
THE LIGHTHOUSE FOR THE BLIND IN NEW ORLEANS, INC.
d/b/a LIGHTHOUSE LOUISIANA

FINANCIAL STATEMENTS

DECEMBER 31, 2022

THE LIGHTHOUSE FOR THE BLIND IN NEW ORLEANS, INC.
d/b/a LIGHTHOUSE LOUISIANA

FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Lighthouse for the Blind in New Orleans, Inc. d/b/a Lighthouse Louisiana
New Orleans, Louisiana

Opinion

We have audited the accompanying financial statements of The Lighthouse for the Blind in New Orleans, Inc. d/b/a Lighthouse Louisiana (the Organization) (a non-profit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Lighthouse for the Blind in New Orleans, Inc. d/b/a Lighthouse Louisiana as of December 31, 2022, and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedule of compensation, benefits, and other payments to agency heads 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 our 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*, we have also issued our report dated June 27, 2023, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's 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 Organization's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Metairie, Louisiana
June 27, 2023

THE LIGHTHOUSE FOR THE BLIND IN NEW ORLEANS, INC.

d/b/a LIGHTHOUSE LOUISIANA

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

	<u>ASSETS</u>	
	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 757,604	\$ 318,547
Accounts receivable, net	1,221,131	2,307,382
Grants receivable	245,558	363,812
Inventory	953,814	1,688,708
Prepaid expenses	140,060	251,019
Investments	3,317,405	5,088,533
Property and equipment, net	<u>9,957,283</u>	<u>10,773,020</u>
Total assets	<u>\$ 16,592,855</u>	<u>\$ 20,791,021</u>
	<u>LIABILITIES AND NET ASSETS</u>	
Liabilities		
Accounts payable	\$ 1,154,261	\$ 1,394,860
Accrued expenses and other liabilities	367,623	381,022
Insurance note payable	-	65,006
Line of credit	1,714,494	1,264,494
Notes payable	<u>125,821</u>	<u>324,126</u>
Total liabilities	<u>3,362,199</u>	<u>3,429,508</u>
Net Assets		
Without donor restrictions:		
Board designated	2,895,184	4,602,444
Undesignated	<u>9,966,303</u>	<u>12,324,273</u>
Total	12,861,487	16,926,717
With donor restrictions	<u>369,169</u>	<u>434,796</u>
Total net assets	<u>13,230,656</u>	<u>17,361,513</u>
Total liabilities and net assets	<u>\$ 16,592,855</u>	<u>\$ 20,791,021</u>

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

THE LIGHTHOUSE FOR THE BLIND IN NEW ORLEANS, INC.
d/b/a LIGHTHOUSE LOUISIANA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Totals
Support and Revenues			
Sales	\$ 16,404,627	\$ -	\$ 16,404,627
Less cost of finished goods sold	11,241,474	-	11,241,474
Sales, net	5,163,153	-	5,163,153
Grants	1,109,501	-	1,109,501
Contributions	436,790	-	436,790
Investment income (loss), net	(697,193)	(51,241)	(748,434)
Royalty income	10,234	-	10,234
Rental income	23,897	-	23,897
Other	85,166	-	85,166
Total support and revenues	6,131,548	(51,241)	6,080,307
Net Assets Released From Restrictions			
Expiration of time restrictions and program restrictions satisfied through payments	14,386	(14,386)	-
Total support, revenues, and net assets released from restrictions	6,145,934	(65,627)	6,080,307
Expenses			
Program services	8,200,539	-	8,200,539
General and administrative	1,672,219	-	1,672,219
Fundraising	338,406	-	338,406
Total expenses	10,211,164	-	10,211,164
Change in Net Assets	(4,065,230)	(65,627)	(4,130,857)
Net Assets			
Beginning of year	16,926,717	434,796	17,361,513
End of year	\$ 12,861,487	\$ 369,169	\$ 13,230,656

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

THE LIGHTHOUSE FOR THE BLIND IN NEW ORLEANS, INC.

d/b/a LIGHTHOUSE LOUISIANA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Support and Revenues			
Sales	\$ 16,713,704	\$ -	\$ 16,713,704
Less cost of finished goods sold	<u>10,065,789</u>	<u>-</u>	<u>10,065,789</u>
Sales, net	6,647,915	-	6,647,915
Grants	1,814,624	-	1,814,624
Contributions	623,405	-	623,405
Investment income, net	524,924	56,648	581,572
Royalty income	7,538	-	7,538
Rental income	15,628	-	15,628
Insurance proceeds	119,121	-	119,121
Other	<u>66,344</u>	<u>-</u>	<u>66,344</u>
Total support and revenues	9,819,499	56,648	9,876,147
Net Assets Released From Restrictions			
Expiration of time restrictions and program restrictions satisfied through payments	<u>6,986</u>	<u>(6,986)</u>	<u>-</u>
Total support, revenues, and net assets released from restrictions	<u>9,826,485</u>	<u>49,662</u>	<u>9,876,147</u>
Expenses			
Program services	8,459,092	-	8,459,092
General and administrative	1,919,564	-	1,919,564
Fundraising	<u>376,801</u>	<u>-</u>	<u>376,801</u>
Total expenses	<u>10,755,457</u>	<u>-</u>	<u>10,755,457</u>
Change in Net Assets	(928,972)	49,662	(879,310)
Net Assets			
Beginning of year	<u>17,855,689</u>	<u>385,134</u>	<u>18,240,823</u>
End of year	<u>\$ 16,926,717</u>	<u>\$ 434,796</u>	<u>\$ 17,361,513</u>

