

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

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2013**

**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, 2013, 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, 2013, 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

My audit was conducted for the purpose of forming an opinion on the financial statements of the Louisiana Center for the Blind, Inc., taken as a whole. The accompanying schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 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 schedule of expenditures of federal awards 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 6, 2013, 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. Scott, CPA (APAC)

West Monroe, Louisiana
December 6, 2013

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

**STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013**

ASSETS

Current Assets	
Cash and cash equivalents	\$ 1,400,211
Accounts receivable	517,747
Accounts receivable-employees	75
Investments in annuities	456,599
Investments	2,012,038
Prepaid income tax	19,346
Accrued interest receivable	<u>7,910</u>
Total current assets	<u>\$ 4,413,926</u>
Property and Equipment	
Land	\$ 153,070
Building and improvements	3,243,142
Machinery and equipment	246,932
Furniture	66,565
Vehicles	<u>188,090</u>
	\$ 3,897,799
Less accumulated depreciation and amortization	<u>(2,210,796)</u>
Total property and equipment (net)	<u>\$ 1,687,003</u>
Other Assets	
Cash surrender value of life insurance	<u>\$ 747,364</u>
Total assets	<u>\$ 6,848,293</u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	\$ 109,245
Payroll related payables	93
Compensating absences payable	<u>125,930</u>
Total current liabilities	<u>\$ 235,268</u>
Net Assets	
Unrestricted	\$ 6,613,025
Temporarily restricted	
Permanently restricted	<u> </u>
Total net assets	<u>\$ 6,613,025</u>
Total liabilities and net assets	<u>\$ 6,848,293</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, 2013**

UNRESTRICTED NET ASSETS	
Unrestricted revenues and gains	
Contributions	\$ 103,169
Federal financial assistance	194,163
Louisiana financial assistance	500,000
Private grant revenue	250,000
Program service fees	1,379,486
Investment return	274,174
Fund-raising income-bingo and other	1,653,948
Other	<u>67,297</u>
Total unrestricted revenues, gains, and other support	\$ 4,422,237
Net assets released from restrictions	
Restrictions satisfied by payments	<u>11,059</u>
Total unrestricted revenues, gains, other support, and reclassifications	\$ <u>4,433,296</u>
Expenses and losses	
Program services	
Training program	\$ 2,297,885
Buddy program	22,634
Step program	<u>39,056</u>
Total program services	\$ 2,359,575
Supporting services	
Management and general	\$ 374,885
Fund-raising	1,594,949
Unallocated payments to affiliated organizations	<u>5,000</u>
Total expenses and losses	\$ <u>4,334,409</u>
Increase in unrestricted net assets	\$ <u>98,887</u>
TEMPORARILY RESTRICTED NET ASSETS	
Contributions	\$ 11,059
Net assets released from restrictions	<u>(11,059)</u>
Increase in temporarily restricted net assets	\$ <u>0</u>
Increase in net assets	\$ 98,887
NET ASSETS AT BEGINNING OF YEAR	<u>6,514,138</u>
NET ASSETS AT END OF YEAR	<u>\$ 6,613,025</u>

