

**FIFTH JUDICIAL DISTRICT
DRUG COURT, INC.
Oak Grove, Louisiana**

**Financial Statements
With Independent Auditor's Report
As of and for the Year Ended June 30, 2019
With Supplemental Information Schedules**

FIFTH JUDICIAL DISTRICT
DRUG COURT, INC.
Oak Grove, Louisiana

Financial Statements
With Independent Auditor's Report
As of and for the Year Ended June 30, 2019
With Supplemental Information Schedules

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Member:
American Institute of
Certified Public Accountants
Society of Louisiana Certified
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Independent Auditor's Report

FIFTH JUDICIAL DISTRICT
DRUG COURT, INC.
Oak Grove, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the Fifth Judicial District Drug Court (a non-profit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements as listed in the table of contents.

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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 risks 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 Fifth Judicial District Drug Court'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 Fifth Judicial District Drug Court's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

FIFTH JUDICIAL DISTRICT DRUG COURT
Independent Auditor's Report,
June 30, 2019

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fifth Judicial District Drug Court as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

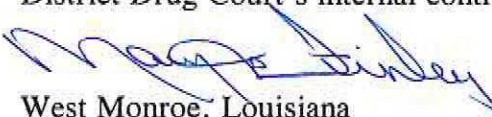
Other Matters

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits, and other payments to agency head on page 14 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued a report dated July 30, 2019, on my consideration of the Fifth Judicial District Drug Court's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my 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* in considering the Fifth Judicial District Drug Court's internal control over financial reporting and compliance.



West Monroe, Louisiana
July 30, 2019

FINANCIAL STATEMENTS

FIFTH JUDICIAL DISTRICT
 DRUG COURT, INC.
 Oak Grove, Louisiana

Statement of Financial Position
 June 30, 2019

CURRENT ASSETS

Cash	\$22,533
Receivables	<u>44,410</u>
Total current assets	<u>66,943</u>

PROPERTY AND EQUIPMENT

Computers and related	29,368
Office furnishings and equipment	7,917
Less: Accumulated depreciation	<u>(36,619)</u>
Net property and equipment	<u>666</u>

TOTAL ASSETS	<u>\$67,609</u>
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LIABILITIES

TOTAL LIABILITIES	NONE
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NET ASSETS

Without donor restrictions:	
Invested in property and equipment, net of related debt	\$666
Available for operations	<u>66,943</u>
Total Net Assets	<u>67,609</u>
TOTAL NET ASSETS	<u>\$67,609</u>

The accompanying notes are an integral part of this statement.

FIFTH JUDICIAL DISTRICT
 DRUG COURT, INC.
 Oak Grove, Louisiana

STATEMENT OF ACTIVITIES
 June 30, 2019

	Without Donor Restrictions
Revenues and Other Support	
Government grants	\$455,622
Client fees	13,152
Total Revenues and Other Support	<u>468,774</u>
Expenses	
Program services:	
Treatment	426,180
Support services:	
Management and general	33,007
Total Expenses	<u>459,187</u>
Change in Net Assets	9,587
Net Assets at Beginning of year	<u>58,022</u>
Net Assets at End of year	<u><u>\$67,609</u></u>

The accompanying notes are an integral part of this statement.

FIFTH JUDICIAL DISTRICT
 DRUG COURT, INC.
 Oak Grove, Louisiana

Statement of Fuctional Expenses
 For the Year Ended June 30, 2019

	<u>Direct Program Services</u>
Administrative Personnel	\$21,686
Payroll taxes	7,993
Treatment	362,320
Test and Laboratory	18,417
Telephone	6,687
Office Supplies	5,839
Rent	6,250
Accounting and auditing	9,150
Insurance	1,281
Travel and training	11,944
Maintenance and repairs	1,348
Refund - State	2,997
Utilities	2,943
Depreciation	<u>332</u>
Total Functional Expenses	<u>\$459,187</u>

The accompanying notes are an integral part of this statement.

FIFTH JUDICIAL DISTRICT
DRUG COURT, INC.
Oak Grove, Louisiana

Statement of Cash Flows
For the Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Increase (decrease) in net position	\$9,587
Adjustments to reconcile increase in net position to net cash provided by operating activities:	
Depreciation	329
Decrease in grant funds receivable	6,397
Increase in capital assets	(995)
Decrease in accounts payable	<u>(2,929)</u>
Net Cash Used by Operating Activities	<u>12,389</u>
NET INCREASE IN CASH	12,389
CASH AT BEGINNING OF YEAR	<u>10,144</u>
CASH AT END OF YEAR	<u><u>\$22,533</u></u>

The accompanying notes are an integral part of this statement.

FIFTH JUDICIAL DISTRICT
DRUG COURT, INC.
Oak Grove, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Fifth Judicial District Drug Court, Inc (the Drug Court)., is a nonprofit organization pursuant to articles of incorporation filed pursuant to LA R.S. 12:201 - 12:269 (1950 as amended), whose purpose is to implement a drug court program that will reduce crime rates, reduce recidivism, alleviate continued drug abuse, assist drug abusers in rehabilitating their lives and building a drug free future in a cost effective manner that will ultimately reduce jail overcrowding and crime, thereby reducing costs to governmental entities responsible for law enforcement. The organization is governed by a three member board and serves the parishes of West Carroll, Richland and Franklin.

A. BASIS OF ACCOUNTING

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net Assets without Donor Restrictions - Net assets without donor restrictions are resources available to support operations and not subject to donor or grantor restrictions.

