

**LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2015

**LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors of
Louisiana Center for the Blind, Inc.
Ruston, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the Louisiana Center for the Blind, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion 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 those 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion non the effectiveness of the entity's internal control. 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.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Center for the Blind, Inc. as of June 30, 2015, 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 Matter

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 the Executive Director is presented for purposes of additional analysis and is not a required part of the 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 my report dated December 11, 2015, on my consideration of the Louisiana Center for the Blind, Inc.'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 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 Louisiana Center for the Blind, Inc.'s internal control over financial reporting and compliance.

David M. Hatt, CPA (APBC)

West Monroe, Louisiana
December 11, 2015

**LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA**

**STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015**

ASSETS

Current Assets	
Cash and cash equivalents	\$ 711,956
Accounts receivable	216,770
Investments in annuities	475,177
Investments	2,047,411
Prepaid expenses	2,488
Accrued interest and dividends	<u>8,522</u>
Total current assets	<u>\$ 3,462,324</u>
Property and Equipment	
Land	\$ 153,070
Building and improvements	3,261,164
Machinery and equipment	272,967
Furniture	77,440
Vehicles	<u>188,090</u>
	\$ 3,952,731
Less accumulated depreciation and amortization	<u>(2,456,570)</u>
Total property and equipment (net)	<u>\$ 1,496,161</u>
Other Assets	
Cash surrender value of life insurance	<u>\$ 555,864</u>
Total assets	<u>\$ 5,514,349</u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	\$ 40,548
Income taxes payable	2,397
Compensating absences payable	<u>126,190</u>
Total current liabilities	<u>\$ 169,135</u>
Net Assets	
Unrestricted	\$ 5,345,214
Temporarily restricted	
Permanently restricted	<u> </u>
Total net assets	<u>\$ 5,345,214</u>
Total liabilities and net assets	<u>\$ 5,514,349</u>

The accompanying notes are an integral part of this financial statement.

**LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

UNRESTRICTED NET ASSETS

Unrestricted revenues and gains	
Contributions	\$ 43,050
Federal financial assistance	179,193
Louisiana financial assistance	500,000
Program service fees	1,041,177
Investment return	105,538
Fund-raising income-bingo and other	1,714,157
Other	<u>71,941</u>
Total unrestricted revenues, gains, and other support	\$ 3,655,056
Net assets released from restrictions	
Restrictions satisfied by payments	<u>7,903</u>
Total unrestricted revenues, gains, other support, and reclassifications	<u>\$ 3,662,959</u>
Expenses and losses	
Program services	
Training program	\$ 2,205,192
Buddy program	32,511
Step program	<u>48,984</u>
Total program services	\$ 2,286,687
Supporting services	
Management and general	359,282
Fund-raising	1,609,323
Unrealized losses on investments	112,190
Unallocated payments to affiliated organizations	<u>40,000</u>
Total expenses and losses	<u>\$ 4,407,482</u>
(Decrease) in unrestricted net assets	<u>\$ (744,523)</u>

TEMPORARILY RESTRICTED NET ASSETS

Contributions	\$ 7,903
Net assets released from restrictions	<u>(7,903)</u>
Increase in temporarily restricted net assets	<u>\$ 0</u>
(Decrease) in net assets	\$ (744,523)

NET ASSETS AT BEGINNING OF YEAR 6,089,737

NET ASSETS AT END OF YEAR \$ 5,345,214

The accompanying notes are an integral part of this financial statement.

**LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA**

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Program Services</u>			<u>Supporting Services</u>		<u>Total</u>
	<u>Training Program</u>	<u>Buddy Program</u>	<u>STEP Program</u>	<u>Management & General</u>	<u>Bingo- Fund- Raising</u>	
Compensation and related expense						
Compensation	\$ 660,571	\$	\$	\$ 79,904	\$ 65,600	\$ 806,075
Payroll taxes	51,988			6,310	5,018	63,316
Fringe benefits	<u>112,104</u>			<u>17,859</u>		<u>129,963</u>
Total compensation and related expenses	\$ 824,663	\$	\$	\$ 104,073	\$ 70,618	\$ 999,354
Other Expenses						
Bad debt expense				9,805		9,805
Conference and training	63,952	1,272	14,913	5,505		85,642
Depreciation and amortization	126,129	2,768	1,716			130,613
Dues and reference materials				3,683		3,683
Insurance						
Property and casualty	112,946			28,237		141,183
Vehicles	21,704					21,704
Workers' compensation	8,059			895		8,954
Life insurance				10,506		10,506
Income tax on unrelated business income					11,888	11,888
Occupancy						
Electricity, gas, water and sewer	51,329	723	209	2,183		54,444
Maintenance	21,732	296	3,244	12,187		37,459
Rent				1,430	97,857	99,287
Postage and shipping	6,145	100		1,530		7,775
Printing	959	82	41	75		1,157
Prizes		1,227			1,302,737	1,303,964
Professional fees	711	67	3,439	79,961		84,178
Recreational activities	40,904	2,870	2,204			45,978
Service charges & investment fees				11,150		11,150
Specific assistance	774,848					774,848
Supplies						
Fund-raising, bingo, and other		2,872			120,448	123,320
Cleaning	51,274	2,474		3,468		57,216
Education	45,140	4,334	5,814			55,288
Office	5,393	468	465	21,810		28,136
Other	3,066	412		3,126	1,458	8,062
Shop	5,848					5,848
Telephone	8,212	42		684		8,938
Transportation - fuel, repairs, & other	24,017	76		6,846		30,939
Travel - lodging & meals	7,899	140	1,045	21,264		30,348
Work experience allowance (stipends)		12,000	10,860			22,860
Other	<u>262</u>	<u>288</u>	<u>5,034</u>	<u>30,864</u>	<u>4,318</u>	<u>40,766</u>
Total expenses	<u>\$ 2,205,192</u>	<u>\$ 32,511</u>	<u>\$ 48,984</u>	<u>\$ 359,282</u>	<u>\$ 1,609,324</u>	<u>\$ 4,255,293</u>

The accompanying notes are an integral part of this financial statement.

**LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015**

CASH FLOWS FROM OPERATING ACTIVITIES

(Decrease) in net assets	\$ (744,524)
Adjustments to reconcile increase in net assets to cash provided by operating activities:	
Depreciation and amortization	130,613
Bad debt expense	9,805
Non cash contributions	(29,715)
Realized (gain) in investments	(3,075)
Unrealized losses on investments	112,190
Net loss on assets disposed	2,728
(Increase) in cash surrender value	(10,794)
(Increase) decrease in operating assets	
Accounts receivable	130,737
Prepaid expenses	2,272
Accrued interest receivable	1,454
Increase (decrease) in operating liabilities	
Accounts payable	4,129
Payroll related payables	(48)
Income taxes payable	(1,639)
Compensating absences payable	<u>1,324</u>
Net cash (used) by operating activities	<u>\$ (394,543)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds on sales of investments	\$ 596,050
Purchase of short-term investments, net	(615,716)
Proceed from cash surrender value policies	215,000
Purchase of annuities investment	(9,317)
Payments for construction in progress	(13,222)
Payments for property and equipment	<u>(38,334)</u>
Net cash provided by investing activities	<u>\$ 134,461</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Net cash provided by financing activities \$

NET (DECREASE) IN CASH AND CASH EQUIVALENTS

\$ (260,082)

BEGINNING CASH AND CASH EQUIVALENTS

972,038

ENDING CASH AND CASH EQUIVALENTS

\$ 711,956

SUPPLEMENTAL INFORMATION

Interest paid	\$ 0
Income taxes paid	\$ 13,527

The accompanying notes are an integral part of this financial statement.

**LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Louisiana Center For The Blind, Inc. (Organization) in Ruston, Louisiana operates a training facility for blind adults. The Organization works towards integrating the blind into the social and economic life of their community through training in the skills of blindness and by encouraging the development of positive attitudes about blindness. The Organization receives a fixed monthly fee for each student in the program from the student's home state.

The Organization is supported primarily through legislative state and federal grant programs, "bingo" fund-raising, and contributions by affiliate organizations, private companies, and individuals.

Contributed Services

During the year ended June 30, 2015, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and may perform a variety of tasks that assist the Organization at the residents' facilities, but these services do not meet the criteria for recognition as contributed services.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts for assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include those assumed in valuing the market value of investments, expected return on investments, and the useful lives of depreciable assets. It is at least possible that the significant estimates will change within the next year.

Property and Equipment

It is the Organization's policy to capitalize property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification 958, *Financial Statements for Not-for-Profit Organizations*. Under Accounting Standards Codification 958, the Organization 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.

**LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Support and Revenues

Certain revenues received under government grant programs are subject to audit by the providing agency. Contributions are considered to be available for unrestricted use unless specifically restricted by the grantor or the Board of Directors.