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, 2013

	<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	\$ 709,452	\$	\$	\$ 90,014	\$ 69,300	\$ 868,766
Payroll taxes	54,988			6,958	5,302	67,248
Fringe benefits	102,966			17,381		120,347
Total compensation and related expenses	\$ 867,406	\$ 0	\$ 0	\$ 114,353	\$ 74,602	\$ 1,056,361
Other Expenses						
Conference and training	50,679	941	7,272	7,522		66,414
Depreciation and amortization	109,861	1,979	400			112,240
Dues and reference materials				3,657		3,657
Insurance						
Property and casualty	96,080			24,020		120,100
Vehicles	21,787					21,787
Workers' compensation	7,754			861		8,615
Life insurance				10,506		10,506
Income tax on unrelated business income					5,892	5,892
Occupancy						
Electricity, gas, water and sewer	47,479	4,319	1,466	1,593		54,857
Maintenance	20,109	240		23,965		44,314
Rent				2,980	99,765	102,745
Postage and shipping	6,018			1,518		7,536
Printing	2,259	258	258	131		2,906
Prizes					1,292,884	1,292,884
Professional fees	1,729	1,398	5,195	93,932		102,254
Recreational activities	56,878	2,309	2,109			61,296
Service charges & investment fees				11,140		11,140
Specific assistance	789,781					789,781
Supplies						
Fund-raising, bingo, and other		1,318			113,884	115,202
Cleaning	66,781			4,168		70,949
Education	87,968	3,054	5,661			96,683
Office	544		110	17,604		18,258
Other	3,798	503		4,101	2,555	10,957
Shop	6,597					6,597
Telephone	9,315		42	802		10,159
Transportation - fuel, repairs, & other	38,460	176	612	10,161		49,409
Travel - lodging & meals	4,550			15,579		20,129
Work experience allowance (stipends)		6,000	15,220			21,220
Other	2,052	139	711	26,292	5,367	34,561
Total expenses	<u>\$ 2,297,885</u>	<u>\$ 22,634</u>	<u>\$ 39,056</u>	<u>\$ 374,885</u>	<u>\$ 1,594,949</u>	<u>\$ 4,329,409</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, 2013**

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 98,887
Adjustments to reconcile increase in net assets to cash provided by operating activities:	
Depreciation and amortization	112,240
Non cash contributions	(31,727)
Realized (gain) in investments	(134,274)
Unrealized losses on investments	21,054
Net loss on assets disposed	1,785
(Increase) in cash surrender value	(53,825)
(Increase) decrease in operating assets	
Accounts receivable	(287,998)
Prepaid income taxes	(12,569)
Accrued interest receivable	6,442
Increase (decrease) in operating liabilities	
Accounts payable	32,106
Payroll related payables	(520)
Compensating absences payable	(18,486)
Net cash (used) by operating activities	<u>\$ (266,885)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds on sales of investments	\$ 1,604,046
Purchase of short-term investments, net	(1,200,970)
Proceeds on annuities investment	250,984
Purchase of annuities investment	(18,499)
Payments for property and equipment	<u>(1,056,484)</u>
Net cash (used) by investing activities	<u>\$ (420,923)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Net cash provided by financing activities \$ 0

NET (DECREASE) IN CASH AND CASH EQUIVALENTS

\$ (687,808)

BEGINNING CASH AND CASH EQUIVALENTS

2,088,019

ENDING CASH AND CASH EQUIVALENTS

\$ 1,400,211

SUPPLEMENTAL INFORMATION

Interest paid	\$ 0
Income taxes paid	\$ 3,903

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, 2013**

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, 2013, 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, 2013

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 \$40,280 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, 2013 was \$5,892. The tax years ending June 30, 2011, 2012, and 2013 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, 2013**

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 \$125,930 for the year ended June 30, 2013.

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 2 - CASH AND CASH EQUIVALENTS

At year end, the book balance of the Organization's deposits was \$1,400,211. 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	\$ 2,281		
First National Bank, Ruston, LA			
Operating account	\$ 66,082	\$ 126,410	.025%
"Contribution" money market	143,848	143,848	.025%
"Buddy" operating account	124,809	128,060	.025%
"STEP" operating account	145,554	152,333	.025%
	<u>\$ 480,293</u>	<u>\$ 550,651</u>	
Certificates of deposits - (CDARS)			
Banco Popular de Puerto Rico			
April 18, 2013 due Oct 17, 2013			
Private Bank and Trust, Chicago, IL	\$ 183,738	\$ 183,738	.400%
April 18, 2013 due Oct 17, 2013			
April 18, 2013 due April 17, 2014	28,631	28,631	.400%
Flag Star Bank, Troy, MI	212,369	212,369	.400%
January 17, 2013 due July 18, 2013			
Sovereign Bank, Wilmington, DE	212,105	212,105	.499%
January 17, 2013 due January 16, 2014			
	<u>212,105</u>	<u>212,105</u>	.499%
	<u>\$ 848,948</u>	<u>\$ 848,948</u>	
Subtotal	<u>\$ 1,329,241</u>	<u>\$ 1,399,599</u>	
Community Trust Bank, Ruston, LA			
"Bingo" operating account	\$ 39,803	\$ 46,979	
Charles Schwab Institutional			
Schwab One Account	\$ 28,886	\$ 28,886	.010%
Total cash and cash equivalent	<u>\$ 1,400,211</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, 2013**

