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NORTH LOUISIANA LEGAL ASSISTANCE CORPORATION
MONROE, LOUISIANA

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2002

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 Data Storage Office of the Legislative Auditor and, where appropriate, at the official Register's Clerk of court.

Release Date 9-3-03

WEST LOUISIANA LEGAL ASSISTANCE CORPORATION
MONROE, LOUISIANA
DECEMBER 31, 2002

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August 11, 2003

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
North Louisiana Legal Assistance Corporation
Monroe, Louisiana

We have audited the accompanying statement of financial position of North Louisiana Legal Assistance Corporation (a nonprofit organization) as of December 31, 2002, and the related statements of activities, functional expenses, 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 the 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 North Louisiana Legal Assistance Corporation as of December 31, 2002, 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 August 11, 2003, on our consideration of North Louisiana Legal Assistance Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of North Louisiana Legal Assistance Corporation taken as a whole. The accompanying financial information listed as additional information in the table of contents is presented for purposes of additional analysis and is not a required part of the 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.

Johnston, Perry, Johnson & Associates, L.L.P.

JOHNSTON, PERRY, JOHNSON & ASSOCIATES, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

JOHNSTON, FERRY, JOHNSON & ASSOCIATES, L.L.P.

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August 11, 2003

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
North Louisiana Legal Assistance Corporation
Monroe, Louisiana

We have audited the financial statements of North Louisiana Legal Assistance Corporation (a nonprofit organization) as of and for the year ended December 31, 2002, and have issued our report thereon dated August 11, 2003. We conducted our audit in accordance with accounting 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.

Compliance

As part of obtaining reasonable assurance about whether North Louisiana Legal Assistance Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 instances of noncompliance that are required to be reported under Government Auditing Standards, and which we describe in the accompanying Schedule of Findings and Questioned Costs as Item 02-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered North Louisiana Legal Assistance Corporation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose

all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 misstatements in amounts that would be material in relation to the financial statements 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 financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Johnston, Perry, Johnson & Associates, LLP

JOHNSTON, PERRY, JOHNSON & ASSOCIATES, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

NORTH LOUISIANA LEGAL ASSISTANCE CORPORATION
 STATEMENT OF FINANCIAL POSITION
 DECEMBER 31, 2002

<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	<u>2002</u>
Cash and Cash Equivalents	2,134
Cash in Escrow - Client Trust	20,844
Accounts Receivable (Net of Reserve for Bad Debt of None)	9,214
<u>TOTAL CURRENT ASSETS</u>	<u>32,192</u>
<u>PROPERTY</u>	
Furniture and Equipment	58,627
Leasehold Improvements	7,000
Law Library	38,058
Accumulated Depreciation	(61,526)
<u>TOTAL PROPERTY</u>	<u>42,160</u>
<u>TOTAL ASSETS</u>	<u>74,352</u>
<u>LIABILITIES AND NET ASSETS</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable and Accrued Liabilities	1,798
Client Deposits	22,844
<u>TOTAL CURRENT LIABILITIES</u>	<u>24,642</u>
<u>NET ASSETS</u>	
General Fund - Unrestricted	18,148
Legal Services Corporation - Unrestricted	-
Property and Law Library - Unrestricted	25,023
<u>TOTAL NET ASSETS</u>	<u>43,171</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>74,352</u>

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

NORTH LOUISIANA LEGAL ASSISTANCE CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2002

	GENERAL FUND UNRESTRICTED OPERATIONS	UNRESTRICTED PROPERTY	2002 TOTALS
REVENUE AND REVENUE			
Grants - CDBG	8,187	-	8,187
Grants - TAMU	124,895	-	124,895
Grants - Other	29,822	-	29,822
Court Fees	13,315	-	13,315
Interest	70	-	70
In-kind Contributions	71,700	-	71,700
Gain (Loss) on Asset Disposition	-	(14,229)	(14,229)
Miscellaneous	<u>6,380</u>	<u>-</u>	<u>6,380</u>
TOTAL SUPPORT AND REVENUE	249,169	(14,229)	249,920
EXPENSES			
Program Services	208,167	10,435	218,602
Management and General	<u>28,640</u>	<u>1,620</u>	<u>30,260</u>
TOTAL EXPENSES	236,807	12,055	248,862
CHANGE IN NET ASSETS	(1,640)	(24,365)	(26,005)
CHANGES IN NET ASSETS			
Reclassification of Net Assets	10,791	(10,791)	-
NET ASSETS - BEGINNING OF YEAR	1,075	26,121	27,196
NET ASSETS - END OF YEAR	10,148	29,628	39,776