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

THE LIGHTHOUSE FOR THE BLIND IN NEW ORLEANS, INC.

d/b/a LIGHTHOUSE LOUISIANA

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Program</u> <u>Services</u>	<u>General and</u> <u>Administrative</u>	<u>Fundraising</u>	<u>Totals</u>
Recovery of bad debt	\$ -	\$ (36,316)	\$ -	\$ (36,316)
Commissions	509,273	-	-	509,273
Computer, copier, and equipment services	63,948	135,561	3,222	202,731
Depreciation	975,614	53,146	26,808	1,055,568
Dues and subscriptions	33,602	47,834	1,753	83,189
Freight	800,559	229	3	800,791
General insurance	346,579	122,640	2,602	471,821
Insurance - employees	548,374	56,813	23,846	629,033
Interest and bank fees	11,504	170,583	386	182,473
Low vision devices for clients	27,608	-	-	27,608
Miscellaneous	119,908	54,514	45,764	220,186
Professional fees	11,675	196,164	1,405	209,244
Repairs - building	19,873	8,588	192	28,653
Repairs - equipment	159,541	7,770	-	167,311
Retirement plan contributions	134,618	17,342	1,592	153,552
Salaries, labor, and payroll taxes	3,831,439	598,934	207,710	4,638,083
Staff training and recruiting	6,786	1,817	752	9,355
Supplies and postage	111,725	20,976	2,655	135,356
Travel, food, and entertainment	120,730	13,817	13,786	148,333
Utilities, telephone, and trash disposal	367,183	201,313	5,930	574,426
Vehicle operation and repair	-	494	-	494
	<u>\$ 8,200,539</u>	<u>\$ 1,672,219</u>	<u>\$ 338,406</u>	<u>\$ 10,211,164</u>

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

THE LIGHTHOUSE FOR THE BLIND IN NEW ORLEANS, INC.

d/b/a LIGHTHOUSE LOUISIANA

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Program</u> <u>Services</u>	<u>General and</u> <u>Administrative</u>	<u>Fundraising</u>	<u>Totals</u>
Bad debt expense	\$ -	\$ 179,608	\$ -	\$ 179,608
Commissions	538,518	111	-	538,629
Computer, copier, and equipment services	95,561	159,798	5,940	261,299
Depreciation	935,771	56,923	26,808	1,019,502
Dues and subscriptions	24,458	34,316	2,668	61,442
Freight	694,282	85	-	694,367
General insurance	263,727	64,169	2,550	330,446
Insurance - employees	621,948	85,182	30,922	738,052
Interest and bank fees	9,963	161,725	6,648	178,336
Low vision devices for clients	61,640	-	-	61,640
Miscellaneous	59,950	12,714	40,078	112,742
Professional fees	27,834	180,820	4,471	213,125
Repairs - building	39,248	27,198	77	66,523
Repairs - equipment	103,133	10,796	-	113,929
Retirement plan contributions	143,360	24,076	1,951	169,387
Salaries, labor, and payroll taxes	4,236,409	732,856	244,660	5,213,925
Staff training and recruiting	14,155	2,574	998	17,727
Supplies and postage	117,938	31,227	2,882	152,047
Travel, food, and entertainment	84,918	16,507	3,249	104,674
Utilities, telephone, and trash disposal	352,676	138,259	2,899	493,834
Vehicle operation and repair	33,603	620	-	34,223
	<u>\$ 8,459,092</u>	<u>\$ 1,919,564</u>	<u>\$ 376,801</u>	<u>\$ 10,755,457</u>

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

THE LIGHTHOUSE FOR THE BLIND IN NEW ORLEANS, INC.
d/b/a LIGHTHOUSE LOUISIANA

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (4,130,857)	\$ (879,310)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Bad debt expense	(36,316)	179,608
Depreciation	1,055,568	1,019,502
Loss on disposal of property	6,651	-
Net realized and unrealized losses (gains) on investments	748,434	(581,572)
Changes in operating assets and liabilities		
Accounts receivable	1,122,567	(811,619)
Grants receivable	118,254	361,030
Inventory	734,894	744,251
Prepaid expenses	110,959	(43,195)
Accounts payable	(240,599)	293,090
Accrued expenses and other liabilities	(13,399)	(54,081)
Net cash (used in) provided by operating activities	<u>(523,844)</u>	<u>227,704</u>
Cash Flows from Investing Activities:		
Purchases of property and equipment	(246,482)	(732,430)
Proceeds from sale of investments	1,709,380	1,031,901
Purchases of investments	(686,686)	(709,948)
Net cash provided by (used in) investing activities	<u>776,212</u>	<u>(410,477)</u>
Cash Flows from Financing Activities:		
Proceeds from insurance note payable	-	162,515
Payments of insurance note payable	(65,006)	(140,010)
Payments of note payable	(198,305)	(188,524)
Proceeds from line of credit	450,000	500,000
Payments on line of credit	-	(200,000)
Net cash provided by financing activities	<u>186,689</u>	<u>133,981</u>
Net Increase (Decrease) in Cash and Cash Equivalents	439,057	(48,792)
Cash and Cash Equivalents		
Beginning of year	<u>318,547</u>	<u>367,339</u>
End of year	<u>\$ 757,604</u>	<u>\$ 318,547</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 88,902</u>	<u>\$ 95,696</u>
Change in accounts payable related to construction	<u>\$ (238,413)</u>	<u>\$ 33,940</u>