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2013, consists of the following:

Department of Veteran Affairs	\$	5,458
Various state agencies for tuition		318,242
Louisiana Rehabilitation Services		62,685
Louisiana State Treasurer		125,000
Other		<u>6,362</u>
	<u>\$</u>	<u>517,747</u>

The receivables represent tuition, grant and support revenues related to services provided before June 30, 2013. There were \$84,445 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, 2013, 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	\$ 228,293	2.0%	9/11/13	Annually
Non Qualified Annuity	<u>228,306</u>	2.0%	9/11/13	Annually
	<u>\$ 456,599</u>			

The cost of the annuities plus accrued interest as of June 30, 2013, approximates the fair market value of the securities. Total interest earned for the current fiscal year ended June 30, 2013, was \$18,499.

LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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 Bond	\$ 61,830	\$ 59,641	\$ (2,189)	6.0%
Equities				
Consumer Discretionary	\$ 40,762	\$ 52,170	\$ 11,408	5.2%
Consumer Staples	24,624	34,711	10,087	3.4%
Energy Sector SPDR	32,527	34,060	1,533	3.4%
Europe Hedged Equity	19,009	18,267	(742)	1.8%
Financial Sector SPDR	26,903	28,098	1,195	2.8%
Guggenheim Equal Weight	21,518	21,487	(31)	2.1%
Industrial Sector SPDR	31,647	38,376	6,729	3.8%
Ishares TR 2014 S&P Amt-F	59,175	58,938	(237)	5.8%
iShrs Networking Index	20,594	19,967	(627)	2.0%
iShrs Software Index	15,214	21,074	5,860	2.1%
SPDR KBW Commodity Index	31,416	35,627	4,211	3.5%
USB CM Commodity Index	22,383	21,901	(482)	2.2%
Vanguard Health Care	38,860	42,763	3,903	4.2%
Wisdomtree Japan Hedged	20,662	20,524	(138)	2.0%
Mutual Funds				
Double Line Total Return	102,007	100,144	(1,863)	9.9%
Guggenheim Bank Loan	21,230	21,149	(81)	2.1%
JP Morgan Str Income	55,000	55,680	680	5.5%
Opportunity	19,000	20,052	1,052	2.0%
Leuthold Core Fund	16,283	22,219	5,936	2.2%
Matthew Asian Growth & Income	42,000 20,556	41,722 20,066	(278) (490)	4.1% 2.0%
Osterweis Strategic Income	50,390	51,616	1,226	
Pimco Inv Grade Corp Bond	148,518	140,880	(7,638)	5.1%
Profunds Rasing U.S. Dollar	\$ 880,278	\$ 921,491	\$ 41,213	13.9%
Unit Trusts	\$ 942,108	\$ 981,132	\$ 39,024	
Chase Investment Services Corp.				
Fixed Income	1,073,326	1,014,419	(58,907)	
Franklin Income Class A				5.9%
American Funds Service Co.	13,323	16,487	3,164	
Mutual Funds	\$ 2,028,757	\$ 2,012,038	\$ (16,719)	8.0%

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 5 - SHORT TERM INVESTMENTS (Cont'd)

Investments in Franklin Income Class A fifty (50%) percent exceeded five (5%) percent of the investment portfolio.

Short-term investments are stated at fair value as of June 30, 2013, in the amount of \$2,012,038.

All short term investments were unrestricted. Investment costs for the fiscal year ended June 30, 2013, were \$9,469.

