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ACADIANA LEGAL SERVICE CORPORATION

FINANCIAL REPORT

DECEMBER 31, 2006

RECIPIENT NO. 619051

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 6-6-07

ACADIANA LEGAL SERVICE CORPORATION

RECIPIENT NO. 619051

CONTENTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Acadiana Legal Service Corporation
Lafayette, Louisiana

We have audited the accompanying statements of financial position of Acadiana Legal Service Corporation (a nonprofit organization) as of December 31, 2006 and 2005, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. 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; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of the Audit Guide for Recipients and Auditors and the Compliance Supplement for Audits of LSC Recipients, issued by Legal Services Corporation. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Acadiana Legal Service Corporation as of December 31, 2006 and 2005, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated May 21, 2007, on our consideration of Acadiana Legal Service Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 and should be considered in assessing the results of our audit.

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

Broussard, Poche, Lewis & Breaux LLP

Lafayette, Louisiana
May 21, 2007

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ACADIANA LEGAL SERVICE CORPORATION

STATEMENTS OF FINANCIAL POSITION
December 31, 2006 and 2005

ASSETS	2006	2005
CURRENT ASSETS		
Cash and cash equivalents	$ 163,087	$ 16,037
Investments	75,084	73,233
Grants receivable	21,701	73,187
Other current receivables	9,941	9,961
Prepaid expenses	42,396	56,488
Total current assets	312,209	228,906
RESTRICTED ASSETS		
Cash and cash equivalents:		
Client trust accounts	29,761	28,214
NONCURRENT ASSETS		
Utility deposits	1,190	1,190
FIXED ASSETS, net	380,624	422,610
Total assets	$ 723,784	$ 680,920

See Notes to Financial Statements.

LIABILITIES AND NET ASSETS	2006	2005
CURRENT LIABILITIES (payable from unrestricted assets)		
Accounts payable	$ 38,909	$ 11,745
Accrued liabilities	141,240	156,924
Current portion of capital lease obligations	13,315	-
Deferred revenue	69,144	21,750
Total current liabilities (payable from unrestricted assets)	262,608	190,419
CURRENT LIABILITIES (payable from restricted assets)		
Client trust deposits	29,772	28,224
Total current liabilities	292,380	218,643
LONG TERM LIABILITIES		
Capital lease obligation	13,497	-
Total liabilities	305,877	218,643
NET ASSETS		
Temporarily restricted:		
Legal Services Corporation -		
Designated for building fund	20,000	20,000
Undesignated	43,794	19,367
Property	353,813	422,610
Non-LSC	300	300
Total net assets	417,907	462,277
Total liabilities and net assets	$ 723,784	$ 680,920

ACADIANA LEGAL SERVICE CORPORATION

STATEMENTS OF ACTIVITIES
Years Ended December 31, 2006 and 2005

	2006	2005
Changes in temporarily restricted net assets:		
Revenues and support -		
Grants and contracts	$ 2,405,268	$ 2,352,880
Investment income	6,152	4,458
Donated services	36,858	24,267
Miscellaneous	38,107	14,624
Net assets released from restrictions	(2,530,755)	(2,516,313)
Change in temporarily restricted net assets	(44,370)	(120,084)
Changes in unrestricted net assets:		
Net assets released from restrictions	2,530,755	2,516,313
Program expense:		
Legal services	2,055,283	2,059,665
Caregiver support	15,508	22,662
Total program expense	2,070,791	2,082,327
Supporting expense:		
Administrative	459,964	433,986
Total expenses	2,530,755	2,516,313
Change in unrestricted net assets	-	-
Total change in net assets	(44,370)	(120,084)
Net assets, beginning	462,277	582,361
Net assets, ending	$ 417,907	$ 462,277

See Notes to Financial Statements.