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

THE LIGHTHOUSE FOR THE BLIND IN NEW ORLEANS, INC.
d/b/a LIGHTHOUSE LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Organization

The Lighthouse for the Blind in New Orleans, Inc. d/b/a Lighthouse Louisiana (the Organization) is a non-profit organization dedicated to promoting independence for people who are blind and visually impaired by providing programs that focus on economic opportunity and self-reliance. The Organization's manufacturing facilities create jobs for people who are blind. The Organization's manufactured products include custom printed and stock hot and cold cups, single-fold paper towels, pillowcases, and deck swabs. In addition to a core, modern manufacturing operation that employs people with vision impairments, the Organization offers a range of independent living, competitive employment, and health related services. The Organization is headquartered in New Orleans, Louisiana and has additional operations in Baton Rouge, Louisiana. The Organization closed its Gulfport, Mississippi location in January 2022.

Basis of Accounting and Presentation of Net Assets

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (U.S. GAAP), which require the Organization to report financial information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates, and those differences could be material.

THE LIGHTHOUSE FOR THE BLIND IN NEW ORLEANS, INC.
d/b/a LIGHTHOUSE LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash includes amounts on deposit at financial institutions. Cash equivalents represent cash demand deposits and all highly liquid investments available for current use with an initial maturity of three months or less.

Accounts and Grants Receivable

Accounts receivable are uncollateralized customer obligations generally due within 30 days and do not bear interest. Accounts receivable are stated at amounts due from customers, net of an allowance for doubtful accounts. The allowance for doubtful accounts is estimated based on the Organization's historical losses, the existing economic conditions, and the financial stability of its customers. Management closely monitors outstanding accounts receivable and charges off to expense any balances that are determined to be uncollectable and establishes an allowance for estimated uncollectable accounts receivable. Receivables are written off when management deems collectability is doubtful. The allowance for doubtful accounts as of December 31, 2022 and 2021 was \$247,422 and \$293,220, respectively.

Grants receivable are stated at the amount management expects to collect from outstanding balances. Management determines the allowance for uncollectable grants receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Grants receivable are written off when deemed uncollectable. The Organization considers grants receivable to be fully collectable since the balance consists principally of payments due under governmental contracts; therefore, management determined no allowance was required as of December 31, 2022 and 2021.

Inventory

Inventory of raw materials and the retail store inventories are valued at the lower of cost using the first-in, first-out method or net realizable value. Finished goods are valued at the weighted moving average costs developed for the individual items on the basis of current material and burden rates at the completion of production. The burden is an estimate of the direct labor on overhead cost related to a completed product.

Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment income is reported in the statements of activities and consists of interest and dividend income and realized and unrealized capital gains and losses, less external investment expenses.

The Organization maintains beneficial interests in assets at the Greater New Orleans Foundation (GNOF), which are included in investments on the statements of financial position. The beneficial interests are in investment pools managed by Cambridge Associates, who monitor investment returns for the beneficial interests. See Note 6 for further information on the market value of the beneficial interests.

THE LIGHTHOUSE FOR THE BLIND IN NEW ORLEANS, INC.
d/b/a LIGHTHOUSE LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation. The Organization records property and equipment additions over \$5,000 at cost, or if donated, at fair value on the date of donation. Depreciation is provided principally on the straight-line method, over the following estimated useful lives:

Building and improvements	10 - 50 years
Furniture and equipment	5 - 10 years
Machinery and equipment	5 - 20 years
Vehicles	5 years
Computer equipment	3 - 5 years

When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Management reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2022 and 2021.

Revenue and Revenue Recognition

Revenue from product sales are recognized when control of the goods is transferred to the customer, which occurs at a point in time, upon shipment to the customer. The Organization recognizes shipping and handling fees billed to customers when control of the product is transferred. Based upon the nature of the products the Organization sells, its customers have limited rights of return, whose effects on the financial statements are immaterial.

Revenue from product sales is measured as the amount of consideration the Organization expects to receive in exchange for transferring goods.

Service fees primarily consist of switchboard and deaf and employment services provided to governmental and other commercial clients. Rates for these services vary depending on the type of services provided and can be based on a per job, per hour basis. Service fees are recognized when performance obligations are satisfied, in an amount that reflects the consideration the Organization expects to be entitled to in exchange for services rendered. Specifically, if the Organization has the right to consideration from a customer in an amount that corresponds directly with the value of the Organization's performance obligation completed to date (in which the Organization bills a fixed amount for each hour of service provided), the Organization recognizes revenue in the amount to which it has a right to invoice services performed. The Organization believes that the use of this "as invoiced" practical expedient is an accurate reflection for the performance obligation completed.

THE LIGHTHOUSE FOR THE BLIND IN NEW ORLEANS, INC.
d/b/a LIGHTHOUSE LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Revenue and Revenue Recognition (continued)

The Organization does not have any material significant payment terms as payment is received shortly after the point of sale or service.

Sales taxes collected from customers, where applicable, are remitted to the appropriate taxing jurisdictions and are excluded from sales revenue as the Organization considers itself a pass-through conduit for collecting and remitting sales taxes. The Organization does not have any material outstanding performance obligations, contract assets and liabilities or capitalized contract acquisition costs.