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

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NORTH LOUISIANA LEGAL ASSISTANCE CORPORATION
 STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2002

ACCOUNT	FUND-BUILDING	PROGRAM EXPENDITURE	GENERAL AND ADMINISTRATIVE	2002 TOTALS
Salaries	-	72,634	32,632	105,266
Benefits	-	10,723	4,807	15,530
Fees & Subscriptions	-	867	341	1,208
Computer	-	1,170	471	1,641
Contracts - Labor	-	3,474	-	3,474
Travel	-	9,003	4,044	13,047
Occupancy	-	18,531	3,061	21,592
Office	-	3,324	864	4,188
Equipment, Rental & Repairs	-	2,329	446	2,775
Telephone	-	9,697	1,979	11,676
Other	-	1,794	292	2,086
Per-Kind - Attorneys	-	71,700	-	71,700
Insurance	-	1,344	565	1,909
Training	-	362	60	422
TOTAL EXPENSES - FUND-BUILDING	-0-	209,167	48,840	258,007
DEPRECIATION	-0-	10,435	1,452	11,887
TOTAL EXPENSES	-0-	219,602	50,292	269,894

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

NORTH LOUISIANA LEGAL ASSISTANCE CORPORATION
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2002

2002

OPERATING ACTIVITIES

Change in Net Assets	(20,821)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:	
Depreciation	12,134
(Increase) Decrease in Client Trust Escrow	(4,809)
(Increase) Decrease in Accounts Receivable	(7,918)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(15,245)
Increase (Decrease) in Client Trust Cash	-4,853
Net Cash Provided (Used) by Operating Activities	(20,848)

INVESTING ACTIVITIES

Disposition of Fixed Assets	24,360
Net Cash Provided (Used) by Investing Activities	24,360

FINANCING ACTIVITIES

None	-0-
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NET INCREASE IN CASH AND CASH EQUIVALENTS (14,488)

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR 16,242

CASH AND CASH EQUIVALENTS - END OF YEAR 2,754

SUPPLEMENTAL DATA:

Interest Paid	-0-
Income Taxes	-0-

NORTH LOUISIANA LEGAL ASSISTANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Operations and Reporting Entity

North Louisiana Legal Assistance Corporation (NLLAC) is a non-profit corporation organized for the purpose of providing legal assistance in noncriminal proceedings or matters to persons financially unable to afford legal assistance in the Northeast Louisiana area. NLLAC is funded through contracts and grants.

(B) Financial Statement Presentation

In 1998, NLLAC adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, NLLAC is required to report information regarding its financial position and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions.

NLLAC also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made", in 1993. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

(C) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

(D) Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase.

(E) Contract and Grant Support

In-kind contributions represent non-cash donations to NLLAC from private organizations and individuals and are recognized as support when received.

NORTH LOUISIANA LEGAL ASSISTANCE CORPORATION
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2002

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(F) Property and Equipment Accounting

Equipment is stated at cost if purchased at fair market and if donated.

NLLAC follows the practice of capitalizing all expenditures for property and equipment in excess of \$1,000. Depreciation is computed on a straight-line basis over the estimated service lives of the assets. The following lives have been assigned to the fixed assets:

Furniture, Fixtures and Equipment	5 Years
Leasehold Improvements	10 Years
Law Library	10 Years

Net Values are Computed as Follows:

	2002 Cost	2002 Accm. Depn
Furniture, Fixtures and Equipment	18,827	41,498
Leasehold Improvements	7,000	1,344
Law Library	<u>15,058</u>	<u>19,848</u>
Net Value	<u>180,881</u>	<u>41,606</u>

(G) Law Library

NLLAC capitalizes the costs of books, reference materials and multiple volume sets of law books. Current update costs are expensed currently. During 1997, NLLAC started recording depreciation on the law library. From 1988 to 1997, NLLAC estimated the salvage value of its law library approximated the original cost and, accordingly, depreciation expense was not recorded.

(H) Bad Debts

The reserve method of accounting for bad debts is used.

(I) 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.

NORTH LOUISIANA LEGAL ASSISTANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2002

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(A) 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 these estimates.

(B) Release of Restriction

NLLAC has adopted the policy that when donor-restricted assets are received, and the restrictions are met in the same period, the resources are classified as unrestricted. In addition, gains and losses on investments are also classified as unrestricted unless state law requires such gains and losses to be restricted. During the year 2002, all restrictions on donated resources have been met and the resources are classified as unrestricted.

(C) Advertising Expenses

The Corporation expenses advertising costs as they are incurred. Advertising expenses for the years ended December 31, 2002 were not material.

