, AS ORIGINALLY REPORTED</b>	156,498	35,466	191,964	217,677
<b>PRIOR PERIOD ADJUSTMENT</b>	(151)	-	(151)	-
<b>NET ASSETS AT BEGINNING OF YEAR, AS RESTATED</b>	156,347	35,466	191,813	217,677
<b>NET ASSETS AT END OF YEAR</b>	\$ 168,658	\$ 25,000	\$ 193,658	\$ 191,813

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

**SOUTHWEST LOUISIANA LAW CENTER, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**For the year ended December 31, 2011  
with comparative totals for 2010**

	Program Services	Supporting Services	Total Program and Supporting Service Expense	
	2011		2010	
Advertising	\$ -	\$ -	\$ -	\$ 129
Bad Debt	5,852	-	5,852	21,633
Bank and Credit Card Fees	958	-	958	1,171
Computer Maintenance	6,757	751	7,508	6,041
Conferences and Meetings	1,743	308	2,051	12,273
Employee Benefits	25,592	13,762	39,354	41,378
Equipment Rental and Maintenance	7,927	881	8,808	7,028
Insurance	8,566	-	8,566	6,147
Interest	402	-	402	-
Library Expense	518	-	518	-
Litigation and Client Cost	1,300	-	1,300	1,700
Meals and Entertainment	386	-	386	-
Membership Fees	1,353	-	1,353	3,511
Office Supplies and Expense	8,335	925	9,260	5,470
Other Costs	2,572	-	2,572	218
Payroll Taxes	14,595	7,849	22,444	20,589
Postage and Shipping	1,583	176	1,759	2,091
Professional Fees	14,621	-	14,621	10,350
Rent	47,220	8,333	55,553	56,033
Salaries	166,213	89,382	255,595	253,326
Telephone	3,350	591	3,941	3,929
Travel and Training	4,524	-	4,524	9,889
 Total Before Depreciation	 324,367	 122,958	 447,325	 462,906
 Depreciation	 770	 136	 906	 2,220
 Total Expenses	 \$ 325,137	 \$ 123,094	 \$ 448,231	 \$ 465,126

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

**SOUTHWEST LOUISIANA LAW CENTER, INC.**

**STATEMENT OF CASH FLOWS**

**For the Year Ended December 31, 2011**

**with comparative totals for 2010**

	<u>2011</u>	<u>2010</u>
<b>Cash Flows From Operating Activities</b>		
Change in Net Assets	\$ 1,845	\$ (25,864)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation Expense	905	2,220
Net Unrealized Gain on Investment	-	(814)
(Increase) Decrease in Assets:		
Grant Receivable	6,918	(1,560)
Prepaid Expenses	955	(762)
Accounts Receivable	(11,681)	30,727
Restricted Cash - Client Escrow Funds	7,566	(4,567)
Unconditional Promise to Give	-	904
Increase (Decrease) in Liabilities:		
Accounts Payable	13,422	4,403
Accrued Liabilities	(9,505)	(6,460)
Client Trust Deposits	1,179	4,567
Net Cash Provided (Used) by Operating Activities	11,604	2,794
<b>Cash Flows From Investing Activities</b>		
Purchase of Equipment	(1,000)	(4,198)
Net Cash Provided (Used) by Investing Activities	(1,000)	(4,198)
Net Increase (Decrease) in Cash and Cash Equivalents	10,604	(1,404)
Cash and Cash Equivalents, Beginning January 1, 2011	4,366	5,770
Cash and Cash Equivalents, Ending December 31, 2011	\$ <u>14,970</u>	\$ <u>4,366</u>
<b>Supplemental Disclosures:</b>		
<b>Cash Paid During the Year for:</b>		
Interest	\$ <u>402</u>	

Southwest Louisiana Law Center, Inc.  
Lake Charles, Louisiana

Notes to the Financial Statements  
December 31, 2011

**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, 2011 was \$37,701. Additionally, the Organization has reserved \$8,745 of the board designated account to cover the client escrow fund liability.
5. Concentration of Revenue and Support  
For December 31, 2011, the Organization received approximately 22% of its revenue and support from fees generated for legal services from the geographic region of Southwest Louisiana encompassing five parishes. Approximately 43% of the Organization's funding was provided by a grant through the U.S. Department of Justice. If the Organization was no longer able to generate fees for legal services, or funding from this Department 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, 2011

**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 various federal, state and local grants, as well as 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 \$905 for the year ended December 31, 2011. The following is a summary of the estimated useful lives used:

Furniture and equipment	3-7 years
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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, 2011 was \$14,773.

Southwest Louisiana Law Center, Inc.  
Lake Charles, Louisiana

Notes to the Financial Statements  
December 31, 2011

**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, 2011 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, 2010, 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, 2011 was \$9,829.

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

**Notes to the Financial Statements  
December 31, 2011**

**NOTE C - ACCRUED LIABILITIES**

Included in accrued liabilities is annual leave, which vests with the employee and is payable upon termination totaling \$3,936 at December 31, 2011. 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 \$4,969 of accrued wages and salaries at December 31, 2011. The remaining balance of \$2657 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, 2011 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, 2011 was \$14,160.

**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, 2011 were \$1,896.

**NOTE G - UNCONDITIONAL PROMISE TO GIVE**

During the year ended December 31, 2011, 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 \$25,000. Uncollectible allocations are expected to be insignificant.

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

**Notes to the Financial Statements  
December 31, 2011**

**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 \$27,435 at December 31, 2011. Amounts receivable from promises to give at December 31, 2011 consists of \$25,000 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, 2011, the Organization received its United Way allocation of \$50,000 for the period July 2011 through June 2012. The receivable of \$25,000 is the amount for January 2012 through June 2012. 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 29, 2012 which is the date the financial statements were available to be issued.

**NOTE M – PRIOR PERIOD ADJUSTMENT**

For the year ended December 31, 2010, the Organization did not make certain accruals of receivables. This resulted in a decrease of \$151 to unrestricted net assets at December 31, 2011.