ACADIANA LEGAL SERVICE CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2006

	Legal Services	Caregiver	Supporting Services Administrative	Total
Salaries and wages:				
Lawyers	$ 706,566	$ 7,313	$ 42,210	$ 756,089
Non-lawyers	523,247	3,659	226,471	753,377
Employee benefits	276,584	2,341	60,945	339,870
Space cost and renovations	111,282	487	24,422	136,191
Equipment rentals and maintenance	19,827	166	4,369	24,362
Office supplies and expenses	45,166	518	9,982	55,666
Travel and training	54,002	149	11,832	65,983
Depreciation	81,613	-	17,833	99,446
Library and other supplies	35,580	-	-	35,580
Telephone	58,125	556	12,822	71,503
Insurance	41,990	139	9,205	51,334
Contractual services	5,927	40	37,318	43,285
Membership fees	11,695	-	2,555	14,250
Litigation costs	6,175	140	-	6,315
Subgrants	38,741	-	-	38,741
Access to justice	11,398	-	-	11,398
Miscellaneous	27,365	-	-	27,365
	$ 2,055,283	$ 15,508	$ 459,964	$ 2,530,755

See Notes to Financial Statements.

ACADIANA LEGAL SERVICE CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2005

	Legal Services	Caregiver	Supporting Services Administrative	Total
Salaries and wages:				
Lawyers	$ 669,306	$ 11,487	$ 44,210	$ 725,003
Non-lawyers	578,499	6,639	218,766	803,904
Employee benefits	280,865	2,341	68,515	351,721
Space cost and renovations	102,451	487	10,499	113,437
Equipment rentals and maintenance	19,103	166	2,284	21,553
Office supplies and expenses	54,823	518	1,264	56,605
Travel and training	41,377	149	10,912	52,438
Depreciation	92,099	-	22,281	114,380
Library and other supplies	28,702	-	-	28,702
Telephone	60,781	556	7,560	68,897
Insurance	37,529	139	9,113	46,781
Contractual Services	8,292	-	37,318	45,610
Membership fees	12,445	-	1,264	13,709
Litigation costs	10,153	139	-	10,292
Subgrants	29,007	-	-	29,007
Access to justice	16,398	-	-	16,398
Miscellaneous	17,835	41	-	17,876
	$ 2,059,665	$ 22,662	$ 433,986	$ 2,516,313

See Notes to Financial Statements.

ACADIANA LEGAL SERVICE CORPORATION

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2006 and 2005

		2006		2005
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in net assets	$	(44,370)	$	(120,084)
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation		99,446		114,380
Changes in assets and liabilities –				
(Increase) decrease in assets:				
Grants and contracts receivable		51,486		20,124
Other current receivables		20		9,067
Prepaid expenses and other assets		14,092		(9,711)
Client trust accounts		(1,547)		(1,316)
Increase (decrease) in liabilities:				
Accounts payable		27,164		(23,136)
Accrued liabilities		(15,684)		11,692
Deferred revenues		47,394		16,750
Client trust deposits		1,548		1,326
Net cash provided by operating activities		179,549		19,092
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of fixed assets		(20,852)		(12,363)
Purchases of investments		(1,851)		(1,052)
Net cash used in investing activities		(22,703)		(13,415)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments on capital lease payable obligations		(9,796)		(11,090)
Net increase (decrease) in cash and cash equivalents		147,050		(5,413)
Cash and cash equivalents, beginning		16,037		21,450
Cash and cash equivalents, ending	$	163,087	$	16,037
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Cash paid during the period for interest	$	3,543	$	385

See Notes to Financial Statements.

Note 1. Summary of Significant Accounting Policies

Acadiana Legal Service Corporation (the "Corporation") is a nonprofit organization created in 1978 to provide legal assistance in non-criminal proceedings or matters to persons unable to afford such counsel. The Corporation is funded primarily by Legal Services Corporation (LSC), a nonprofit corporation established by Congress to administer a nationwide legal assistance program. The financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America and the requirements of Legal Services Corporation. The more significant accounting policies of the Corporation are described below:

Basis of accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Basis of presentation:

The Corporation's financial statements are prepared in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. All support reported in the Corporation's financial statements is classified as temporarily restricted.

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.