The Organization recognizes substantially all of its revenue on a gross basis as a principal. When assessing whether the Organization is acting as a principal or an agent, the Organization considers the indicators that an entity controls the specified good or service before it is transferred to the customer. The Organization believes it earns substantially all revenue as a principal from the sale of products because the Organization is responsible for the fulfillment and acceptability of products purchased. Additionally, the Organization holds the general inventory risk for the products, as it takes title to the products before the products are ordered by customers and maintains products in inventory.

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give – that is, those with measurable performance or other barriers and right of return (or release) – are not recognized until the conditions on which they depend have been substantially met.

Revenues from federal and state grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. Consequently, at December 31, 2022 and 2021, contributions approximating \$1,541,691 and \$1,931,143, respectively, have not been recognized on the accompanying statements of activities because the conditions upon which they depend have not yet been met. As of December 31, 2022 and 2021, there were no advanced payments made.

Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

Income Taxes

The Organization is a not-for-profit corporation organized under the laws of the State of Louisiana. It is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code, and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the Code. It is also exempt from Louisiana income tax under the authority of R.S. 47: 121(5).

THE LIGHTHOUSE FOR THE BLIND IN NEW ORLEANS, INC.
d/b/a LIGHTHOUSE LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Income Taxes (continued)

The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Functional Allocation of Expenses

The costs of program and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The majority of expenses have been specifically identified with a program or supporting service. Certain costs have been allocated among the programs and supporting services benefited using appropriate methodologies such as time and effort.

Accounting Pronouncements Issued

The Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, in 2022. The ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. Adoption of this standard is retroactive. The adoption of ASU 2020-07 did not have an impact on the Organization's financial statements or disclosures.

The Organization also adopted FASB ASU 2016-02, *Leases*, in 2022. The ASU requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the statement of financial position as well as additional disclosures. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, to simplify the lease standard's implementation. The adoption of ASU 2016-02 did not have an impact on the Organization's financial statements or disclosures.

THE LIGHTHOUSE FOR THE BLIND IN NEW ORLEANS, INC.
d/b/a LIGHTHOUSE LOUISIANA

NOTES TO FINANCIAL STATEMENTS

2. Availability and Liquidity

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investments of its available funds.

The following presents the Organization's financial assets available for general expenditures within one year at December 31:

	<u>2022</u>	<u>2021</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 757,604	\$ 318,547
Accounts receivable, net	1,221,131	2,307,382
Grants receivable	245,558	363,812
Investments	<u>3,317,405</u>	<u>5,088,533</u>
Total financial assets at year-end	<u>5,541,698</u>	<u>8,078,274</u>
Less amounts not available to be used within one year		
Assets with donor restrictions	369,169	434,796
Board designated net assets without donor restrictions	<u>2,895,184</u>	<u>4,602,444</u>
	<u>3,264,353</u>	<u>5,037,240</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,277,345</u>	<u>\$ 3,041,034</u>

Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The Organization's Board of Directors (the Board) designated net assets without restrictions above are subject to an annual spending rate of 5%. Although the Organization does not intend to spend above the 5% appropriated for general expenditure as part of the Board's annual budget approval and appropriation process, these amounts could be made available through Board approval, if necessary.

In addition, the Organization has a \$1,800,000 line of credit with \$85,506 available to meet cash flow needs at December 31, 2022.

3. Designated Net Assets

The Organization's Board of Directors approved the designation of certain net assets without donor restrictions solely for the purpose of expenditures attributable to the long-term preservation of the sites of The Lighthouse for the Blind in New Orleans, Inc., the maintenance and development of the existing buildings, the acquisition of equipment and real property, and to support special need programs and grants. These funds are maintained in cash and investment accounts.

THE LIGHTHOUSE FOR THE BLIND IN NEW ORLEANS, INC.
d/b/a LIGHTHOUSE LOUISIANA

NOTES TO FINANCIAL STATEMENTS

4. Restrictions on Net Assets

Net assets with donor restrictions were as follows as of December 31:

	<u>2022</u>	<u>2021</u>
Ivy Brown Fund	\$ 79,444	\$ 93,607
Music Fund	20,131	25,828
Auxiliary Fund	14,878	14,564
George G. Villere Endowment Fund	<u>254,716</u>	<u>300,797</u>
Totals	<u>\$ 369,169</u>	<u>\$ 434,796</u>

Mrs. Ivy Brown willed part of her estate to the Organization. The will stated that the bequest will be kept in trust by GNOF, a pooled investment account. The amount available to be used is restricted to a certain annual percentage.

The Bunny Cumberland Music Fund grant was received in memory of a benefactor and was restricted for use in programs promoting the learning and enjoyment of music by sight impaired persons.

The Lighthouse for the Blind in New Orleans, Inc.'s Auxiliary maintains its cash account in the Organization.

The George G. Villere Endowment Fund consists of the endowment fund and earnings thereon. See Note 10.

5. Inventory

Inventories are comprised of the following as of December 31:

	<u>2022</u>	<u>2021</u>
Finished goods	\$ 799,834	\$ 216,696
Raw materials	153,980	1,476,603
Allowance for obsolete inventory	<u>-</u>	<u>(4,591)</u>
Totals	<u>\$ 953,814</u>	<u>\$ 1,688,708</u>

THE LIGHTHOUSE FOR THE BLIND IN NEW ORLEANS, INC.
d/b/a LIGHTHOUSE LOUISIANA

NOTES TO FINANCIAL STATEMENTS

6. Fair Value of Financial Instruments

The Organization reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets that the Organization can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3: Unobservable inputs for the asset. In these situations, the Organization develops inputs using the best information available in the circumstances.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022 and 2021. As of December 31, 2022 and 2021, there were no assets measured at fair value on a nonrecurring basis.