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

Dividend income	\$	83,909
Interest income		22,719
Net realized gains from sale of securities		134,274
Net unrealized holding (losses)		(21,054)
Capital gain distributions		500
Cash surrender value income		<u>53,826</u>
 Total investment return	 \$	 <u>274,174</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	\$ 300,000	\$ 300,000	\$ 369,344	1.70%
Pamela D. Allen	307,047	<u>307,047</u>	<u>378,020</u>	1.70%
		<u>\$ 607,047</u>	<u>\$ 747,364</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, 2013**

NOTE 7 - PROPERTY AND EQUIPMENT (Cont'd)

Depreciation and amortization expense for the year ended June 30, 2013, was \$112,240. 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, 2013:

	<u>Cost</u>	<u>Accumulated Depreciation</u>
Land	\$ 153,070	\$
Vehicles	188,090	(130,867)
Buildings and improvements	3,243,142	(1,841,581)
Machinery and equipment	246,932	(183,759)
Furniture and fixtures	<u>66,565</u>	<u>(54,589)</u>
	\$ 3,897,799	\$ <u>(2,210,796)</u>
Accumulated depreciation and amortization	<u>(2,210,796)</u>	
Total	<u>\$ 1,687,003</u>	

NOTE 8 - FEDERAL FINANCIAL ASSISTANCE

The Organization has been awarded various grants from the federal government to provide education services to residents. The grant is considered to be an exchange transaction. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Grant activity for the year ended June 30, 2013, 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.	\$ <u>149,478</u>
Total federal grants	\$ <u>149,478</u>

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 \$31,727 of materials and equipment during the current fiscal year. Equipment included five (5) Bookports, one (1) braille plus machine, and five (5) regular braille machines totaling \$9,006.

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, 2013**

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, 2013, was \$17,800.

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, 2013</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial Assets		
Cash and cash equivalents	\$ 1,400,211	\$ 1,400,211
Investments securities		
Stocks, bonds, and notes	2,012,038	2,012,038
Cash surrender value life insurance	747,364	747,364

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

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, 2013, 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	\$ 2,012,038	\$	\$	\$ 2,012,038
Cash surrender value life insurance	747,364			747,364

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, 2013 was \$97,800. The following is a five year estimated lease costs over the term of the lease.

<u>Fiscal Year Ended</u>	
June 30, 2014	\$ 97,800
June 30, 2015	97,800
June 30, 2016	97,800
June 30, 2017	97,800
June 30, 2018	0

NOTE 14 - SUBSEQUENT EVENTS

In accordance with ASC 855, the Louisiana Center for the Blind, Inc. evaluated subsequent events through December 6, 2013, the date these financial statements were available to be issued and determined that there were no significant events to report.

**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, 2013, 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 6, 2013.

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.
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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. Hadd, CPA (APAC)

West Monroe, Louisiana
December 6, 2013

LOUISIANA CENTER FOR THE BLIND, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Federal CFDA Number</u>	<u>Agency or Pass Through Number</u>	<u>Fiscal Period</u>	<u>Program or Award Amount</u>	<u>Federal Expenditures</u>
Pass Through					
Louisiana Rehabilitation Services:					
Independent Living Services for Older Individuals Who are Blind	84.177B	649504	07/01/12 to 6/30/2013	149,478	149,478
APH Federal Quota				31,727	31,727
TOTAL FEDERAL AWARDS				<u>\$ 181,205</u>	<u>\$ 181,205</u>

LOUISIANA CENTER FOR THE BLIND, INC.
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

1. General

The Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Louisiana Center for the Blind, Inc. All federal award programs received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule.

2. Basis of Accounting

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

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, 2013, and have issued my report thereon dated December 6, 2013. 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, 2013, 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 no

Significant Deficiencies not considered to be
Material Weaknesses yes no

Compliance

Compliance Material to Financial Statements yes no

B. Federal Awards

Material Weakness Identified yes no

Significant Deficiencies not considered to be
Material Weaknesses yes 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, 2013

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, 2013

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.