Accounts Receivable

The Organization has not recognized an allowance for uncollectible accounts for the current period. All accounts receivable are estimated to be collectible for the current period.

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 benefitted.

Contributions

Under ASC 958-605, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. However, the Organization realized \$68,550 in unrelated business taxable income related to fund-raising activity for the current year. The unrelated business income tax reported on IRS Form 990-T for the year ended June 30, 2015 was \$11,888. The tax years ending June 30, 2013, 2014, and 2015 are subject to examination by the Internal Revenue Service. The Organization is not currently under examination by the Internal Revenue Service.

Investments

Under ASC 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of one year or less to be cash equivalents.

**LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Compensated Absences

Employees of the Organization are entitled to paid vacations and sick days depending on the length of service to the Organization. Permanent full-time employees earn sick leave at the rate of one day per month of employment, given on the last day of the first full month of employment. Sick leave can be accrued up to one month or a total of 480 hours. Sick leave in excess of 480 hours will be lost. No pay is granted at termination for any earned sick leave.

Permanent full-time employees may earn up to ten (10) days per year of annual leave at the rate of one day (8 hours) per month of employment. Five (5) of the ten (10) annual leave days must be taken during a period specified by the Executive Director and the remaining five (5) annual leave days may be taken with the approval of the Director. Employees terminating their employment, whether voluntarily or involuntarily, will not be paid for accrued annual leave.

The Organization accrued compensated absences in the amount of \$126,190 for the year ended June 30, 2015.

**LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 2 - CASH AND CASH EQUIVALENTS

At year end, the book balance of the Organization's deposits was \$711,956. The following is a summary of specific account information by custodial institution:

<u>Credit Risk</u>	<u>Book Balance</u>	<u>Account Balance</u>	<u>Average Interest Rate</u>
Cash on hand	\$ 2,034		
First National Bank, Ruston, LA			
Operating account	\$ 104,190	\$ 147,630	.25%
"Contribution" money market	55,730	55,730	.25%
"Buddy" operating account	106,254	108,274	.25%
"STEP" operating account	<u>105,801</u>	<u>115,486</u>	.25%
	<u>\$ 371,975</u>	<u>\$ 427,120</u>	
Certificates of deposits - (CDARS)			
BB & T, Winston Salem, NC			
Oct 16, 2014 due Oct 15, 2015	\$ 53,347	\$ 53,347	.300%
BOKF, Tulsa, OK			
Jan 15, 2015 due July 16, 2015	91,782	91,782	.150%
Santander Bank, NA, Wilmington, DE			
April 16, 2015 due July 16, 2015	53,437	53,437	.080%
Happy State Bank, Amarillo, TX			
April 16, 2015 due April 14, 2016	<u>53,438</u>	<u>53,438</u>	.300%
	<u>\$ 252,004</u>	<u>\$ 252,004</u>	
Subtotal	<u>\$ 623,979</u>	<u>\$ 679,124</u>	
Community Trust Bank, Ruston, LA			
"Bingo" operating account	<u>\$ 64,125</u>	<u>\$ 72,328</u>	
Charles Schwab Institutional			
Schwab One Account	<u>\$ 21,818</u>	<u>\$ 21,818</u>	
Total cash and cash equivalents	<u>\$ 711,956</u>		

The Organization has secured its deposits with FDIC insurance and pledged securities, when applicable, at each financial institution.

**LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2015, consists of the following:

Various state agencies for tuition and expenses	\$	156,483
Louisiana Rehabilitation Services		40,874
Other		<u>19,413</u>
	<u>\$</u>	<u>216,770</u>

The receivables represent tuition, grant and support revenues related to services provided before June 30, 2014. There were \$7,304 of account receivable balances over ninety (90) days past due.

NOTE 4 - INVESTMENT AND ANNUITIES

The Organization has short-term investments in a number of annuity contracts with Western National Life Insurance Company. As of June 30, 2015, the amount of the investments and related information follows:

	<u>Cost</u>	<u>Stated Interest Rate</u>	<u>Maturity Date</u>	<u>Interest Paid</u>
Non Qualified Annuity	\$ 237,583	2.0%	9/11/15	Annually
Non Qualified Annuity	<u>237,594</u>	2.0%	9/11/15	Annually
	<u>\$ 475,177</u>			

The cost of the annuities plus accrued interest as of June 30, 2015, approximates the fair market value of the securities. Total interest earned for the current fiscal year ended June 30, 2015, was \$9,466.

LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 5 - SHORT-TERM INVESTMENTS

The Organization has short-term investments in equities, mutual funds, fixed income funds, and bond funds. Investments are summarized as follows:

	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Appreciation (Depreciation)</u>	<u>Weighted Rate of Return</u>
Charles Schwab Investments				
Fixed Income				
Municipal Bonds	\$ 11,553	\$ 11,437	\$ (116)	2.9%
Equities				
Barclays Bank IPATH	\$ 14,285	\$ 11,769	\$ (2,516)	NA
Deutsch X TRK MSCI	28,592	30,917	2,325	6.5%
Energy Sector SPDR	9,721	9,771	50	2.7%
Fidelity MSCI Health	27,163	31,063	3,900	3.0%
Guggenheim S&P 500	22,187	31,133	8,946	1.1%
iShares MSCI Eurozone	23,347	23,087	(260)	1.4%
iShares DJ US Technology	47,609	53,382	5,773	1.0%
iShares National AMT Free	38,519	40,038	1,519	2.5%
iShares US Financial Serv.	20,701	20,212	(489)	1.3%
iShares US Home Construction	12,830	14,686	1,856	0.3%
iShares MSCI United Kingdom ETF	18,489	17,338	(1,151)	3.8%
Schwab US Tips	20,213	19,787	(426)	NA
Select Industrial Sector	12,223	15,137	2,914	2.0%
Select STR Financial	40,101	49,613	9,512	1.8%
Vanguard Health Care	21,484	29,391	7,907	0.9%
WisdomTree Bloomberg US	49,294	49,806	512	NA
WisdomTree Europe Hedged	23,459	24,020	561	6.3%
Mutual Funds - Bond Funds				
Double Line Total Return	93,833	90,890	(2,943)	0.2%
Double Line Emerging Markets	31,530	30,761	(769)	3.1%
Guggenheim Floating Rate	67,430	66,693	(737)	1.1%
JP Morgan Str Income Opportunity	36,716	36,574	(142)	0.4%
Leuthold Core Fund	17,625	20,101	2,476	2.1%
MainGate MLP Fund Class A	8,120	8,362	242	1.7%
Osterweis Strategic Income	59,800	58,891	(909)	2.5%
Merger Fund Inst	28,560	28,194	(366)	NA
Other Investments				
iShares 20+ Yr Treasury ETF	58,760	56,968	(1,792)	2.7%
SPDR FD Consumer Discretionary	31,071	37,093	6,022	1.3%
SPDR FD Consumer Staples	27,244	29,274	2,030	2.5%
SPDR Nuveen Barclays Muni	31,008	30,124	(884)	2.3%
SPDR Nuveen Barclays S-T	39,374	39,455	81	0.8%
SPDR S&P Transportation	8,751	8,234	(517)	0.4%
	<u>\$ 970,039</u>	<u>\$ 1,012,764</u>	<u>\$ 42,725</u>	
Charles Schwab Investments totals	\$ 981,592	\$ 1,024,201	\$ 42,609	
Chase Investment Services Corp.				
Fixed Income				
Franklin Income Class A	1,028,172	996,883	(31,289)	5.2%
American Funds Service Co.				
Mutual Funds	15,555	21,046	5,491	3.9%
LKCM Fund				
Mutual Funds				
Equity Fund Institutional Class	<u>4,692</u>	<u>5,281</u>	<u>589</u>	0.5%
	<u>\$2,030,011</u>	<u>\$ 2,047,411</u>	<u>\$ 17,400</u>	

**LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 5 - SHORT-TERM INVESTMENTS (Cont'd)

Investments in Franklin Income Class A forty-nine (49%) percent exceeded five (5%) percent of the investment portfolio.

Short-term investments are stated at fair value as of June 30, 2015, in the amount of \$2,047,411.

All short term investments were unrestricted. Investment costs for the fiscal year ended June 30, 2015, were \$9,645.

The following schedule summarizes the unrestricted investment return and its classification in the statement of activities for the current fiscal year:

Dividend income	\$	74,604
Interest income		16,127
Net realized gains from sale of securities		3,075
Capital gain distributions		938
Cash surrender value income		<u>10,794</u>
Total investment return	\$	<u>105,538</u>

NOTE 6 - CASH SURRENDER VALUE OF LIFE INSURANCE

The Organization purchased two (2) life insurance policies on May 16, 2008, with Transamerica Life Insurance Company. Investments are summarized as follows:

<u>Annuitant</u>	<u>Premium</u>	<u>Cost</u>	<u>Cash Surrender Value</u>	<u>Guaranteed Interest Rate</u>
Pamela D. Allen	\$ 126,900	\$ 126,900	\$ 164,882	1.70%
Pamela D. Allen	307,047	<u>307,047</u>	<u>390,982</u>	1.70%
		<u>\$ 433,947</u>	<u>\$ 555,864</u>	

The Organization is the owner and beneficiary of these policies. The fair market value approximates the cash surrender value of the policies.

