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LEGISLATIVE AUDITOR

LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1998
WITH SUPPLEMENTAL INFORMATION SCHEDULES

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

1 FEB 0 3 1999
Release Date _____

LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1998
WITH SUPPLEMENTAL INFORMATION SCHEDULES

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WILLIAM R. HULSEY
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UNQUALIFIED OPINION ON THE BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS - NOT-FOR-PROFIT ORGANIZATION

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying balance sheet of Louisiana Center for the Blind, Inc. (a non-profit organization) as of June 30, 1998, and the related statement of support, revenue and expenses, statement of changes in fund balances and statement of functional expenses for the year then ended. These financial statements are the responsibility of the Center's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Center for the Blind, Inc. as of June 30, 1998, and the results of its operations and the changes in its fund balances for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated October 30, 1998 on my consideration of the Louisiana Center for the Blind's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

My audit was made for the purpose of forming an opinion on the basic financial statements of Louisiana Center for the Blind, Inc. taken as a whole. The accompanying schedule of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organization", and is not a required part of the basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

WILLIAM R. HULSEY
Certified Public Accountant

October 30, 1998

LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA
BALANCE SHEET
JUNE 30, 1998

	<u>Operating Fund</u>	<u>Restricted Fund</u>	<u>Plant Fund</u>	<u>Total All Funds</u>
Assets:				
Cash	\$ 633,823	\$ 100,087	\$ -	\$ 733,910
Investments	100,000	-	-	100,000
Fee grants receivable	69,082	-	-	69,082
Student loans receivable	265	-	-	265
Accounts receivable - other	<u>101,981</u>	<u>-</u>	<u>-</u>	<u>101,981</u>
 Total current assets	 <u>905,151</u>	 <u>100,087</u>	 <u>-</u>	 <u>1,005,238</u>
 Land, buildings and equipment at cost:				
Land	-	-	57,074	57,074
Buildings	-	-	1,679,647	1,679,647
Leasehold improvements	-	-	19,971	19,971
Equipment	-	-	457,678	457,678
Transportation equipment	-	-	38,011	38,011
Accumulated depreciation	<u>-</u>	<u>-</u>	<u>(974,193)</u>	<u>(974,193)</u>
 Net land, buildings and equipment	 <u>-</u>	 <u>-</u>	 <u>1,278,188</u>	 <u>1,278,188</u>
 Other assets:				
Cash surrender value of life insurance	46,108	-	-	46,108
Prepaid expenses	-	-	-	-
Due to other funds	<u>12,800</u>	<u>-</u>	<u>-</u>	<u>12,800</u>
 Total other assets	 <u>58,908</u>	 <u>-</u>	 <u>-</u>	 <u>58,908</u>
 TOTAL ASSETS	 <u>\$ 964,059</u>	 <u>\$ 100,087</u>	 <u>\$ 1,278,188</u>	 <u>\$ 2,342,334</u>

	<u>Operating Fund</u>	<u>Restricted Fund</u>	<u>Plant Fund</u>	<u>Total All Funds</u>
Liabilities and Fund Balance:				
Current liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	12,800	-	-	12,800
Notes payable	<u>17,288</u>	<u>-</u>	<u>-</u>	<u>17,288</u>
Total current liabilities	<u>30,088</u>	<u>-</u>	<u>-</u>	<u>30,088</u>
Non-current Liabilities:				
Notes payable, net of current portion	<u>69,413</u>	<u>-</u>	<u>-</u>	<u>69,413</u>
Fund balance:				
Unrestricted	864,558	100,087	1,278,188	2,242,833
Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>864,558</u>	<u>100,087</u>	<u>1,278,188</u>	<u>2,242,833</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 964,059</u>	<u>\$ 100,087</u>	<u>\$ 1,278,188</u>	<u>\$ 2,342,334</u>

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

LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA
STATEMENT OF SUPPORT, REVENUE, AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 1998

