

**CAPITAL ASSISTANCE PROJECT OF LOUISIANA, INC.**

**Audited Financial Statements and  
Other Financial Information**

**SHREVEPORT, LOUISIANA**

**JUNE 30, 2011**

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 **FEB 15 2012**

CAPITAL ASSISTANCE PROJECT OF LOUISIANA, INC.

SHREVEPORT, LOUISIANA

JUNE 30, 2011

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**AUDITED FINANCIAL STATEMENTS**

# HEARD, McELROY, & VESTAL

-IIC-

CERTIFIED PUBLIC ACCOUNTANTS

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November 28, 2011

The Board of Directors  
Capital Assistance Project of Louisiana, Inc  
Shreveport, Louisiana

## Independent Auditor's Report

We have audited the accompanying statement of financial position of Capital Assistance Project of Louisiana, Inc (a nonprofit organization) at June 30, 2011, and the related statements of activities, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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. 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 audit provides 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 Capital Assistance Project of Louisiana, Inc at June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2011 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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 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.

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Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information on Page 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Capital Assistance Project of Louisiana, Inc. 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.

Heard, McElroy & Vostal, LLC

CAPITAL ASSISTANCE PROJECT OF LOUISIANA, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2011

ASSETS

Current assets:

Cash-unrestricted	<u>872,997</u>
Total current assets	<u>872,997</u>

Fixed assets:

Furniture	11,182
Computers	<u>11,681</u>
Total fixed assets	22,863
<u>Less-accumulated depreciation</u>	<u>(4,156)</u>
Book value of fixed assets	<u>18,707</u>

Other assets:

Lease deposits	<u>5,715</u>
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Total assets	<u>897,419</u>
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LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	<u>3,500</u>
Total current liabilities	<u>3,500</u>

Total liabilities	3,500
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<u>Net assets</u>	<u>893,919</u>
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Total liabilities and net assets	<u>897,419</u>
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The accompanying notes are an integral part of the financial statements.

CAPITAL ASSISTANCE PROJECT OF LOUISIANA, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

<b><u>Income:</u></b>	
Louisiana Public Defenders Board	<u>1,399,787</u>
Total income	1,399,787
<b><u>Expense:</u></b>	
Automobile	32,803
Retirement contributions	72,441
Depreciation	3,488
Expert witness	40,055
Health reimbursement account	36,843
Insurance-health	176,260
Insurance-liability and other	22,282
Office supplies	10,630
Salaries and payroll taxes	829,080
Rent expense	62,955
Telephone	10,138
Travel	41,500
Miscellaneous	<u>56,455</u>
Total expense	<u>1,394,930</u>
<b><u>Income from operations</u></b>	4,857
<b><u>Other income:</u></b>	
Interest	2,158
Other	<u>41,809</u>
Total other income	43,967
<b><u>Other expense:</u></b>	
Reimbursements	<u>(842)</u>
<b><u>Change in net assets</u></b>	<u>47,982</u>

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

CAPITAL ASSISTANCE PROJECT OF LOUISIANA, INC.

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2011

<u>Balance-beginning of period</u>	845,937
<u>Change in net assets</u>	<u>47,982</u>
<u>Balance-end of period</u>	<u>893,919</u>

The accompanying notes are an integral part of the financial statements

CAPITAL ASSISTANCE PROJECT OF LOUISIANA, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2011

<b><u>Cash flows from operating activities:</u></b>	
Change in net assets	47,982
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	3,488
Changes in operating assets and liabilities	
(Increase) in lease deposits	-
Increase in accounts payable	-
Total adjustments	<u>3,488</u>
Net cash provided by operating activities	51,470
<b><u>Cash flows from investing activities:</u></b>	
Purchase of equipment	<u>(10,758)</u>
Net cash (used) by investing activities	<u>(10,758)</u>
<b><u>Increase in cash and cash equivalents</u></b>	40,712
<b><u>Cash and cash equivalents-beginning of period</u></b>	<u>832,285</u>
<b><u>Cash and cash equivalents-end of period</u></b>	<u>872,997</u>
<b><u>Cash payments:</u></b>	
Interest paid	-
Income taxes paid	-

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

CAPITAL ASSISTANCE PROJECT OF LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

**1. Nature of Business**

Capital Assistance Project of Louisiana, Inc (CAPOLA) was organized as a non-profit corporation without capital stock under the laws of the State of Louisiana as defined in Louisiana R.S. 12:201(7). The Organization was formed for the purpose of operating a facility for the legal representation of indigents, and for performing any other non-profit activities as determined by its Board of Directors. Such activities are limited to those activities that are permissible for tax-exempt corporations under the Internal Revenue Code Section 501(c)(3).