Cash and cash equivalents:

For reporting purposes, the Corporation considers all highly liquid investment securities purchased with an original maturity of three months or less to be cash equivalents.

Client trust escrow funds:

Funds received from clients are deposited into a separate cash account and restricted for the payment of expenses in connection with related litigation.

Investments:

Investments are stated at cost or amortized cost, which approximates market. As of December 31, 2006, the Corporation's investments consisted solely of certificates of deposit.

Fixed assets:

Fixed assets are recorded at cost, when purchased, or if donated, at the estimated fair value on the date of donation. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The following is a summary of the estimated useful lives used:

	Years
Buildings and improvements	25
Furniture and equipment	3 – 10
Library	10

Deferred revenue:

Deferred revenue is recognized for grants, awards, or other income received which are not considered to be earned at balance sheet date.

Support:

The Corporation recognizes grant funds from LSC as support on a straight-line basis over the grant period. In accordance with LSC regulations, the Corporation may retain unexpended grant funds for use in future periods provided such funds are not in excess of 10% of the recipient's annualized funding and expenses incurred are in compliance with the specified terms of the grant agreement. LSC may, at its discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance on behalf of the Corporation with the terms of the grant agreement. In addition, should the Corporation terminate its legal assistance activities, all unexpended funds are to be returned to LSC.

The Corporation also receives funding from various other organizations as described in Note 6.

Contributions:

Donated services are recognized as contributions in accordance with Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made." Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation are recorded at their fair values in the period.

Income taxes:

The Corporation 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, the Corporation has been classified as an organization that is not a private foundation under Section 509(a)(2).

Private attorney involvement (PAI):

LSC requires that an amount equal to 12.5% of the basic field award of recipients be devoted to the involvement of private attorneys in the delivery of legal assistance to eligible clients. Expenses incurred in PAI include all expenses directly related to private attorney involvement as well as an allocation of indirect (overhead) expenses. In general, indirect (overhead) expenses are allocated based on the ratio of direct PAI salary costs in relation to total salary costs of all attorneys, paralegals, and support staff.

Functional allocation of expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 2. Cash and Cash Equivalents

The Corporation maintains bank accounts at several banks. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $100,000. Amounts on deposit at these banks in excess of the FDIC limit may exceed this coverage at various times throughout the year.

Note 3. Grant and Contract Receivables

Grant and contract receivables at December 31, 2006 and 2005 consisted of the following:

	2006	2005
Cajun Area Agency on Aging, Inc.	$ 2,756	$ 5,406
Cenla Area Agency on Aging, Inc.	1,765	3,551
Vernon Parish Council on Aging, Inc.	14,613	13,739
Cenla Caregiver	809	-
Alexandria City Court	314	-
Rapides Parish Clerk of Court	1,444	-
State of Louisiana, Department of Justice	-	42,500
State of Louisiana, Department of Elderly Affairs	-	975
Predatory Lending	-	7,016
Total grants and contracts receivable	$ 21,701	$ 73,187

Note 4. Fixed Assets

Fixed assets, including a legal library, are considered owned by the Corporation while in use by the program or in future authorized programs. However, certain funding sources may maintain equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. Legal Services Corporation has a reversionary interest in those fixed assets purchased with LSC funds. Fixed assets are recorded at cost and depreciation is computed on a straight-line basis over the useful lives of the assets. A summary of fixed assets is as follows:

	2006	2005
Buildings and improvements	$ 887,943	$ 887,943
Furniture and equipment	1,500,569	1,414,818
Library	240,516	240,516
Land	203,665	203,665
Total fixed assets	2,832,693	2,746,942
Less: accumulated depreciation	(2,452,069)	(2,324,332)
Net fixed assets	$ 380,624	$ 422,610

Depreciation expense for the years ended December 31, 2006 and 2005 totaled $99,446 and $114,380, respectively.

