

9622

RECEIVED  
LEGISLATIVE AUDITOR  
2005 JAN -3 AM 10:45

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

**Ruston, Louisiana**

*General Purpose Financial Statements  
And Independent Auditor's Report  
June 30, 2004  
With Supplemental Information Schedules*

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

Release Date 2-16-05

**DARLA S. TURNER, CPA**  
*A Professional Accounting Corporation*  
3001 Armand, Suite C  
Monroe, Louisiana 71201

**LOUISIANA CENTER FOR THE BLIND, INC.**  
**Ruston, Louisiana**

**Table of Contents**  
**June 30, 2004**

	<u>Exhibit</u>	<u>Page</u>
<b>Independent Auditor's Report</b>		2
Unqualified Opinion On the Basic Financial Statements and Supplementary Schedule of Expenditures Of Federal Awards - Not-For-Profit Organization		
<b>Financial Statements:</b>		
Statement of Financial Position		3
Statement of Activities		4
Statement of Cash Flows		5
Statement of Functional Expenses		6 - 7
Notes to Financial Statements		8 - 14
<b>Supplementary Information Schedules:</b>		
Other Required Reports:	<u>Schedule</u>	<u>Page</u>
Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed In Accordance with "Government Auditing Standards"	1	15-16
Report on Compliance with Requirements Applicable To Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	2	17-18
Schedule of Expenditures of Federal Awards	3	19
Schedule of Findings and Questioned Costs	4	20-21
Summary Schedule of Prior Year Findings	5	22

## INDEPENDENT AUDITOR'S REPORT

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

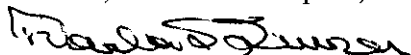
I have audited the accompanying statement of financial position of Louisiana Center for the Blind, Inc. (a nonprofit organization) as of June 30, 2004, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Louisiana Center for the Blind, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall general financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 22, 2004, on my consideration of Louisiana Center for the Blind, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Center for the Blind, Inc. as of June 30, 2004, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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



DARLA S. TURNER  
CERTIFIED PUBLIC ACCOUNTANT  
December 22, 2004

**LOUISIANA CENTER FOR THE BLIND, INC.****Ruston, Louisiana****STATEMENT OF FINANCIAL POSITION****June 30, 2004****ASSETS****Current Assets**

Cash and cash equivalents	\$	1,774,861
Accounts receivable		375,096
Investments		2,503,737
<b>Total Current Assets</b>		<u>4,653,694</u>

**Fixed Assets**

Land		57,074
Building and improvements		2,119,158
Machinery and equipment		644,477
Furniture		147,726
Vehicles		70,605
		<u>3,039,040</u>
Less: accumulated depreciation and amortization		(1,991,692)
<b>Total Fixed Assets</b>		<u>1,047,348</u>

**TOTAL ASSETS** \$ 5,701,042**LIABILITIES AND NET ASSETS****Liabilities**

Accounts payable	\$	256,871
Payroll related payables		40,429
<b>TOTAL LIABILITIES</b>		<u>297,300</u>

**Net Assets:**

Unrestricted		5,403,742
Temporarily restricted		-
Permanently restricted		-
<b>TOTAL NET ASSETS</b>		<u>5,403,742</u>

**TOTAL LIABILITIES AND NET ASSETS** \$ 5,701,042

The accompanying notes are an integral part of these financial statements

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

Ruston, Louisiana

**STATEMENT OF ACTIVITIES****For the Year Ended June 30, 2004**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT AND REVENUE:</b>				
<i>Support:</i>				
Grants	\$ 494,905	\$ -	\$ -	\$ 494,905
State grants	500,000			500,000
Contributions	520,652	-	-	520,652
<b>Total support</b>	<b>1,515,557</b>	<b>-</b>	<b>-</b>	<b>1,515,557</b>
<i>Revenue:</i>				
Fee income	1,046,367	-	-	1,046,367
Interest and dividends	89,652	-	-	89,652
Realized loss on Investments	(24,964)	-	-	(24,964)
Bingo	1,535,960			1,535,960
Other	168,413	-	-	168,413
<b>Total revenue</b>	<b>2,815,428</b>	<b>-</b>	<b>-</b>	<b>2,815,428</b>
<b>TOTAL SUPPORT AND REVENUE</b>	<b>4,330,985</b>	<b>-</b>	<b>-</b>	<b>4,330,985</b>
<b>EXPENSES</b>				
<i>Program services:</i>				
Training program	2,318,446	-	-	2,318,446
Buddy program	21,225	-	-	21,225
Step program	20,612	-	-	20,612
Contributions	279	-	-	279
<b>Total program services</b>	<b>2,360,562</b>	<b>-</b>	<b>-</b>	<b>2,360,562</b>
<i>Support services:</i>				
General and administrative	339,595	-	-	339,595
Bingo - Fundraising	1,520,055	-	-	1,520,055
<b>Total support services</b>	<b>1,859,650</b>	<b>-</b>	<b>-</b>	<b>1,859,650</b>
<b>TOTAL EXPENSES</b>	<b>4,220,212</b>	<b>-</b>	<b>-</b>	<b>4,220,212</b>
<b>CHANGE IN NET ASSETS</b>	<b>110,773</b>	<b>-</b>	<b>-</b>	<b>110,773</b>
<b>PRIOR PERIOD ADJUSTMENT</b>	<b>48,770</b>	<b>-</b>	<b>-</b>	<b>48,770</b>
<b>RECLASSIFICATION</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>5,244,199</b>	<b>-</b>	<b>-</b>	<b>5,244,199</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 5,403,742</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,403,742</b>