**2. Summary of Significant Accounting Policies**

*Basis of Accounting*

The accompanying financial statements of Capital Assistance Project of Louisiana, Inc have been prepared on the accrual basis of accounting. All resources for various purposes are currently unrestricted funds available for current operations, and therefore, the Organization has no temporarily restricted or permanently restricted net assets.

*Fixed Assets*

The Organization records assets at cost and has a practice of capitalizing all expenditures for furniture, fixtures and equipment in excess of a specified amount (\$500). Depreciation of furniture, fixtures and equipment is provided on the straight-line basis over the estimated useful life of the related asset. Expenditures for major renewals or betterments which extend the useful lives of property, improvements, and equipment are capitalized. Expenditures for maintenance and repairs are expensed as incurred.

*Statement of Cash Flows*

For purposes of the statement of cash flows, cash equivalents include all highly liquid deposits and debt instruments with maturities at purchase of three months or less.

*Use of Estimates*

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

*Income Taxes*

As a nonprofit, privately supported organization, the Organization is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code, but must file an annual return with the Internal Revenue Service that contains information on its financial operations. The Organization is required to review various tax positions it has taken with respect to its exempt status and determine whether in fact it continues to qualify as a tax exempt entity. It must also consider whether it has nexus in jurisdictions in which it has income and whether a tax return is required in those jurisdictions. In addition, as a tax exempt entity, the Organization must assess whether it has any tax positions associated with unrelated business income subject to income tax. The Organization does not expect any of these tax positions to change significantly over the next twelve months. Any penalties related to late filing or other requirements would be recognized as penalties expense in the Organization's accounting records.

## 2. Summary of Significant Accounting Policies (Continued)

The Organization is required to file U.S. federal Form 990 for informational purposes. Its federal income tax returns for the tax years 2007 and subsequent remain subject to examination by the Internal Revenue Service.

### *Revenue Recognition*

The Organization receives funding from grants and contracts from the State of Louisiana through the Louisiana Public Defenders Board. Support received from these grants and contracts is recognized on a net funded basis. All contributions are considered to be available for unrestricted use unless specifically restricted by the contract agreements. Amounts received that are specifically designated for future periods or restricted by contract for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and report in the statement of activities as net assets released from restriction.

### *Advertising*

The costs of non-direct response advertising are expensed as incurred, and during the year ended June 30, 2011 total advertising expense was \$-0-

### *Description of Programs*

CAPOLA provides legal representation, in the form of "criminal defense services at trial," in capital cases where there exists an ethical conflict in the representation of indigents by the First Judicial District Public Defender Office, the Eighth Judicial Public Defender Office, the Twenty-Eighth Judicial District Public Defender Office, the Thirty-Fifth Judicial District Public Defender Office, the Thirty-Ninth Judicial District Public Defender Office, and in other capital cases in parishes statewide as needed; in cases remanded on appeal for further hearings or retrial statewide, subject to agreement with the local Public Defender Office; and in cases statewide where appointed counsel has sought consultation services and provision of those services has been approved by the State Public Defender and CAPOLA. Criminal defense services rendered by CAPOLA pursuant to this agreement are provided only to defendants being prosecuted for crimes which, if convicted, would subject the accused to the death penalty. Representation by CAPOLA is limited to a caseload of 3-5 defendants per attorney with consideration given to complexity (both factual and legal) and geographic constraints, or at the discretion of the State Public Defender, the caseload limit may be changed. For purposes of this statement, the term case means a single charge or set of charges concerning a defendant in one court in one proceeding. An appeal or other action for post judgment review by a higher court is a separate case. The caseload limit may be changed by agreement between the State Public Defender and CAPOLA. All attorneys must meet or exceed the minimal qualifications for capital case representation.