NOTE 7 - PROPERTY AND EQUIPMENT

All expenditures for land, buildings and equipment in excess of \$500 are capitalized. Certain assets, such as computer software, are amortized for three years. Depreciation is computed by the straight-line method, beginning in the month of acquisition, based on the following estimated useful lives:

Instructional buildings and apt. complex	20/40 years
Student activity center	15 years
Leasehold improvements	10 years
Furniture and fixtures	7 years
Office equipment	5 years
Transportation equipment	5 years

**LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 7 - PROPERTY AND EQUIPMENT (Cont'd)

Depreciation and amortization expense for the year ended June 30, 2015, was \$130,613. Depreciation expense is reported as program and supporting services and unrestricted net assets in the statement of activities.

Property and equipment, stated at cost, consist of the following at June 30, 2015:

	<u>Cost</u>	<u>Accumulated Depreciation</u>
Land	\$ 153,070	\$
Vehicles	188,090	182,658
Buildings and improvements	3,261,164	2,013,474
Machinery and equipment	272,967	197,560
Furniture and fixtures	<u>77,440</u>	<u>62,878</u>
	\$ 3,952,731	
Accumulated depreciation and amortization	<u>(2,456,570)</u>	<u>\$ 2,456,570</u>
Total	<u>\$ 1,496,161</u>	

Construction in progress included in building cost are payments for roof replacements totaling \$13,222. The total cost of the project is anticipated to be \$66,112.

NOTE 8 - FEDERAL FINANCIAL ASSISTANCE

The Organization has been awarded various contracts from the federal government to provide education services to residents. The contract is considered to be an exchange transaction. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Contract activity for the year ended June 30, 2015, was as follows:

State of Louisiana, Department of Social Services

Louisiana Rehabilitation Services

Purpose: To provide independent living services,
training, and support to older blind individuals. \$ 149,478

Total federal contract \$ 149,478

APH Federal Quota

The Federal Act to Promote the Education of the Blind was enacted by Congress in 1879. This act is a means for providing adapted educational materials to eligible students who meet the definition of blindness. An annual registration of eligible students determines a per capita amount of money designated for the purchase of education materials produced by the American Printing House for the Blind (APH). These funds are credited to Federal Quota accounts.

The Organization received \$29,715 of materials and equipment during the current fiscal year. Equipment includes one (1) light touch braille for \$730 and one (1) orionti-84 plus calculator for \$618.

Any of the funding sources may, at its discretion, request reimbursement for expenses or return of funds, or both, as a result of the noncompliance by the Louisiana Center for the Blind, with the terms of the grants.

**LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 9 - CONCENTRATION OF CREDIT RISK

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist of money market accounts. The Organization places its temporary cash and money market accounts with creditworthy, high-quality financial institutions and brokerage firms. The Organization's cash management policies limit its exposure to concentrations of credit risk by maintaining primary cash accounts at financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC).

NOTE 10 - EMPLOYEE BENEFIT PLAN

The Organization maintains a defined contribution salary deferral plan, qualified under Internal Revenue Code 403(b), for the benefit of its eligible employees. Under the plan, the Organization contributes one and one-half percent of each eligible employee's salary and also matches dollar for dollar up to another one and one-half percent of each eligible employee's salary. Retirement contributions by the Organization during the period June 30, 2015, was \$16,087.

NOTE 11 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Organization uses the following methods and assumptions to estimate the fair value of each class of financial instruments for which it is practical to estimate such value:

Cash and Cash Equivalents: For these instruments the carrying amount is a reasonable estimate of fair value.

Investment Securities: For Investments securities with readily determinable fair values all investments in debt securities are based upon quoted market prices, if available. If quoted, market value is not available, fair value is estimated using quoted market prices of similar products or pricing models.

Cash Surrender Value Life Insurance: For cash surrender value life insurance fair value is provided by the insurance company based upon surrender of the policy to the company. If a quoted market value is not available, fair value is estimated using quoted market prices of similar products or pricing models.

The Organization has determined the estimated market value amounts by using available market information and commonly accepted valuation methodologies. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Organization could realize in a current market exchange. The use of different assumptions and/or estimation methodologies may have a material effect on the estimated values.