The accompanying notes are an integral part of this statement.

**LOUISIANA CENTER FOR THE BLIND, INC.****Ruston, Louisiana****STATEMENT OF CASH FLOWS****For the Year Ended June 30, 2004****Cash Flows From Operating Activities:**

Change in net assets	\$	110,773
Adjustments to reconcile change in net assets to net cash used for operating purposes:		
Depreciation and amortization		159,762
Prior period adjustments		48,770
Decrease in accounts receivable		731,643
Decrease in other receivables		-
Increase in accounts payable		(303,435)
Decrease in other payables		(800)
Increase in payroll and related liabilities		1,039
		<u>636,979</u>
<b>Net cash used by operating activities</b>		<u>636,979</u>

**Cash Flows From Investing Activities:**

Acquisition of equipment and improvements		4,033
Increase in investments		(377,138)
Decrease in cash value of life insurance		-
		<u>(373,105)</u>
<b>Net cash used by investing activities</b>		<u>(373,105)</u>

**Cash Flows From Financing Activities:**

<b>Net cash provided by financing activities</b>		<u>-</u>
--	--	----------

**NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** 263,874

**CASH AND CASH EQUIVALENTS - JULY 1, 2003** 1,510,987

**CASH AND CASH EQUIVALENTS - JUNE 30, 2004** \$ 1,774,861

**Supplemental Information:**

Interest Paid	\$	-
Income Taxes Paid		-
		<u>-</u>
		<u><u>-</u></u>

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

**Ruston, Louisiana**

**STATEMENT OF FUNCTIONAL EXPENSES**

**For the Year Ended June 30, 2004**

	<b>Program Services</b>		
	<b>Training Program</b>	<b>Buddy Program</b>	<b>Step Program</b>
<b>Compensation and related expense</b>			
Compensation	\$ 370,283	\$ -	\$ 1,632
Payroll taxes and fringe benefits	68,385	-	-
<b>Total Compensation and Related Expense</b>	<b>438,668</b>	<b>-</b>	<b>1,632</b>
<b>Other Expense</b>			
Rent and utilities	61,769		906
Work experience allowance	-	14,450	9,700
Contract labor	2,181	882	324
Donations	-	-	-
Supplies	-	-	-
Professional fees	2,332	-	-
Dues	-	-	-
Vehicle expense	-	-	-
Travel/transportation/conferences	64,988		4,395
Meals and lodging	1,263	-	-
Office expense	-		-
Program activities	22,159	1,834	
Recruitment/public relations	-	-	-
Repairs and maintenance	28,674		120
Printing/production/postage	7,709		-
Training and education	170,350	2,157	1,640
Insurance	77,817	-	-
Equipment	910	-	-
Maintenance - students	60,828	-	-
Grant expense	1,168,891	-	-
Maintenance fee-NFB - Newslite	-	-	-
Infant/toddler expense	62,174	-	-
Investment fees/charges	-	-	-
Cost of prizes	-	-	-
Other miscellaneous expense	13,533	43	-
<b>Total Other Expense</b>	<b>1,745,578</b>	<b>19,366</b>	<b>17,085</b>
<b>Total Expenses Before Depreciation</b>	<b>2,184,246</b>	<b>19,366</b>	<b>18,717</b>
Depreciation	134,200	1,859	1,895
<b>Total Expenses</b>	<b>\$ 2,318,446</b>	<b>\$ 21,225</b>	<b>\$ 20,612</b>