### *Compensated Absences*

Employees are entitled to paid vacations, sick days and other time off depending on job classification, length of service and other factors. The Organization does not accumulate vacation and sick time. The estimate for the amount of compensation for future absences was immaterial and accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated absences when paid to employees.

## 3. Commitments and Contingencies

As of November 1, 2010, the Organization was obligated under a non-cancellable operating lease for office space which the Organization uses as its central location for operations. The lease is for three (3) years, commencing November 1, 2010 and ending October 31, 2013, in the amount of \$5,715 per month including common operating expenses. If either party desires to terminate the lease at or on the

**3. Commitments and Contingencies (Continued)**

expiration date, a thirty (30) day notice must be given, and if the lease is converted to a month to month tenancy as provided, then the monthly lease increases to \$6,250 per month.

The required minimum lease payments under the terms of the lease at June 30, 2011 are as follows

2012	68,580
2013	68,580
2014	22,860
2015	-
2016	-
	<u>160,020</u>

**4. Fixed Assets**

The following is a summary of the Organizations fixed assets as of June 30, 2010:

Furniture	11,182
Computers	<u>11,681</u>
	22,863
Less-accumulated depreciation	<u>(4,156)</u>
	<u>18,707</u>

Total depreciation expense charged to operations was \$3,488 for the year ended June 30, 2011.

**5. Fair Values of Financial Instruments**

The Corporation's financial instruments consist of cash, accounts payable, and security deposits. The carrying values of these instruments approximate their fair values.

**6. Related Party Transactions**

Capital Assistance Program of Louisiana, Inc. rents a portion of its office space to its Executive Director for use in his legal practice, separate and apart from his duties related to this entity. The rent is \$125 per month, and is on a month-to-month basis with no formal lease agreement in effect as of the date of these financial statements.

**7. Subsequent Events**

Capital Assistance Program of Louisiana, Inc. is required to evaluate events or transactions that may occur after the balance sheet date for potential recognition or disclosure in the financial statements. It performed such an evaluation through November 28, 2011, the date which the financial statements were available to be issued, and noted no such subsequent events.

**SUPPLEMENTARY INFORMATION**

CAPITAL ASSISTANCE PROJECT OF LOUISIANA, INC

SUPPLEMENTARY INFORMATION

BOARD OF DIRECTORS

JUNE 30, 2011

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**OTHER REPORTS**

# HEARD, McELROY, & VESTAL —LLC—

CERTIFIED PUBLIC ACCOUNTANTS

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318-429-1525 PHONE 318-429-2070 FAX

November 28, 2011

The Board of Directors  
Capital Assistance Project of Louisiana, Inc  
Shreveport, Louisiana

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*

We have audited the financial statements of Capital Assistance Project of Louisiana, Inc. as of and for the year ended June 30, 2011, and have issued our report thereon dated November 28, 2011. 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.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Organization'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 Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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 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.

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 internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization'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*.

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This report is intended for the information and use of management, others within the organization, and the Board of Directors, and is not intended to be and should not be used by anyone other than these specified parties

Harold, Mr Elroy : Vestal, uc

CAPITAL ASSISTANCE PROJECT OF LOUISIANA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2011

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of Capital Assistance Project of Louisiana, Inc.
2. No material weaknesses were identified during the audit of the financial statements
3. No instances of noncompliance material to the financial statements of Capital Assistance Project of Louisiana, Inc were disclosed during the audit

**B. FINDINGS-FINANCIAL STATEMENTS AUDIT**

None

**C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT**

Not applicable

CAPITAL ASSISTANCE PROJECT OF LOUISIANA, INC  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2011

There were no findings as a result of the prior year audit.

CAPITAL ASSISTANCE PROJECT OF LOUISIANA, INC.

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED JUNE 30, 2011

There were no findings relative to the current year June 30, 2011 audit.