	<u>Operating Fund</u>	<u>Restricted Fund</u>	<u>Plant Fund</u>	<u>Total All Funds</u>
Revenues:				
Public support:				
Fee income - Louisiana	\$ 605,986	\$ -	\$ -	\$ 605,986
Grant income (Note 5)	344,318	22,273	-	366,591
Fee income - other states	423,623	-	-	423,623
Fee income	<u>24,915</u>	<u>-</u>	<u>-</u>	<u>24,915</u>
Total public support	<u>1,398,842</u>	<u>22,273</u>	<u>-</u>	<u>1,421,115</u>
Other revenue:				
Concert income	5,000	-	-	5,000
Shop fees	1,027	-	-	1,027
Donations	35,784	-	-	35,784
Bingo proceeds	300,000	-	-	300,000
Interest	7,730	160	-	7,890
Miscellaneous	<u>17,704</u>	<u>-</u>	<u>-</u>	<u>17,704</u>
Total other revenue	<u>367,245</u>	<u>160</u>	<u>-</u>	<u>367,405</u>
Total public support and other revenue	<u>1,766,087</u>	<u>22,433</u>	<u>-</u>	<u>1,788,520</u>
Expenses:				
Program services:				
Apartment	-	72	5	77
Training program	819,619	-	157,945	977,564
Buddy program	17,115	-	3,280	20,395
Step program	29,587	-	5,683	35,270
Contributions	<u>200</u>	<u>-</u>	<u>20</u>	<u>220</u>
Total program services	<u>866,521</u>	<u>72</u>	<u>166,933</u>	<u>1,033,526</u>
Supporting services:				
Management and general	<u>190,870</u>	<u>-</u>	<u>36,771</u>	<u>227,641</u>
Total supporting services	<u>190,870</u>	<u>-</u>	<u>36,771</u>	<u>227,641</u>
Total expenses	<u>1,057,391</u>	<u>72</u>	<u>203,704</u>	<u>1,261,167</u>
PUBLIC SUPPORT AND OTHER REVENUE OVER (UNDER) EXPENSES	<u>\$ 708,696</u>	<u>\$ 22,361</u>	<u>\$ (203,704)</u>	<u>\$ 527,353</u>

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

LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 1998

	<u>Training Program</u>	<u>Buddy Program</u>	<u>Step Program</u>
Salaries	\$ 259,940	\$ 7,500	\$ 15,230
Payroll taxes and fringe benefits	<u>7,283</u>	<u>636</u>	<u>1,052</u>
Total salaries and related expenses	267,223	8,136	16,282
Rent and utilities	69,240	1,845	1,574
Contract labor	8,269	193	2,168
Supplies	12,183	2,945	4,391
Professional fees	1,512	-	147
Dues	648	-	-
Vehicle expense	18,244	640	311
Travel/transportation/conferences	8,139	394	285
Meals and lodging	9,392	-	2,580
Program activities	10,834	1,931	1,498
Recruitment/public relations	-	-	-
Repairs and maintenance	16,069	-	-
Printing/production/postage	5,776	237	102
Training and education	18,722	-	-
Insurance	41,252	-	-
Equipment	3,050	-	-
Maintenance - students	70,168	-	-
Grant expense	241,558	-	-
Interest expense	7,149	-	-
Other miscellaneous	<u>10,191</u>	<u>794</u>	<u>249</u>
Total expenses before depreciation	819,619	17,115	29,587
Depreciation of property	<u>157,945</u>	<u>3,280</u>	<u>5,683</u>
Total expenses	<u>\$ 977,564</u>	<u>\$ 20,395</u>	<u>\$ 35,270</u>

<u>Apartment Construction Program</u>	<u>Contri- bution Program</u>	<u>Total</u>	<u>Supporting Services</u>	<u>Total All Funds</u>
\$ -	\$ -	\$ 282,670	\$ 49,925	\$ 332,595
-	-	8,971	25,033	34,004
-	-	291,641	74,958	366,599
-	-	72,659	3,309	75,968
-	-	10,630	23,576	34,206
72	-	19,591	6,895	26,486
-	-	1,659	15,270	16,929
-	-	648	3,656	4,304
-	-	19,195	-	19,195
-	-	8,818	10,137	18,955
-	-	11,972	15,874	27,846
-	-	14,263	-	14,263
-	-	-	2,051	2,051
-	-	16,069	13,173	29,242
-	-	6,115	1,178	7,293
-	-	18,722	4,770	23,492
-	-	41,252	8,685	49,937
-	-	3,050	2,792	5,842
-	-	70,168	-	70,168
-	-	241,558	-	241,558
-	-	7,149	-	7,149
-	200	11,434	4,546	15,980
72	200	866,593	190,870	1,057,463
5	20	166,933	36,771	203,704
<u>\$ 77</u>	<u>\$ 220</u>	<u>\$1,033,526</u>	<u>\$ 227,641</u>	<u>\$1,261,167</u>