	<u>June 30, 2015</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial Assets		
Cash and cash equivalents	\$ 711,956	\$ 711,956
Investments securities		
Stocks, bonds, and notes	2,047,411	2,047,411
Cash surrender value life insurance	555,864	555,864

**LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 11 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Cont'd)

The following are the major categories of assets and liabilities at fair value on a recurring basis during the year ended June 30, 2015, using quoted markets for identical assets (level 1); significant other observable inputs (level 2); and significant unobservable inputs (level 3).

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Investments securities				
Stocks, bonds, and notes	\$ 2,047,411	\$	\$	\$ 2,047,411
Cash surrender value life insurance	555,864			555,864

NOTE 12 - FUNCTIONAL ALLOCATION OF EXPENSES

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

NOTE 13 - OPERATING LEASE

The organization entered into an operating lease for building and premises located at 804 Cypress Street, West Monroe, Louisiana May 9, 2012 containing approximately 9,000 square feet for purposes of conducting bingo games. The rent expense will be \$700 per session. The lease will be on a five (5) year basis, expiring after midnight on June 30, 2017. This lease may be cancelled by either party with thirty (30) days written notice.

The rent expense related to this property for the year ended June 30, 2015 was \$97,857. The following is a five year estimated lease costs over the term of the lease.

<u>Fiscal Year Ended</u>	
June 30, 2016	\$ 97,857
June 30, 2017	97,857
June 30, 2018	
June 30, 2019	
June 30, 2020	

NOTE 14 - SUBSEQUENT EVENTS

In accordance with ASC 855, the Louisiana Center for the Blind, Inc. evaluated subsequent events through November 23, 2015, the date these financial statements were available to be issued and determined that there were no significant events to report.

**LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA**

SUPPLEMENTARY INFORMATION

LOUISIANA CENTER FOR THE BLIND, INC.

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO EXECUTIVE DIRECTOR
FOR THE YEAR ENDED JUNE 30, 2015**

Executive Director Name: Pamela Allen, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 60,930
Benefits-insurance	12,033
Benefits-retirement	1,828
Benefits-other	NA
Car allowance	NA
Vehicle provided by Organization	NA
Per diem	1,130
Reimbursements	360
Travel	3,717
Registration fees	180
Conference travel	2,212
Continuing professional education fees	NA
Housing	NA
Unvouchered expenses	NA
Special meals	NA
Other	NA

**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**

Board of Directors
Louisiana Center for the Blind, Inc.

I have audited, 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, the financial statements of the Louisiana Center for the Blind, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated December 11, 2015.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Center'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 Center's internal control. Accordingly, I do not express an opinion on the effectiveness of the Center's internal control.

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

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center'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 are required to be reported under *Government Auditing Standards*.

Board of Directors
Louisiana Center for the Blind, Inc.
Page 2

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

David M. Hault, CPA (APAC)

West Monroe, Louisiana
December 11, 2015

LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

To The Board of Directors
Louisiana Center for the Blind, Inc.
Ruston, Louisiana

I have audited the financial statements of Louisiana Center for the Blind, Inc. as of and for the year ended June 30, 2015, and have issued my report thereon dated December 11, 2015. 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. My audit of the financial statements as of June 30, 2015, resulted in an unqualified opinion.

Section I- Summary of Auditor's Results

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

Internal Control

Material Weakness _____ yes X no

Significant Deficiencies not considered to be
Material Weaknesses _____ yes X no

Compliance

Compliance Material to Financial Statements _____ yes X no

B. Federal Awards

Material Weakness Identified _____ yes X no

Significant Deficiencies not considered to be
Material Weaknesses _____ yes X no

Type of Opinion on Compliance For Major Programs (No Major Programs)

Unqualified _____ Qualified _____

Disclaimer _____ Adverse _____

Are their findings required to be reported in accordance with Circular A-133, Section .510 (a)? N/A

C. Identification of Major Programs: N/A

Name of Federal Program (or cluster)
CFDA Number(s)

Dollar threshold used to distinguish between Type A and Type B Programs. N/A

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133? N/A

LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

Section II- Financial Statement Findings

There were no findings in this section.

Section III- Federal Award Findings and Questioned Costs

There were no findings in this section.

LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

Internal Control and Compliance Material to the Financial Statements

This section not applicable.

Internal Control and Compliance Material to Federal Awards

This section not applicable.

Management Letter

This section not applicable.