Equities, exchange traded funds, and mutual funds: Valued at the closing price reported on the active market on which the individual securities or commodities are traded.

Corporate bonds and U.S. government and agency securities: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields available on comparable securities of issuers with similar credit ratings.

Beneficial interest in assets held by others (pooled assets): Valued based on the fair value of fund investments as reported by GNOF.

Hedge funds: Valued using NAV (or its equivalent) as a practical expedient and, therefore, not categorized in the fair value hierarchy in accordance with Accounting Standards Codification Subtopic 820-10. As of December 31, 2022 and 2021, there are no unfunded commitments related to this investment.

Other real estate: The Organization has reported its investment in certain real estate holdings as Level 3 fair value assets. These assets are valued at their fair value at the date of donation or historical cost, if purchased, which approximates their estimated appraised values.

THE LIGHTHOUSE FOR THE BLIND IN NEW ORLEANS, INC.
d/b/a LIGHTHOUSE LOUISIANA

NOTES TO FINANCIAL STATEMENTS

6. Fair Value of Financial Instruments (continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable values or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level within the fair value hierarchy the Organization's investment assets at fair value as of December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities	\$ 1,139,890	\$ -	\$ -	\$ 1,139,890
Corporate bonds	-	122,133	-	122,133
U.S. government and agency securities	-	204,723	-	204,723
Exchange traded funds	611,757	-	-	611,757
Pooled assets	-	334,160	-	334,160
Mutual funds	425,125	-	-	425,125
Other real estate	-	-	62,691	62,691
	<u>\$ 2,176,772</u>	<u>\$ 661,016</u>	<u>\$ 62,691</u>	2,900,479
Hedge funds				340,725
Cash, at cost				<u>76,201</u>
Total investments				<u>\$ 3,317,405</u>

The following table sets forth by level within the fair value hierarchy the Organization's investment assets at fair value as of December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities	\$ 1,915,825	\$ -	\$ -	\$ 1,915,825
Corporate bonds	-	173,951	-	173,951
U.S. government and agency securities	-	368,172	-	368,172
Exchange traded funds	1,015,798	-	-	1,015,798
Pooled assets	-	394,404	-	394,404
Mutual funds	686,531	-	-	686,531
Other real estate	-	-	62,961	62,961
	<u>\$ 3,618,154</u>	<u>\$ 542,123</u>	<u>\$ 457,365</u>	4,617,642
Hedge funds				361,143
Cash, at cost				<u>109,748</u>
Total investments				<u>\$ 5,088,533</u>

THE LIGHTHOUSE FOR THE BLIND IN NEW ORLEANS, INC.
d/b/a LIGHTHOUSE LOUISIANA

NOTES TO FINANCIAL STATEMENTS

7. Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Land	\$ 639,948	\$ 639,948
Buildings and improvements	12,510,930	12,366,841
Machinery and equipment	12,464,619	12,377,828
Computer equipment	223,349	639,831
Furniture and equipment	318,361	321,261
Vehicles	<u>216,430</u>	<u>216,430</u>
	26,373,637	26,562,139
Less accumulated depreciation	<u>(16,416,354)</u>	<u>(15,789,119)</u>
Property and equipment, net	<u>\$ 9,957,283</u>	<u>\$ 10,773,020</u>

8. Line of Credit

The Organization entered into an unsecured line of credit with a local bank with a borrowing limit of \$1,800,000. The line of credit is renewed annually. The last renewal closed on November 3, 2022, and matures on November 3, 2023. The interest rate is the Wall Street Journal Prime borrowing rate which was 7.50% and 4.00% as of December 31, 2022 and 2021, respectively. As of December 31, 2022 and 2021, the balance outstanding under the line of credit was \$1,714,494 and \$1,264,494, respectively.

9. Notes Payable

The Organization has a \$1,236,300 note payable to a local financial institution secured by a cup machine. The note is dated November 18, 2016 and matures on November 11, 2023. The note is payable in equal monthly installments of \$17,514, including interest at 5.00%. The balance of the note as of December 31, 2022 and 2021 was \$125,821 and \$324,126, respectively. The future minimum payments on notes payable are \$125,821 for the year ending December 31, 2023.

10. George G. Villere Endowment

The Board of Directors of the Organization is of the belief that they have a strong fiduciary duty to manage the assets of the Organization's George G. Villere Endowment (the endowment) in the most prudent manner possible. The Board recognizes the intent of the endowment is to protect the donor with respect to expenditures from the endowment. If this intent is clearly expressed by the donor, whether the intent is in a written gift instrument or not, the intent of the donor is followed. Earnings, including appreciation, that are not required by the donor to be reinvested in corpus are maintained in net assets with restrictions until released.

THE LIGHTHOUSE FOR THE BLIND IN NEW ORLEANS, INC.
d/b/a LIGHTHOUSE LOUISIANA

NOTES TO FINANCIAL STATEMENTS

10. George G. Villere Endowment (continued)

The Endowments. The Organization's George G. Villere Endowment consists of one fund established in 2017 for support of operations or direct services for people who have visual and other disabilities. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law. The Board of Directors has interpreted the Uniform Prudent Management Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted George G. Villere Endowment, unless there are explicit donor stipulations to the contrary. At December 31, 2022 and 2021, there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the George G. Villere Endowment and (b) any accumulations to the George G. Villere Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added.