Note 5. Accrued Liabilities

Included in accrued liabilities is annual leave which vests with the employee and is payable upon termination totaling $108,004 and $108,320 at December 31, 2006 and 2005, respectively. Maximum annual leave amounts which can be carried over to subsequent years are 225 hours per employee for employees with more than three years of service and 150 hours per employee for employees with less than three years of service. Also included in accrued liabilities is $27,657 and $30,083 of accrued wages and salaries at December 31, 2006 and 2005, respectively. The remaining balance in accrued liabilities represents miscellaneous items.

Note 6. Summary of Funding

The following details the funding of the Corporation for the year ended December 31, 2006:

Funding Source	Period	Support
Legal Services Corporation:		
Basic Field - General Grant	01/01/06 - 12/31/06	$ 1,859,650
Louisiana Bar Foundation:		
IOLTA Grant	01/01/06 - 12/31/06	212,894
Cajun Area Agency on Aging, Inc.:		
Title III-B 2004-2005 Grant	07/01/05 - 06/30/06	16,458
Title III-B 2005-2006 Grant	07/01/06 - 06/30/07	16,536
		32,994
Cenla Area Agency on Aging, Inc.:		
Title III-B & E 2005-2006 Grant	07/01/05 - 06/30/06	21,188
Title III-B & E 2006-2007 Grant	07/01/06 - 06/30/07	15,444
		36,632
Gillis W. Long Poverty Law Center		4,500
United Way of Acadiana	07/1/06 - 06/30/07	35,000
Lafayette Rotary Club North		417
Louisiana Bar Foundation - Special Disaster Grant	07/1/05 - 06/30/06	19,550
Lafayette Parish Bar Foundation - Filing Fees		2,666
Junior League of Lafayette		4,500
American Bar Association		48,750

(continued)

Note 6. Summary of Funding - continued

Vernon Parish Council on Aging, Inc.		5,074
State of Louisiana, Department of Treasury		100,856
Southeast Louisiana Legal Services:		
Predatory Lending		3,080
Community Foundation of Acadiana		43,000
Other Miscellaneous Support		33,812
Total Grants, Contracts and Miscellaneous Support	$	2,443,375

Note 7. Lease of Facilities

The Corporation leases various facilities to serve as branch offices. For the years ended December 31, 2006 and 2005, the Corporation expended $67,897 and $56,043, respectively, on lease payments.

As of December 31, 2006, the Corporation was leasing office space in Lake Charles. This lease began November 1, 2004 and extends for five years. Monthly rental payments during year one amounted to $2,284. During year two, monthly rental payments amount to $2,408. During years three to five, monthly rental payments amount to $2,535. The Corporation has the option to renew this lease for an additional 36 months.

As of December 31, 2006, the Corporation was leasing space for the exclusive use of two offices in Lake Charles. The lease was renewed in 2006 to extend to February 28, 2008. Total annual lease payments associated with this lease amount to $7,725.

As of December 31, 2006, the Corporation was leasing office space in Alexandria. The initial term of this lease ran from April 1, 2004 to March 31, 2007. Initial monthly payments during the initial term amount to $1,300. The Corporation renewed the lease term for another year on March 1, 2007. The lease term was extended through March 31, 2008. Rental payments during the renewal period are $1,400 a month. The Corporation has an option to renew the lease for another year after the current lease period.

Total minimum rental payments expected under these leases are as follows:

2007	$	54,645
2008		35,907
2009		25,350
	$	115,902

Note 8. Capital Lease Obligations

During 2006, the Corporation acquired various equipment under the provisions of a capital leases. The leased equipment was recorded at $36,558 with the accumulated depreciation on these assets totaling $5,518 as of December 31, 2006.

Capital lease obligations as of December 31, 2006 and 2005 consisted of the following:

	2006	2005
Capital lease payable in 24 monthly installments of $528 on a telephone system, the effective rate of interest is 23.89%, matures July 2008.	$ 7,796	$ -
Capital lease payable in 36 monthly installments of $417 on a copier, the effective rate of interest is 11.34%, matures February 2009.	9,634	-
Capital lease payable in 36 monthly installments of $455 on a copier, the effective rate of interest is 11.26%, matures November 2008.	9,382	-
	26,812	-
Less current portion	(13,315)	-
Long term capital lease obligation	$ 13,497	$ -

Future maturities of capital lease obligations as December 31, 2006 were as follows:

Year Ending, December 31	Gross Lease Payments	Amount Representing Interest	Principle Portion
2007	$ 17,363	$ 4,048	$ 13,315
2008	13,740	1,071	$ 12,669
2009	839	11	$ 828
2010	-	-	-
2011	-	-	-
	$ 31,942	$ 5,130	$ 26,812

Interest expense for the years ended December 31, 2006 and 2005 was $3,543 and $393, respectively.