Net Assets with Donor Restrictions - Net assets with donor restrictions are resources that are subject to donor-imposed or grantor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

B. REVENUE AND REVENUE RECOGNITION

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Federal financial assistance received through the Louisiana Supreme Court, is considered temporarily restricted net position because, in accordance with the grant agreement, it can only be expended for specified purposes. When expenditures are made for those specified purposes the grant funds are no longer restricted and are transferred to unrestricted net position.

C. REVENUE WITH AND WITHOUT DONOR RESTRICTIONS

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property and equipment are considered to expire when the assets are placed in service.

All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

D. INCOME TAXES

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore has no provision for federal income taxes. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the code. It is also exempt from Louisiana income tax. However, should the Organization engage in activities unrelated to its exempt purpose, taxable income could result. The Organization had no material unrelated business income for the fiscal year under audit.

Accounting Standards Codification 740 (ASC 740) requires that a tax position be recognized or derecognized based on a "more than not" threshold. This applies to positions taken or expected to be taken in a tax return where there is uncertainty about whether a tax position will ultimately be sustained upon examination. The Organization has evaluated its tax positions and determined that it does not have any uncertain tax positions that meet the requirements of ASC 740. Accordingly, implementation of ASC 740 did not have any impact on the accompanying financial statements.

E. PROPERTY AND EQUIPMENT

Property and equipment are stated at cost for assets purchased and at fair value at the date of donation for contributed assets. Donations of property and equipment are recorded as

Fifth Judicial District Drug
Court, Inc.
Oak Grove, Louisiana
Notes to the Financial Statements

capitalizing capital assets. However, title to the assets, which are purchased with resources from state and federal grants, reverts to the grantors should the contract be terminated.

The Drug Court had capital asset acquisitions of \$995 during the year ended June 30, 2019 and no deletions. The following shows capital assets and accumulated depreciation at June 30, 2019.

<u>Class of Asset</u>	
Computers and related	\$29,368
Office furnishings and equipment	<u>7,917</u>
Total assets	37,285
Less accumulated depreciation	<u>(36,620)</u>
Net position	<u>\$665</u>

F. CASH

For financial statement purposes, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

G. USE OF ESTIMATES

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

H. 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. The Statement of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

I. CHANGE IN ACCOUNTING PRINCIPLE

FASB issued ASU No. 2016-14, "Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities" in 2016. The ASU addresses the complexity and understandability of net asset classification, deficiencies in information

about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization adopted ASU 2016-14 during the fiscal year ended December 31, 2018. The adoption of ASU 2016-14 had no impact on the Organization's total net assets.

2. CASH

At June 30, 2019, Fifth Judicial District Drug Court, Inc., had cash (book balances) totaling \$22,533 in a demand account. For the purposes of the statement of cash flows, this is the only component of cash. At June 30, 2019, Fifth Judicial District Drug Court, Inc., had cash (bank balances) totaling \$33,762 in a demand account. Cash (bank balances) are fully secured by federal deposit insurance.

3. GRANT FUNDING

For the year ended June 30, 2019, the agency received funding of \$455,622 from the United States Department of Health and Human Services passed through the Louisiana Supreme Court.

4. LITIGATION AND CLAIMS

Fifth Judicial District Drug Court, Inc., is not involved in any litigation at June 30, 2019, nor is it aware of any unasserted claims.

5. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 30, 2019, the date the financial statement were available to be issued.

6. ECONOMIC DEPENDANCY

The majority of the Organization revenues and grants receivable are from grants from the Louisiana Supreme Court. A change in this funding could substantially affect the operations of the Organization.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

FIFTH JUDICIAL DISTRICT DRUG COURT, INC.
Oak Grove, Louisiana

Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended June 30, 2019

CLAY HAMILTON, JUDGE

	<u>PURPOSE</u>	<u>AMOUNT</u>
	Travel - mileage reimbursement	\$384

**Independent Auditor's Report Required
by *Government Auditing Standards***

The following Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards* is presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

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**Independent Auditor's 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***

FIFTH JUDICIAL DISTRICT
DRUG COURT, INC.
Oak Grove, Louisiana

I 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 the Fifth Judicial District Drug Court (a non-profit organization) which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated July 30, 2019.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Fifth Judicial District Drug Court's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fifth Judicial District Drug Court's internal control. Accordingly, I do not express an opinion on the effectiveness of the Fifth Judicial District Drug Court's internal control.

A deficiency in internal control exist 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. *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.

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

FIFTH JUDICIAL DISTRICT DRUG COURT
Independent Auditor's 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*
FYE June 30, 2019

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fifth Judicial District Drug Court's financial statements are free from material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fifth Judicial District Drug Court'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 Fifth Judicial District Drug Court's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



West Monroe, Louisiana
July 30, 2019

FIFTH JUDICIAL DISTRICT DRUG COURT, INC.
Oak Grove, Louisiana

Schedule of Findings and Responses
For the Year Ended June 30, 2019

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Fifth Judicial District Drug Court, Inc.
2. No instances of noncompliance material to the financial statements of Fifth Judicial District Drug Court, Inc. was disclosed during the audit.
3. No significant deficiencies relating to the audit of the financial statements is reported in the Independent Auditor's Report on Internal Control.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

FIFTH JUDICIAL DISTRICT DRUG COURT, INC.
Oak Grove, Louisiana

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

There were no audit findings reported in the audit for the year ended June 30, 2018.