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- the duration and preservation of the fund;
- the purposes of the Organization and the donor-restricted endowment fund;
- general economic conditions;
- the possible effect of inflation and deflation;
- the expected total return from income and the appreciation of investments;
- other resources of the Organization; and
- the investment policies of the Organization.

Changes in net assets of the George G. Villere Endowment for the year ended December 31, 2022 are as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Donor-restricted endowment funds, beginning of year	\$ -	\$ 300,797	\$ 300,797
Investment return, net	-	(35,945)	(35,945)
Amounts appropriated for expenditure	-	(10,136)	(10,136)
Donor-restricted endowment funds, end of year	<u>\$ -</u>	<u>\$ 254,716</u>	<u>\$ 254,716</u>

THE LIGHTHOUSE FOR THE BLIND IN NEW ORLEANS, INC.
d/b/a LIGHTHOUSE LOUISIANA

NOTES TO FINANCIAL STATEMENTS

10. George G. Villere Endowment (continued)

Changes in net assets of the George G. Villere Endowment for the year ended December 31, 2021 are as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Donor-restricted endowment funds, beginning of year	\$ -	\$ 268,019	\$ 268,019
Investment return, net	-	42,462	42,462
Amounts appropriated for expenditure	-	(9,684)	(9,684)
Donor-restricted endowment funds, end of year	<u>\$ -</u>	<u>\$ 300,797</u>	<u>\$ 300,797</u>

The original donor-restricted gift amount of \$225,000 is required by donor to be maintained in perpetuity.

Funds with Deficiencies. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that either the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. These deficiencies can result from unfavorable market fluctuations that occur after the investment of contributions with donor restrictions. There were no such deficiencies in net assets with donor restrictions as of December 31, 2022 and 2021.

Return Objectives and Risk Parameters. Assets in the George G. Villere Endowment include donor restricted funds that are held by GNOF. The endowment attempts to provide a predictable stream of funding to programs supported by the endowment while seeking to maintain the purchasing power of these endowment assets over the long-term.

Strategies Employed for Achieving Objectives. Assets in the George G. Villere Endowment are invested in pooled investments that consist of a well-diversified asset mix, which includes equity securities, fixed income securities and alternative investments that are intended to meet this objective. GNOF has established a 5% rate of return objective for the portfolio. Actual returns in any given year may vary from this amount. Investment assets and the allocation among asset classes and strategies are managed to not expose the endowment asset to unacceptable levels of risk.

Spending Policy and How Investment Objectives Relate to the Spending Policy. The current spending policy makes available on an annual basis 4% of the 12-quarter rolling average market value of the funds. The cutoff for the calculation is September 30th of each year to enable GNOF staff to perform the calculations for the upcoming year. All new endowment funds must be invested for four full quarters prior to December 31 of each year in order for any appropriation to be made.

THE LIGHTHOUSE FOR THE BLIND IN NEW ORLEANS, INC.
d/b/a LIGHTHOUSE LOUISIANA

NOTES TO FINANCIAL STATEMENTS

11. Lease Commitment

The Organization leases land used as a parking lot from the City of New Orleans under a lease agreement which expires in 2030 with payments of \$4,800 per year. This lease is automatically extended for two additional terms of 15 years each unless the lessee gives notice of its intent not to renew at least 30 days prior to the expiration of the current lease. Lease expense for both years ended December 31, 2022 and 2021 was \$4,800.

Future lease commitments are as follows:

Year Ending December 31,	Amount
2023	\$ 4,800
2024	4,800
2025	4,800
2026	4,800
2027	4,800
Thereafter	14,400
Total	\$ 38,400

12. Major Customers and Suppliers

The Organization has a concentration of credit risk as a result of sales to the top six major customers. Approximate sales to these customers as a percentage of total sales for the years ended December 31 are as follows:

	2022	2021
Sales	\$ 11,018,751	\$ 10,665,354
Percentage of total sales	67%	64%

Approximate accounts receivable balances as a percentage of total accounts receivable for the Organization's six major customers as of December 31 are as follows:

	2022	2021
Accounts receivable	\$ 713,502	\$ 1,419,606
Percentage of total accounts receivable, net	58%	62%

THE LIGHTHOUSE FOR THE BLIND IN NEW ORLEANS, INC.
d/b/a LIGHTHOUSE LOUISIANA

NOTES TO FINANCIAL STATEMENTS

12. Major Customers and Suppliers (continued)

The Organization has a concentration of credit risk as a result of purchasing from the top three major suppliers. Approximate purchases from these suppliers as a percentage of total cost of finished goods sold for the years ended December 31 are as follows:

	<u>2022</u>	<u>2021</u>
Purchases	<u>\$ 6,673,447</u>	<u>\$ 5,650,329</u>
Percentage of cost of finished goods sold	<u>59%</u>	<u>56%</u>

13. Employee Benefit Plan

The Organization sponsors a profit-sharing 403(b) plan, which covers substantially all employees. The plan allows the Organization to make discretionary contributions by matching a percentage of employee contributions limited by Federal tax law. Total employer matching expense for the years ended December 31, 2022 and 2021 was \$153,552 and \$169,387, respectively.

14. Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

15. Risk and Uncertainties

In general, investment securities are exposed to various risks, such as interest rate, credit, and market volatility. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in risk in the near term would materially affect the fair market value of investments held by the Organization.

16. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 27, 2023, and determined the following events require additional disclosure. No events occurring after this date have been evaluated for inclusion in the financial statements.

In January 2023 the Organization opened a new line of credit, which is secured by the Organization's investment accounts. In May 2023 the Organization sold the Flannery property for net cash proceeds of \$2,227,975.

SUPPLEMENTAL SCHEDULE

LIGHTHOUSE FOR THE BLIND IN NEW ORLEANS, INC.
d/b/a LIGHTHOUSE LOUISIANA

SUPPLEMENTAL SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEADS
YEAR ENDED DECEMBER 31, 2022

Agency Head: Renee Vidrine, President, served January 1, 2022 to June 30, 2022

Purpose	Amount
Salary	\$ 116,611
Benefits - insurance	4,747
Benefits - retirement	<u>2,505</u>
	<u>\$ 123,863</u>

Agency Head: Dee Budgewater, President, served July 1, 2022 to December 31, 2022

Purpose	Amount
Salary	\$ 146,327
Benefits - insurance	2,000
Benefits - retirement	12,194
Travel	<u>1,569</u>
	<u>\$ 162,090</u>

**INDEPENDENT AUDITORS' 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**

To the Board of Directors
The Lighthouse for the Blind in New Orleans, Inc. d/b/a Lighthouse Louisiana
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Lighthouse for the Blind in New Orleans, Inc. d/b/a Lighthouse Louisiana (the Organization) (a non-profit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 27, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization'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.

Our 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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization’s financial statements are free from material misstatement, we 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our 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.

Postlethwaite & Netterville

Metairie, Louisiana
June 27, 2023

THE LIGHTHOUSE FOR THE BLIND IN NEW ORLEANS, INC.
d/b/a LIGHTHOUSE LOUISIANA

SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2022

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___Yes X No

- Significant deficiency(ies) identified that are not considered to be a material weakness? ___Yes X None reported

Noncompliance material to consolidated financial statements noted? ___Yes X No

b) Federal Awards

The Organization did not receive federal awards in excess of \$750,000 during the year ended December 31, 2022 and, therefore, is exempt from the audit requirements under Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Section II – Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards* Requirements:

None noted

THE LIGHTHOUSE FOR THE BLIND IN NEW ORLEANS, INC.
d/b/a LIGHTHOUSE LOUISIANA

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2022

None noted

THE LIGHTHOUSE FOR THE BLIND IN NEW ORLEANS, INC.
d/b/a LIGHTHOUSE LOUISIANA

REPORT ON STATEWIDE
AGREED-UPON PROCEDURES ON COMPLIANCE AND
CONTROL AREAS

FOR THE YEAR ENDED DECEMBER 31, 2022

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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board Members of
The Lighthouse for the Blind in New Orleans, Inc. d/b/a Lighthouse Louisiana
and the Louisiana Legislative Auditor

We have performed the procedures enumerated in Schedule A on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2022 through December 31, 2022. The Lighthouse for the Blind in New Orleans, Inc. d/b/a/ Lighthouse Louisiana's (the Organization) management is responsible for those C/C areas identified in the SAUPs.

The Organization has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2022 through December 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures we performed, and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

We were engaged by the Organization to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Postlethwaite & Netterville

Metairie, Louisiana
June 27, 2023

THE LIGHTHOUSE FOR THE BLIND IN NEW ORLEANS, INC.
d/b/a LIGHTHOUSE LOUISIANA

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2022

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read “*no exception noted*” or for step 13 “*we performed the procedure and discussed the results with management*”. If not, then a description of the exception ensues.

1) Written Policies and Procedures

A. Obtain and inspect the entity’s written policies and procedures and observe whether they address each of the following categories and subcategories (if applicable to public funds and the entity’s operations):

- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

No exceptions noted.

- ii. ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

No exceptions noted.

- iii. ***Disbursements***, including processing, reviewing, and approving

No exceptions noted.

- iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management’s actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

No exceptions noted.

- v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

No exceptions noted.

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- vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

No exceptions noted.

- vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

No exceptions noted.

- viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

No exceptions noted.

- ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

The Louisiana Code of Ethics is not applicable to the Organization as it is a nonprofit entity.

- x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Debt Service is not applicable to the Organization as it is a nonprofit entity with no public debt.

- xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

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Exceptions noted. The Organization does not have written policies that address periodic testing/verification that backups can be restored, use of antivirus software on all systems, timely application of all available system and software patches/updates, and identification of personnel, processes, and tools needed to recover operations after a critical event.

- xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

The requirements of LA RS 42:342 - 344 apply to governmental entities, public officers and governmental employees and is therefore not applicable to the Organization.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- i. Observe whether the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exceptions noted.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exceptions noted.

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Not applicable as the Organization is not a government entity.

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- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

No exception noted.

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

A listing of bank accounts was provided and included a total of eight bank accounts. Management identified the Organization's main operating account. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected five bank accounts (one main operating and four randomly) and obtained the bank reconciliations for the month ended December 31, 2022.

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

No exceptions noted.

- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

No exceptions noted.

- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exceptions noted.

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4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

A listing of deposit sites was provided and included a total of two deposit sites. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected all deposit sites and performed the procedures below.

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

A listing of collection locations for each deposit site selected in procedure #4A was provided and included a total of four collection locations. No exceptions were noted as a result of performing this procedure.

From each of the listings provided, we randomly selected one collection location for each deposit site. Review of the Organization's written policies and procedures or inquiry with employees regarding job duties was performed in order to perform the procedures below.

