

**BATON ROUGE CAPITAL
CONFLICT OFFICE, INC.**

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2013 AND 2012**

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DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Baton Rouge Capital Conflict Office, Inc.
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Baton Rouge Capital Conflict Office, Inc. (a non-profit organization), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Baton Rouge Capital Conflict Office, Inc. as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2014, on our consideration of Baton Rouge Capital Conflict Office, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our 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* in considering Baton Rouge Capital Conflict Office, Inc.'s internal control over financial reporting and compliance.

Daigneponit & Brian APAC

Baton Rouge, Louisiana
June 13, 2014

Baton Rouge Capital Conflict Office, Inc.
Statements of Financial Position
December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Current assets		
Cash	\$ 43,477	\$ 36,008
Prepaid Expenses	<u>5,270</u>	<u>-</u>
Total current assets	48,747	36,008
Property and equipment (net)	<u>1,093</u>	<u>2,384</u>
TOTAL ASSETS	<u><u>49,840</u></u>	<u><u>38,392</u></u>
LIABILITIES		
Current liabilities		
Accrued liabilities	<u>29,985</u>	<u>28,944</u>
Total current liabilities	29,985	28,944
TOTAL LIABILITIES	<u><u>29,985</u></u>	<u><u>28,944</u></u>
NET ASSETS		
Unrestricted net assets	<u>19,855</u>	<u>9,448</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 49,840</u></u>	<u><u>\$ 38,392</u></u>

See accompanying notes and auditors' report.

Baton Rouge Capital Conflict Office, Inc.
Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
REVENUES		
Grants and contracts		
Louisiana Public Defender Board	\$ 935,000	\$ 935,000
Expense reimbursements	4,633	39,775
Interest income	2	18
In-kind contributions	<u>2,900</u>	<u>2,400</u>
TOTAL REVENUES	<u>942,535</u>	<u>977,193</u>
EXPENSES		
Program service	898,967	1,023,179
Management and general	<u>33,161</u>	<u>36,138</u>
TOTAL EXPENSES	<u>932,128</u>	<u>1,059,317</u>
CHANGE IN NET ASSETS	10,407	(82,124)
NET ASSETS, BEGINNING OF YEAR	<u>9,448</u>	<u>91,572</u>
NET ASSETS, END OF YEAR	\$ <u>19,855</u>	\$ <u>9,448</u>

See accompanying notes and auditors' report.

Baton Rouge Capital Conflict Office, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2013

	<u>Program Service</u>	<u>Management and General</u>	<u>Total</u>
Accounting	\$ 5,760	\$ 240	\$ 6,000
Bank Charges	-	37	37
Client supplies	209	-	209
Computer expenses	5,404	225	5,629
Education and reference	4,161	-	4,161
Depreciation	1,291	-	1,291
Dues and subscriptions	4,861	-	4,861
Expert expenses	4,633	-	4,633
Insurance	123,088	5,129	128,217
Interest Expense	-	19	19
Investigative expenses	945	-	945
Medical records	1,391	-	1,391
Office expenses	13,202	550	13,752
Parking	2,225	-	2,225
Payroll taxes	45,587	1,899	47,486
Postage and delivery	531	11	542
Printing and reproduction	1,230	-	1,230
Rent	62,273	-	62,273
Salaries and wages	595,901	24,829	620,730
Telephone	5,332	222	5,554
Travel	20,943	-	20,943
	<u>\$ 898,967</u>	<u>\$ 33,161</u>	<u>\$ 932,128</u>

See accompanying notes and auditors' report.

Baton Rouge Capital Conflict Office, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2012

	<u>Program Service</u>	<u>Management and General</u>	<u>Total</u>
Accounting	\$ 5,760	\$ 240	\$ 6,000
Bank Charges	-	83	83
Client supplies	223	-	223
Computer expenses	5,427	226	5,653
Education and reference	5,344	-	5,344
Depreciation	3,244	-	3,244
Dues and subscriptions	4,708	-	4,708
Expert expenses	39,775	-	39,775
Insurance	172,948	7,206	180,154
Interest Expense	-	76	76
Investigative expenses	868	-	868
Medical records	2,040	-	2,040
Office expenses	17,014	709	17,723
Parking	1,710	-	1,710
Payroll taxes	46,851	1,952	48,803
Postage and delivery	732	15	747
Printing and reproduction	699	-	699
Rent	62,782	-	62,782
Salaries and wages	612,427	25,518	637,945
Telephone	2,722	113	2,835
Travel	37,905	-	37,905
	<u>\$ 1,023,179</u>	<u>\$ 36,138</u>	<u>\$ 1,059,317</u>

See accompanying notes and auditors' report.

Baton Rouge Capital Conflict Office, Inc.
Statements of Cash Flows
December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 10,407	\$ (82,124)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	1,291	3,244
Increase in accrued liabilities	1,041	2,632
Increase in prepaid expenses	<u>(5,270)</u>	<u>-</u>
Net cash provided (used) by operating activities	7,469	(76,248)
NET INCREASE (DECREASE) IN CASH	7,469	(76,248)
CASH, BEGINNING OF YEAR	<u>36,008</u>	<u>112,256</u>
CASH, END OF YEAR	<u>\$ 43,477</u>	<u>\$ 36,008</u>

See accompanying notes and auditors' report.