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

LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 1998

	<u>Operating Fund</u>	<u>Restricted Fund</u>	<u>Plant Fund</u>	<u>Total All Funds</u>
FUND BALANCE, JUNE 30, 1997	\$ 404,413	\$ -	\$ 1,324,097	\$ 1,728,510
Prior period adjustment (Note 9)	(13,030)	-	-	(13,030)
Adjusted fund balance, June 30, 1997	391,383	-	1,324,097	1,715,480
Public support and other revenue over (under) expenses	708,696	22,361	(203,704)	527,353
Transfers in (out)	<u>(235,521)</u>	<u>77,726</u>	<u>157,795</u>	<u>-</u>
FUND BALANCE, JUNE 30, 1998	<u>\$ 864,558</u>	<u>\$ 100,087</u>	<u>\$ 1,278,188</u>	<u>\$ 2,242,833</u>

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

LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Louisiana Center for the Blind, Inc. (Center) in Ruston, Louisiana operates a training facility for blind adults. The center 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 Center receives a fixed monthly fee for each student in the program from the students home state.

Basis of Presentation

Financial statement presentation follows the recommendations of the American Institute of Certified Public Accountants in its Industry Audit Guide, "Audits of Voluntary Health and Welfare Organizations". The accompanying financial statement is presented on the accrual basis of accounting.

Fund Accounting

The accounts of the Center are maintained in accordance with the principles of fund accounting whereby resources are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; accordingly, all financial transactions have been recorded in the funds as follows:

The current unrestricted fund represents revenues and expenses related to the operation and management of the Center's primary programs and supporting services.

The current restricted fund represents resources available for use, but expendable only for the purposes specifically stated by the donor or grantor.

The plant fund represents the Center's investment in land, buildings and major equipment and the unexpended balance of funds specifically restricted by the grantor for the purchase of land, buildings and major equipment.

The costs of the Center's program and supporting services have been reported on a functional basis. This requires the allocation of certain costs among the various programs and supporting services based on estimates made by management.

LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Land, Buildings and Equipment

All expenditures for land, buildings and equipment are capitalized. Depreciation is computed by the straight-line method, beginning in the month of acquisition, based on the following estimated useful lives:

Instructional buildings	20 years
Apartment complex	20 years
Student activity center	15 years
Leasehold improvements	10 years
Office Equipment	5 years
Transportation Equipment	5 years

Depreciation expense for the year ended June 30, 1998 was \$203,704. Depreciation expense is reported as program and supporting services in the "Plant Fund" in the statement of support, revenue and expenses.

Compensated Absences

Employees of the Company are entitled to paid vacations and sick days depending on length of service to the Company. It is impracticable to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Company's policy is to recognize the costs of compensated absences when paid to employees.

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.

Federal Income Taxes

The Center qualifies as a tax-exempt organization under Section 501(a) of the Internal Revenue Code and, therefore, has no provision for federal income taxes.

LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Total Columns

The accompanying balance sheet and statements of support, revenue and expenses and changes in fund balances reflect totals of all fund balances and activity. The totals are shown for memorandum purposes only and do not reflect the elimination of interfund activities using principles of consolidation.

Investments

Investments are presented in the financial statements in the aggregated at the lower of cost or fair market value.

Gains and losses on disposition of investments are considered elements of revenue and expense when realized. Write-downs of cost due to market declines are made only when they are determined by the Center to be permanent.

NOTE 2 - CASH AND CASH EQUIVALENTS

At year end, the carrying amount of the Center's deposits was \$733,910, and the bank balance was \$779,603. The bank balance is categorized as follows:

Amount insured by FDIC and FSLIC	\$ 300,000
Securities pledged in the entity's name	<u>304,389</u>
Total collateralized	604,389
Bank balance	<u>779,603</u>
Under collateralized	<u>\$ 175,214</u>

Under state law, these deposits must be secured by federal deposit insurance (FDIC) or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank.

LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 1998

NOTE 3 - INVESTMENTS

Investments consist of the following:

	<u>Cost</u>	<u>Market</u>
BT International Equity	\$ 25,000	\$ 25,278
Oakmark Fund-Harris Assoc. Investment TR	25,000	24,518
Safeco Equity Fund Inc.	25,000	25,221
Vontobel US Value Fund Worlds-FDS Inc Vontebel	<u>25,000</u>	<u>25,731</u>
	<u>\$ 100,000</u>	<u>\$ 100,748</u>

NOTE 4 - LAND, BUILDINGS AND EQUIPMENT

For the year ending June 30, 1998:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Land	\$ 57,074	\$ -	\$ 57,074
Apartment Complex	496,624	226,077	270,547
Student Activity Center	38,327	20,266	17,661
Instructional Building	695,991	128,406	567,585
Hinton Building	365,125	178,822	186,303
Fraternity Building	<u>83,580</u>	<u>14,014</u>	<u>69,566</u>
Total buildings	<u>1,679,647</u>	<u>567,985</u>	<u>1,111,662</u>
Hinton Equipment	69,455	45,019	24,436
Office Equipment	298,381	261,111	37,270
Construction Equipment	55,306	35,965	19,341
Zena's Grant Equipment	<u>34,536</u>	<u>23,196</u>	<u>11,340</u>
Total equipment	<u>457,678</u>	<u>365,291</u>	<u>92,387</u>
Leasehold Improvements	19,971	12,485	7,486
Transportation Equipment	<u>38,011</u>	<u>28,432</u>	<u>9,579</u>
Total land, buildings and equipment	<u>\$ 2,252,381</u>	<u>\$ 974,193</u>	<u>\$ 1,278,188</u>

LOUISIANA CENTER FOR THE BLIND, INC.
 RUSTON, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 1998

NOTE 5 - GRANT INCOME

The following was included in Grant Income for the year ended June 30, 1998:

<u>Grantor/Purpose</u>	<u>Grant Amount</u>
Federal Grants:	
Department of Education, Office of Special Educational Services	\$ 53,177
Purpose: Training teacher aides to serve as paraprofessionals in the delivery of educational services to blind/ visually impaired children under the supervision of a contracted VI teacher/consultant	
Department of Education, Office of Special Educational Services	58,610
Purpose: Early intervention services for blind/visually impaired toddlers/infants	
Department of Education, Office of Special Educational Services	22,352
Purpose: Training young adults in Braille, cane travel, independent living skills, computer literacy, socialization skills and increasing working and leadership skills	
State of Louisiana, Department of Social Services, Louisiana Rehabilitation Services	62,714
Purpose: Providing an informational brochure and a dial-in Newsline and Information Service for the blind in Louisiana	

LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 1998

NOTE 5 - GRANT INCOME (Continued)

State of Louisiana, Department of Social Services, Louisiana Rehabilitation Services	\$ 22,383
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Purpose: For the implementation of a Job Information Line to provide individuals who are blind, visually impaired or deaf-blind access to job information and job listings statewide through use of their own telephones

State of Louisiana, Department of Social Services, Louisiana Rehabilitation Services	125,082
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Purpose: For the implementation of a training program to prepare specialists of orientation and mobility to teach blind and visually impaired individuals to travel safely and independently using the long white cane

Total federal grants	344,318
----------------------	---------

State Grants:

State of Louisiana, Department of Social Services, Louisiana Rehabilitation Services	22,273
---	--------

Purpose: Establishment of a residential facility to provide services (transition to work program; diabetes management for blind diabetics; workshops for parents of blind children, teachers of the visually impaired, paraprofessionals and professionals; college readiness skills; assistive technology information; collaboration opportunities amongst blind organization) to meet the identified needs of blind and deaf/blind consumers and professionals

Total state grants	22,273
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Total grant income	\$ 366,591
--------------------	------------

LOUISIANA CENTER FOR THE BLIND, INC.
 RUSTON, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 1998

NOTE 6 - DONATED RENT

The Center receives use of its operations center rent free from the National Federation of the Blind of Louisiana, Inc. The National Federation of the Blind purchased the building under a grant which restricts its use to services provided for the benefit of the blind. As the building can only be used for a specific purpose, the Center is not charged rent for use of the operations center. The value of this agreement has not been measured, and, therefore, is excluded from the financial statements.