Note 9. Grants to Other Agencies

During the year, the Corporation granted $17,000 of LSC funds to the Lafayette Parish Bar Foundation's Lafayette Volunteer Lawyers Project and $10,574 to the Central Louisiana Pro Bono Project. Both subgrantees are pro bono programs, which use the funds to provide civil legal services to low-income persons eligible for representation by the Corporation. As of December 31, 2006, both subgrantees had expended all these funds. Additionally, the Corporation grants small amounts to various local organizations to facilitate the providing of various legal services. As of December 31, 2006, all these organizations had complied with all significant requirements of those subgrants.

Note 10. Retirement Plan

The Corporation established a 403(b) retirement plan (the "Plan") for those employees who meet the eligibility requirements set forth in the Plan. The amount of contributions to the Plan is at the discretion of the Board of Directors. The Corporation contributed $14,560 and $14,758 to the Plan for the years ended December 31, 2006 and 2005, respectively.

Note 11. Concentrations

The Corporation receives a significant portion of its total support from granting agencies. In particular, LSC accounted for 74% and 79% of the total support of the Corporation in 2006 and 2005, respectively.

Note 12. Federal and State Grants

The Corporation participates in a number of federal and state grant programs that are fully or partially funded by grants received from other governmental entities. The grant programs are subject to audits by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. It is possible that in the event of non-compliance with conditions of grants received, that the Corporation would have to refund to the granting agency those expenditures not deemed to be in compliance. However, management has no knowledge of any liability for refunds to any granting agencies as of December 31, 2006 and through the date of this report.

SUPPLEMENTARY INFORMATION

ACADIANA LEGAL SERVICE CORPORATION

SCHEDULE OF GRANT AWARD AND EXPENDITURES
LEGAL SERVICE CORPORATION – BASIC FIELD – GENERAL
Year Ended December 31, 2006

Revenue and support:		
Grant award	$	1,859,650
Interest and miscellaneous		10,221
Total revenue and support		1,869,871
Non-capital expenditures:		
Salaries and wages -		
Lawyer		376,984
Non-lawyer		653,523
Employee benefits		263,260
Space cost and renovations		128,797
Equipment rental and maintenance		21,493
Office supplies and expenses		50,135
Travel and training		59,252
Library		35,580
Telephone		62,272
Insurance		49,857
Contractual services		42,285
Membership fees		2,846
Subgrants		38,741
Access to justice		5,055
Miscellaneous		24,716
Total non-capital expenditures		1,814,796
Capital expenditures:		
Purchase of equipment		20,852
Principle payments on capital leases		9,796
Total capital expenditures		30,648
Revenue and support net of expenses		24,427
Net assets, beginning		39,367
Net assets, ending	$	63,794

ACADIANA LEGAL SERVICE CORPORATION

SCHEDULE OF PRIVATE ATTORNEY INVOLVEMENT EXPENSES
Year Ended December 31, 2006

Salaries and wages:		
Lawyer	$	115,113
Non-lawyer		49,145
Employee benefits		37,251
Space cost and renovations		18,225
Equipment rental and maintenance		3,041
Office supplies and expenses		7,094
Travel and training		12,895
Telephone		8,811
Insurance		7,055
Library		5,035
Contractual services		5,986
Membership fees		403
Subgrants		38,741
Access to justice		11,398
Miscellaneous		3,497
Total Legal Services Corporation support	$	323,690
Compliance requirement percentage		12.50%
Actual percentage of Legal Services Corporation annual support		17.54%