Baton Rouge Capital Conflict Office
Notes to the Financial Statements
December 31, 2013 and 2012

1. Summary of Significant Accounting Policies

Nature of Operations

Baton Rouge Capital Conflict Office, Inc. (the Organization) was formed as a non-profit organization in December of 2001. The Organization provides criminal defense services to indigent persons in the state of Louisiana who are facing the death penalty at no charge to the defendant. Support for the Organization comes from the Louisiana Public Defender Board.

Basis of Accounting

The financial statements of Baton Rouge Capital Conflict Office, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The financial statements are prepared in accordance with generally accepted accounting principles promulgated in the United States of America for not-for-profit organizations. The Organization reports information about its financial position and activities using three classes of net assets that recognize the existence and nature of restrictions on its net assets.

Unrestricted net assets represent resources over which the Board of Directors has unlimited discretionary control to use in carrying out the activities of the Organization in accordance with the Articles of Incorporation and bylaws.

Temporarily restricted net assets represent resources over which use is limited by donor-imposed restrictions that will be met either by actions of the organization or by passage of time.

Permanently restricted net assets represent resources whose use is limited by donor-imposed restrictions that require the net assets to be maintained permanently.

Restricted and Unrestricted Support

Contributions received are recorded as temporarily restricted, permanently restricted or unrestricted support depending on the nature of any donor restriction. Contributions made to the Organization are considered available for unrestricted use unless specifically restricted by the donor. Contributions of property and equipment are reported as unrestricted contributions when placed in service unless the donor has restricted the use of the asset to a specific purpose or time period. Contributions of cash or other assets are unrestricted when acquired and placed in service, unless the donor has also required that the asset be used for a specific purpose or time period.

All restricted support is reported as an increase in temporarily or permanently restricted net assets. However, support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is received. When a restriction expires, such as when a stipulated time period ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash

Cash includes all funds in checking and savings accounts.

Baton Rouge Capital Conflict Office
Notes to the Financial Statements
December 31, 2013 and 2012

1. Summary of Significant Accounting Policies (continued)

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization files information returns in the U.S. federal jurisdiction and in various other states. The Organization is no longer subject to federal information return examinations by tax authorities for years before 2010. The Organization has adopted provisions of FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management believes it has no material uncertain tax positions and, accordingly has not recognized a liability for any unrecognized tax benefits.

Subsequent Events

The Organization has evaluated subsequent events through June 13, 2014, the date the financial statements were available to be issued, for recording and disclosure.

2. Property and Equipment

All acquisitions of property and equipment in excess of \$500 and all expenditures for betterments that materially prolong the useful lives of assets are capitalized and are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Furniture and fixtures	5 – 7 years
Machinery and equipment	5 – 7 years

Property and equipment consists of the following:

Furniture and fixtures	\$ 7,029
Machinery and equipment	<u>21,820</u>
	28,849
Accumulated depreciation	<u>(27,756)</u>
	<u>\$ 1,093</u>

3. Commitments and Contingencies

The Organization receives the majority of its revenue from a contract with the Louisiana Public Defender Board. Funds paid out under this contract are subject to approval by the legislature. It is possible that funding under the contract could be reduced or eliminated based on decisions by the legislature. Management is not aware of any pending reductions or elimination of the contract.

4. Concentrations

Approximately all of the Organization's revenue is from funding provided by the Louisiana Public Defender Board.

5. In-Kind Contributions

The Organization uses three licenses to the LexisNexis database provided by The Louisiana Appellate Project at no cost to the Organization. The use of these three licenses is valued at \$2,900. The value of the in-kind contribution is reported as revenue and an education and reference expense of the Organization.

Baton Rouge Capital Conflict Office
Notes to the Financial Statements
December 31, 2013 and 2012

6. Leases

The Organization leases office space and office equipment under non-cancelable operating leases of various lengths. Total lease payments for office space were \$62,273 and \$62,782 for the years ending December 31, 2013 and 2012, respectively. Total lease payments for office equipment were \$5,452 and \$5,187 for the years ending December 31, 2013 and 2012, respectively.

Future minimum lease payments are as follows:

	<u>Office Space</u>
2014	\$ 67,432
2015	69,276
2016	1,050
Thereafter	-

7. Reimbursed Expenses

In accordance with the contract, the Louisiana Public Defender Board reimburses the Organization for expenditures relating to expert witnesses and investigations held out of the state of Louisiana. These expenditures fluctuate from year to year depending on the number of experts needed and number of cases that go to trial. The expenditure is shown on the Statement of Functional Expenses under the caption expert expenses.

DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT AUDITORS' 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
Baton Rouge Capital Conflict Office, Inc.
Baton Rouge, Louisiana

We have audited, in accordance with the 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, the financial statements of Baton Rouge Capital Conflict Office, Inc., (a non-profit organization) which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 13, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Baton Rouge Capital Conflict Office, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Baton Rouge Capital Conflict Office, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Daigreport & Brian @PAC

Baton Rouge, Louisiana
June 13, 2014

BATON ROUGE CAPITAL CONFLICT OFFICE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013

We have audited the financial statements of Baton Rouge Capital Conflict Office, Inc., as of December 31, 2013, and for the year then ended, and have issued our report thereon dated June 13, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Summary of Auditors' Reports

- Type of auditors' report issued. Unqualified
- Material weakness(es) identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? No
- Noncompliance material to financial statements noted? No

Findings

There are no findings for the year ended December 31, 2013.

Questioned Costs

There are no questioned costs for the year ended December 31, 2013.