NOTE 7 - TRANSFERS IN/OUT

The transfers in/out are for funds transferred in the normal course of business when funds are not available for the various programs. The individual fund with balances at June 30, 1998, are as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Operating Funds:		
General	\$ 233,392	\$ 96,962
Contributions	257,350	137,000
Step	-	12,410
Buddy	-	8,849
Restricted Funds:		
Apartment construction	22,274	100,000
Plant Fund	<u>18,220</u>	<u>176,015</u>
Totals	<u>\$ 531,236</u>	<u>\$ 531,236</u>

NOTE 8 - LONG-TERM DEBT

Long-term debt consisted of the following at June 30, 1998:

American Bank, 8.30% note, originally due in 62 payments of \$2,000 per month through November, 2002, secured.	\$ 86,701
Less: current portion	<u>17,288</u>
Net long-term debt	<u>\$ 69,413</u>

LOUISIANA CENTER FOR THE BLIND, INC.
 RUSTON, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 1998

NOTE 8 - LONG-TERM DEBT (Continued)

Schedule of aggregate maturities of long-term debt for the next five years ending after June 30, 1998, are approximately as follows:

1999	\$ 17,288
2000	18,818
2001	20,482
2002	22,294
After	<u>7,819</u>
 Total	 <u>\$ 86,701</u>

NOTE 9 - PRIOR PERIOD ADJUSTMENTS

As noted in the Statement of Changes in Fund Balances, beginning Fund Balance is adjusted to correct the previous years notes payable account. The note payable account was incorrectly stated, which caused net income to be misstated at June 30, 1997.

At June 30, 1998, a prior period adjustment was made as follows:

	<u>Operating Funds</u>
Beginning fund balance	\$ 404,413
Prior period adjustment: Notes payable	<u>(13,030)</u>
Beginning fund balance, as restated	<u>\$ 391,383</u>

WILLIAM R. HULSEY
CERTIFIED PUBLIC ACCOUNTANT
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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
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, 1998, and have issued my report thereon dated October 30, 1998. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Louisiana Center for the Blind, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Questioned Costs as Item 98-2.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Louisiana Center for the Blind, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely

affect Louisiana Center for the Blind, Inc.'s ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as Items 98-1 and 98-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of the Board of Directors of Louisiana Center for the Blind, Inc. and the Louisiana Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.

WILLIAM R. HULSEY
Certified Public Accountant

October 30, 1998

WILLIAM R. HULSEY
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

I have audited the compliance of Louisiana Center for the Blind, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1998. Louisiana Center for the Blind, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Louisiana Center for the Blind, Inc.'s management. My responsibility is to express an opinion on Louisiana Center for the Blind, Inc.'s compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Louisiana Center for the Blind, Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Louisiana Center for the Blind, Inc.'s compliance with those requirements.

In my opinion, Louisiana Center for the Blind, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1998. However, the results of my auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 98-2.

Internal Control Over Compliance

The management of Louisiana Center for the Blind, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Louisiana Center for the Blind, Inc.'s internal control over compliance with requirements that could have a direct and material effect of a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

I noted certain matters involving the internal control over compliance and its operations that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in my judgment, could adversely affect Louisiana Center for the Blind, Inc.'s ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 98-1 and 98-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of the Board of Directors of Louisiana Center for the Blind, Inc. and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

WILLIAM R. HULSEY
Certified Public Accountant

October 30, 1998

LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 1998

<u>Federal/Grantor/Pass Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass Through Number</u>	<u>Program or Award Amount</u>	<u>Federal Expenditures</u>
UNITED STATES DEPARTMENT OF EDUCATION:				
PASS THROUGH LOUISIANA REHABILITATION SERVICES:				
Social Services Newslines	84.177A	513934	\$ <u>168,900</u>	\$ 62,714
Social Services Jobline	84.177A	513935	43,988 <u>30,069</u>	
Total Jobline			74,057	22,383
Social Services/Orientation and Mobility	84.263A	516093	<u>220,272</u>	<u>125,082</u>
Total Louisiana Rehabilitation Services			<u>463,229</u>	<u>210,179</u>
PASS THROUGH LOUISIANA DEPARTMENT OF EDUCATION				
* Part H Infant/Toddler	84.181	96-CIT3-XD 97-CIT3-XD	42,875 <u>49,710</u>	58,610
Total Part H Infant/Toddler			92,585	
* VI Teacher/Consultant	84.027	96-CD-LC 97-CD-XD	50,000 <u>41,614</u>	
Total VI Teacher			91,614	58,844
* Special Educational Services Grant	84.027	98-D-XD	<u>29,301</u>	<u>29,301</u>
Total Louisiana Department of Education			<u>213,500</u>	<u>146,755</u>
Total Direct			<u>676,729</u>	<u>356,934</u>
TOTAL FEDERAL AWARDS			<u>\$ 676,729</u>	<u>\$ 356,934</u>