ACADIANA LEGAL SERVICE CORPORATION

SCHEDULE OF GRANT AWARD AND EXPENDITURES
LOUISIANA BAR ASSOCIATION – IOLTA GRANT
Year Ended December 31, 2006

Grant award	$ 212,894
Expenditures:	
Salaries and wages -	
Lawyer	110,370
Non-lawyer	38,292
Employee benefits	39,467
Office supplies and expenses	690
Travel and training	583
Audit expense	590
Membership fees	11,404
Litigation fees	3,718
Access to justice	6,343
Telephone expense	1,437
Total expenditures	212,894
Revenue and support net of expenses	-
Grant award, net of expenditures	$ -

ACADIANA LEGAL SERVICE CORPORATION

SCHEDULE OF FEDERAL EXPENDITURES
Year Ended December 31, 2006

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures
Legal Services Corporation:		
Basic Field – General Grant	09.619051	$ 1,845,444
U.S. Department of Health and Human Services, Administration on Aging:		
Pass-Through Southeast Louisiana Legal Service – Special Programs for the Aging: Title IV and Title II – Discretionary Projects	93.048	3,080
Total expenditures of federal awards		$ 1,848,524

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Corporation and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

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Retired:
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Leon K. Poché, CPA 1984
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Acadiana Legal Service Corporation
Lafayette, Louisiana

We have audited the financial statements of Acadiana Legal Service Corporation (a nonprofit organization) as of and for the year ended December 31, 2006, and have issued our report thereon dated May 21, 2007. We conducted our audit 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 the provisions of the Audit Guide for Recipients and Auditors and the Compliance Supplement for Audits of LSC Recipients, issued by Legal Services Corporation.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Corporation's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Corporation's financial statements that is more than inconsequential will not be prevented or detected by the Corporation's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. (#2006-1.)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Corporation's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation'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.

This report is intended solely for the information and use of the Audit Committee, Board of Directors, management, Louisiana Legislative Auditor, federal awarding agencies, and pass-through entities, 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 Louisiana Legislative Auditor as a public document.

Broussard, Poche, Lewis & Breaux LLP

Lafayette, Louisiana
May 21, 2007

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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

To the Board of Directors
Acadiana Legal Service Corporation
Lafayette, Louisiana

Compliance

We have audited the compliance of Acadiana Legal Service Corporation (a nonprofit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the Compliance Supplement for Audits of LSC Recipients, issued by Legal Services Corporation, that are applicable to each of its major federal programs for the year ended December 31, 2006. The Corporation's major federal programs are identified in the summary of auditors' 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 the Corporation's management. Our responsibility is to express an opinion on the Corporation's compliance based on our audit.

We conducted our 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; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and the provisions of the Audit Guide for Recipients and Auditors and the Compliance Supplement for Audits of LSC Recipients, issued by Legal Services Corporation. Those standards and OMB Circular A-133 require that we 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 the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Corporation's compliance with those requirements.

In our opinion, the 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, 2006.

Internal Control over Compliance

The management of the 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 our audit, we considered the 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 our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

This report is intended solely for the information and use of the Audit Committee, Board of Directors, management, Louisiana Legislative Auditor, federal awarding agencies, and pass-through entities, 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 Louisiana Legislative Auditor as a public document.

Broussard, Poche, Lewis & Breaux LLP

Lafayette, Louisiana
May 21, 2007

ACADIANA LEGAL SERVICE CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2006

We have audited the financial statements of Acadiana Legal Service Corporation as of and for the year ended December 31, 2006, and have issued our report thereon dated May 21, 2007. We conducted our audit 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; the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and the provisions of Legal Services Corporation's Audit Guide for Recipients and Auditors and Compliance Supplement for Audits of LSC Recipients. Our audit of the financial statements as of December 31, 2006 resulted in an unqualified opinion.