- i. Employees responsible for cash collections do not share cash drawers/registers;

No exceptions noted.

- ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit;

No exceptions noted.

- iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

No exceptions noted.

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- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee verifies the reconciliation.

No exceptions noted.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

No exceptions noted.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

We randomly selected two deposit dates for one of the five bank accounts selected in procedure #3A. Four of the five bank accounts selected in procedure #3A did not have any deposits during the fiscal year. We obtained supporting documentation for the two deposits selected and performed the procedures below.

- i. Observe that receipts are sequentially pre-numbered.

Exceptions noted. The Organization does not maintain sequentially pre-numbered receipts.

- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions noted. While the Organization does not maintain sequentially pre-numbered receipts, related collection documentation was traced to the deposit slip.

- iii. Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions noted.

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- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

Exceptions noted. For the two deposit dates selected for testing, the deposits were not made within one business day of receipt or within one week if the deposit was less than \$100.

- v. Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

5) Non-payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

A listing of locations that process payments for the fiscal period was provided and included a total of one location. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected the one location and performed the procedures below.

- B. For each location selected under #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:

The listing of employees involved with non-payroll purchasing and payment functions for the payment processing location selected in procedure #5A was provided. No exceptions were noted as a result of performing this procedure.

Review of the Organization's written policies and procedures or inquiry with employees regarding job duties was performed in order to perform the procedures below.

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

No exceptions noted.

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- ii. At least two employees are involved in processing and approving payments to vendors;

No exceptions noted.

- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

No exceptions noted.

- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

No exceptions noted.

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

No exceptions noted.

- C. For each location selected under #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and

A listing of non-payroll disbursements for the payment processing location selected in procedure #5A was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected five disbursements and performed the procedures below.

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice, and that supporting documentation indicates that deliverables included on the invoice were received by the entity, and

No exceptions noted.

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- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

No exceptions noted.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

No exceptions noted.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

A listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards was obtained and included a total of 15 cards. No exceptions were found as a result of this procedure.

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and:

From the listing provided, we randomly selected five cards that were used in the fiscal period. We randomly selected one monthly statement for each of the five cards selected and performed the procedures noted below.

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- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported).

For one of the cards selected for testing, the monthly statement provided did not contain evidence that the monthly statement was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

- ii. Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions noted.

- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

We randomly selected ten transactions (or all transactions if less than ten) for four of the five cards selected in procedure #6B (excluding the one fuel card selected) and performed the specified procedures. No exceptions noted.

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

The listing of travel and travel-related expense reimbursements was provided for the fiscal period. No exceptions were noted as a result of performing this procedure.

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From the listing provided, we randomly selected five reimbursements and performed the procedures below.

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

For the five reimbursements selected for our procedures, none were reimbursed using a per diem.

- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

No exceptions noted.

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by “Written Policies and Procedures”, procedure #1A(vii); and

No exceptions noted.

- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and

A listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period was provided.

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From the listing provided, we randomly selected five contracts and performed the procedures below.

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

No exceptions noted.

- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter);

No exceptions noted.

- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

No exceptions noted.

- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions noted.

9) Payroll and Personnel

- A. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

A listing of employees employed during the fiscal year was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected five employees and performed the specified procedures. No exceptions noted.

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B. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

- i. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

No exceptions noted.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

No exceptions noted.

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

No exceptions noted.

- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

No exceptions noted.

C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

A listing of employees receiving termination payments during the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected two employees and performed the specified procedures. No exceptions noted.

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- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions noted.

10) Ethics

- A. Using the 5 randomly selected employees/officials from procedure "Payroll and Personnel" procedure #9A, above obtain ethics documentation from management, and
- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

This procedure is not applicable to the Organization as it is a nonprofit entity.

- ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

This procedure is not applicable to the Organization as it is a nonprofit entity.

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

This procedure is not applicable to the Organization as it is a nonprofit entity.

11) Debt Service

- A. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued as required by Article VII, Section 8 of the Louisiana Constitution.

This procedure is not applicable to the Organization as it is a nonprofit entity with no public debt.

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- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

This procedure is not applicable to the Organization as it is a nonprofit entity with no public debt.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

There were no misappropriations of public funds or assets during the fiscal period noted.

- B. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures:

- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

We performed the procedure and discussed the results with management.

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- ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

- iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidenced that the selected terminated employees have been removed or disabled from the network.

We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

The requirements of LA RS 42:341 - 344 apply to governmental entity public officers and employees and is therefore not applicable to Organization as it is a nonprofit entity.

- A. Using the 5 randomly selected employees/officials from "Payroll and Personnel" procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;

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- ii. Number of sexual harassment complaints received by the agency;
- iii. Number of complaints which resulted in a finding that sexual harassment occurred;
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- v. Amount of time it took to resolve each complaint.

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Management's Response:

Written Policies and Procedures - Information Technology Disaster Recovery/Business Continuity – Information Technology is managed by an external vendor. Lighthouse Louisiana will work with the vendor to develop written policies.

Collections – Lighthouse Louisiana started using pre-numbered receipt books in September 2022 and will continue to use them. In October 2022, Lighthouse Louisiana began weekly cash deposits and collections. This will continue in 2023 and the \$100 threshold will be monitored.

Credit Cards – Starting in January 2023, the Fuelman credit card statement is being reviewed by the Office Manager, who supervises the Transportation staff. Lighthouse Louisiana will continue that practice.