NOTE: The above schedule is prepared using the accrual method of accounting.
* These programs were identified as major programs.

LOUISIANA CENTER FOR THE BLIND
RUSTON, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1998

I. Summary of Auditor's Results

- A. An unqualified opinion was issued on the financial statements of the auditee.
- B. Reportable conditions in internal control were disclosed by the audit of the financial statements; however, these conditions are not considered to be material weaknesses.
- C. The audit disclosed instances of noncompliance; however, these conditions are not considered to be material to the financial statements of the auditee.
- D. Reportable conditions in internal control over major programs were disclosed by the audit; however, these conditions are not considered to be material weaknesses.
- E. An unqualified opinion was issued on compliance for major programs.
- F. The audit disclosed 1 finding required to be reported under Section .510(a). (98-2)
- G. There were three major programs identified by the audit as noted on the Schedule of Expenditures of Federal Awards.
- H. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- I. The auditee qualified as a low-risk auditee pursuant to Section .530.

LOUISIANA CENTER FOR THE BLIND
RUSTON, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE YEAR ENDED JUNE 30, 1998

II. Findings relating to the financial statements required to be reported under Generally Accepted Governmental Auditing Standards:

FINDING 98-1

Statement of Condition:

Upon confirming securities pledged with the Center's financial institution, I noticed that the bank balance of deposits was under collateralized, as noted in footnote 2.

Criteria:

Pursuant to La. R.S. 1225, the amount of the security shall at all times be equal to one hundred percent of the amount on deposit to the credit of each depositing authority.

Effect of Condition:

The Center has a large amount of under collateralized funds.

Recommendation:

The Center should have the financial institution pledge securities for the excess amount of deposits over the federal deposit insurance (FDIC) amount.

III. Findings and questioned costs for Federal Awards, including audit findings as required in Section .510(a):

FINDING 98-2

Pass Through Entity:

State of Louisiana, Department of Education
IDEA - Part B Discretionary CFDA #84.027

Statement of Condition:

In performing testwork, I noted that requests for reimbursements were completed and mailed to the Department of Education for the VI Teacher/Consultant grant and Buddy System grant. Reimbursement was not received from the State for two reimbursements dated September, 1997.

Effect of Condition:

The Center incurred costs that should have been reimbursed from the grant awards. By not following up on the requests that were sent to the Department of Education, the Center failed to receive funds that were available to cover these costs.

Recommendation:

I recommend that the Louisiana Center for the Blind implement a checklist for the Director and staff that will ensure that all procedures pertaining to grants are followed each month. Should the checklist indicate reimbursements that have not been received, the Center will have time to follow up with the appropriate pass through entity before the close of the grant period.

LOUISIANA CENTER FOR THE BLIND
101 South Trenton Street
Ruston, Louisiana 71270
318-251-2891

CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 1998

RESPONSE TO FINDINGS

FINDING 98-1:

The financial institution failed to increase the amount of pledged securities at June 30, 1998. However, this was brought to their attention and has been corrected as of November 1, 1998.

Contact Person: JoAnn Wilson, Director

Corrective Action Planned: To increase securities pledged with financial institution.

Anticipated Completion Date: November 1, 1998

FINDING 98-2:

The Department of Education misplaced the request for reimbursement forms; therefore, funds were not submitted timely to the Center. However, as of October 30, 1998, reimbursement is expected in full. We will implement a checklist to ensure that all future requests are timely submitted and funds received within the award period.

Contact Person: JoAnn Wilson, Director

Corrective Action Planned: To implement a checklist for all programs.

Anticipated Completion Date: January 1, 1999

LOUISIANA CENTER FOR THE BLIND
RUSTON, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 1998

There were no audit findings for the year ended June 30, 1997.