Section I. Summary of Auditors' Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control
Material Weaknesses Yes ☒ No ☐ Significant Deficiencies Yes ☒ No ☐

Compliance
Compliance Material to Financial Statements Yes ☐ No ☒

b. Federal Awards

Internal Control
Material Weaknesses Yes ☐ No ☒ Reportable Conditions Yes ☐ No ☒

Type of Opinion on Compliance For Major Programs: Unqualified ☒ Qualified ☐ Disclaimer ☐ Adverse ☐

Are their findings required to be reported in accordance with Circular A-133, Section 510(a)? Yes ☐ No ☒

c. Identification of Major Programs

CDFA Number	Name of Federal Program
09.619051	Basic Field - General

Dollar threshold used to distinguish between Type A and Type B Programs: $300,000

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133?
Yes ☐ No ☒

Section II. Financial Statement Findings

#2006-1 Internal Control – Closeout of Previous Year / Unrecorded Transactions

Finding: During our audit we determined the year 2005 had not been properly closed within the accounting system as of December 31, 2006. In addition, certain transactions were reflected in allocations outside of the accounting system for the period, however, these transactions were not properly recorded on the books. As such activity from 2005 was included in the trial balance submitted for audit and certain adjustments made outside of the accounting system were not properly reflected on the trial balance.

Recommendation: Management should ensure that the previous year, once finalized, is closed within the accounting system. Failure to perform this basic control procedure can lead to undetected errors in financial reporting including grant reporting. Additionally, all transactions should be recorded within the accounting system. We suggest that management consider reorganizing the chart of accounts to track income and expense by grant as opposed to doing a manual allocation at the end of the year.

Response: Management has implemented a new protocol directed to the Accountant and the Administrative Director requiring that the financial records of the corporation be closed by the tenth business day of the second month of the new year and that this be confirmed in a report to the office of the Executive Director. A new requirement that all adjustments made outside of the accounting system, such as allocation reports to granting agencies, should be posted to the general ledger, has also been adopted by management.

Section III. Federal Award Findings and Questioned Costs

None.

ACADIANA LEGAL SERVICE CORPORATION

SCHEDULE OF PRIOR YEAR FINDINGS
Year Ended December 31, 2006

Section I. Internal Control and Compliance Material to the Financial Statements

None.

Section II. Internal Control and Compliance Material to Federal Awards

#2005-1 Eligibility

Recommendation: The Corporation should ensure that all cases which require a determination of special eligibility are appropriately documented as to the decision reached and the factual bases for the decision. Additionally, the Corporation should ensure that the applicable case is included in the records of all such cases as to provide accurate information to LSC.

Current Status: During our testing of 60 case files no exceptions were found with respect to the requirement regarding proper documentation of factual bases for accepting cases over the 125% poverty guideline.

#2005-2 Special Provisions

Recommendation: The Corporation should notify LSC of the office closure as soon as possible.

Current Status: LSC was notified of the office closure during audit fieldwork in the prior year. No further action necessary.

Section III. Management Letter

There were no matters reported in a separate management letter for the year ended December 31, 2005.

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MANAGEMENT'S CORRECTIVE ACTION PLAN
Year Ended December 31, 2006

Section I. Internal Control and Compliance Material to the Financial Statements

#2006-1 Internal Control – Closeout of Previous Year / Unrecorded Transactions

Recommendation: Management should ensure that the previous year, once finalized, is closed within the accounting system. Failure to perform this basic control procedure can lead to undetected errors in financial reporting including grant reporting. Additionally, all transactions should be recorded within the accounting system. We suggest that consider reorganizing the chart of accounts to track income and expense by grant as opposed to doing a manual allocation at the end of the year.

Action Taken: Management has implemented a new protocol directed to the Accountant and the Administrative Director requiring that the financial records of the corporation be closed by the tenth business day of the second month of the new year and that this be confirmed in a report to the office of the Executive Director. A new requirement that all adjustments made outside of the accounting system, such as allocation reports to granting agencies, should be posted to the general ledger, has also been adopted by management.

Section II. Internal Control and Compliance Material to Federal Awards

None.

Section III. Management Letter

There were no matters reported in a separate management letter for the year ended December 31, 2006.

Responsible party: Joseph R Oelkers
Executive Director