(2) FEDERAL GRANTS

The TANF (Temporary Assistance to Needy Families) Program is administered in conjunction with the Monroe Housing Authority and is to provide legal services to low-income families.

The CDBG (Community Development Block Grant) is administered in conjunction with the City of Monroe to increase housing counseling services to the indigent, elderly, poor, Section 8 recipients and Housing Authority residents.

(3) INCOME TAXES

NLLAC is exempt from federal income taxes under Section 501(c)(13) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, NLLAC has been determined by the Internal Revenue Service not to be a "private foundation", within the meaning of Section 589(a) of the Internal Revenue Code. There was no unrelated business income for 2002.

WEST LOUISIANA LEGAL ASSISTANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2002

(4) LEASE OF SPACE

WLLAC has entered a lease agreement for office rental in Monroe, Louisiana. The approximate annual lease liability is \$17,220 with renewal options.

(5) MANAGEMENT/ADMINISTRATIVE AND GENERAL, AND FUND-RAISING COSTS

WLLAC estimated its management/administrative and general costs (which include overall direction, accounting, budgeting, general Board activities and related items) were approximately \$38,309 in 2002. In addition, WLLAC has determined that fund-raising costs are not material.

(6) TRANSACTION WITH A RELATED PARTY

None

(7) UNEMPLOYMENT COMPENSATION

The Corporation has elected out of the Contributory Unemployment Compensation Insurance Fund, and is now a reimbursement employer. However, the corporation has obtained private unemployment insurance from National Legal Aid and Defender Association.

(8) CASH ACCOUNTS

All cash is deposited in financial institutions which have FDIC insurance coverage.

(9) COMMITMENTS AND CONTINGENCIES

No material commitments and contingencies were outstanding.

ADDITIONAL INFORMATION

WEST LOUISIANA LEGAL ASSISTANCE CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2002

<u>FEDERAL ASSISTANCE PROGRAMS</u>	<u>FEDERAL CFDA NUMBER</u>	<u>DISBURSEMENTS/ EXPENDITURES</u>
Temporary Assistance for Needy Families (Pass Through Funds)	93.550	128,093
Community Development Block Grants (Pass Through Funds)	14.319	9,167

NORTH LOUISIANA LEGAL ASSISTANCE CORPORATION
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of North Louisiana Legal Assistance Corporation and is presented on the accrual basis of accounting. All federal assistance received directly or passed-through other government or non-profit agencies is included on the schedule.

NOTE 2 SUBSIDIARIES

North Louisiana Legal Assistance Corporation did not provide federal awards to subsidiaries.

NORTH LOUISIANA LEGAL ASSISTANCE CORPORATION
SCHEDULE OF FINANCES AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2001

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- * Material weaknesses identified? yea X no
- * Reportable condition(s) identified that
are not considered to be material
weaknesses? yea X none reported
- Noncompliance material to financial
statements noted? yea X no

Federal Awards

Internal control over major programs:

- * Material weaknesses identified? Not applicable
- * Reportable condition(s) identified that
are not considered to be material
weaknesses? Not applicable

Type of auditors' report issued on compliance for major programs:
Not applicable

Any audit findings disclosed that are
required to be reported in accordance
with section 510(a) of Circular A-133? Not applicable

Identification of major programs:

None

Dollar threshold used to distinguish
between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? yea X no

NORTH LOUISIANA LEGAL ASSISTANCE CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2002

SECTION II - FINANCIAL STATEMENT FINDINGS

Internal Control

There were no findings nor questioned costs for internal controls for the year ended December 31, 2002.

Compliance

02-1

Criteria: The audit report is due to the legislative auditor by the end of the sixth month after the fiscal year end.

Conditions: The audit was not submitted to the legislative auditor by the end of the sixth month after the fiscal year end.

Questioned Cost: None

Context: State Law

Effect: This finding has no effect on the financial statements.

Cause: The Organization was unable to gather the proper information in a timely manner in order for the audit to be completed by the required due date. The organization's accountant left during early 2002 and the Organization had a difficult time replacing him.

Recommendation: We recommend the Organization require the Executive Director to closely monitor the accounting system to assure that proper records are maintained in good order.

Response: The Organization agrees with this finding and will closely monitor the accounting system.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
LEGAL SERVICES CORPORATION, ONLY MAJOR PROGRAM

Not applicable

NORTH LOUISIANA LEGAL ASSISTANCE CORPORATION
CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2002

Internal Control

There were no findings for the year ended December 31, 2001.

Compliance

There were no findings for the year ended December 31, 2001.