<u>Program Services</u>	<u>Supporting Services</u>		
<u>Contribution Program</u>	<u>Management &amp; General</u>	<u>Bingo - Fundraising</u>	<u>Total</u>
\$ -	\$ 52,733	\$ 58,160	\$ 482,808
-	23,265	3,216	94,866
-	75,998	61,376	577,674
-	4,294	81,800	148,769
-	-	-	24,150
-	71,956	-	75,343
-	-	170,000	170,000
-	8,166	92,788	100,954
-	13,395	1,108	16,835
-	2,653	-	2,653
-	-	-	-
-	8,294	-	77,677
-	14,138	-	15,401
-	7,371	-	7,371
-	1,541	-	25,534
-	3,595	-	3,595
-	13,377	-	42,171
-	38,668	-	46,377
-	4,448	-	178,595
-	16,018	-	93,835
-	2,736	-	3,646
-	-	-	60,828
-	-	-	1,168,891
-	21,500	-	21,500
-	-	-	62,174
-	6,937	-	6,937
-	-	1,110,279	1,110,279
100	2,881	2,704	19,261
100	241,968	1,458,679	3,482,776
100	317,966	1,520,055	4,060,450
179	21,629	-	159,762
<u>\$ 279</u>	<u>\$ 339,595</u>	<u>\$ 1,520,055</u>	<u>\$ 4,220,212</u>



## EXHIBIT E

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

#### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2004

##### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

###### Nature of Activities

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

###### Basis of Accounting:

The financial statements of the Louisiana Center For The Blind, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

###### Financial Statement Presentation:

Under Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*, the Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

###### Functional Allocation of Expenses

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

###### Estimates

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

###### Support and Revenues

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

###### Accounts Receivable

Management believes that accounts receivable are fully collectible and that no allowance for uncollectible accounts is needed.

**EXHIBIT E**

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Property and Equipment

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

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

Depreciation expense for the year ended June 30, 2004 was \$158,842. Amortization expense for the year ended June 30, 2004 was \$920. Depreciation expense is reported as program and supporting services and unrestricted net assets in the statement of activities.

Income Taxes

The Center is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Investments

Under SFAS No. 124 *Accounting for Certain Investments Held by Not-for-Profit Organizations*, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair market values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Compensated Absences

Employees of the Center are entitled to paid vacations and sick days depending on length of service to the Center. Permanent full-time employees earn sick leave at the rate of one day per month of employment, given on the last day of the first full month of employment. Sick leave can be accrued up to one month or a total of 160 hours. Sick leave in excess of one month (160 hours) will be lost. No pay is granted at termination for any earned sick leave.

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

## EXHIBIT E

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

#### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2004

##### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

###### Compensated Absences (Cont'd.)

The Center accrued compensated absences in the amount of \$40,429 for the year ended June 30, 2004.

###### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Center considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

##### NOTE 2 – CASH AND CASH EQUIVALENTS

At year end, the carrying amount of the Center's deposits was \$1,774,861, and the bank balance was \$1,419,628. The bank balance is categorized as follows:

Amount insured by FDIC and FSLIC	\$ 200,000
Securities pledged in the entity's name	<u>1,355,040</u>
Total collateralized	1,555,040
Bank balance	<u>1,419,628</u>
Over (under) collateralized	<u>\$ 135,412</u>

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

##### NOTE 3 - INVESTMENTS

Long-term investments include annuities, equities, mutual funds, unit trusts, and cash and money funds and are stated at fair value as of June 30, 2004, and are summarized as follows:

	<u>Cost</u>
Bank One Annuities	\$1,758,821
Schwab Institutional	<u>630,862</u>
Total Investments	<u>\$2,389,683</u>

**EXHIBIT E**

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

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2004**

**NOTE 3 – INVESTMENTS (CONTINUED)**

**Reconciliation of Investments:**

<i>Fair Value of Investments – July 1, 2003</i>	\$2,012,545
Purchase of Investments	549,885
Sales	(138,872)
Dividends	16,140
Capital Gain Distributions	2,491
Interest	<u>61,548</u>
Fair Value of Investments – June 30, 2004	<u>\$2,503,737</u>

The fair market of the investments at June 30, 2004 was \$2,503,737. Investment costs for the fiscal year ended June 30, 2004 were \$6,937.

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at June 30, 2004:

Land	\$ 57,073
Vehicles	70,606
Buildings and improvements	2,119,158
Machinery and equipment	644,477
Furniture and fixtures	<u>147,726</u>
	3,039,040
Accumulated Depreciation & Amortization	<u>(1,991,692)</u>
Total	<u>\$ 1,047,348</u>

**EXHIBIT E**

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

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2004**

**NOTE 5 – GRANT INCOME**

The following was included in Grant Income for the year ended June 30, 2004:

Grantor/Purpose

Federal Grants:

Department of Education, Office of Special Educational Services	86,746
Purpose: Specialized personnel for rehabilitation long-term training of individuals who are blind or have vision impairment.	
Department of Education, Office of Special Educational Services	152,978
Purpose: Special projects and demonstrations for providing Vocational Rehabilitation Services to individuals with severe disabilities.	
Department of Education, Office of Special Education Services	49,675
Purpose: Special projects and demonstrations for providing Vocational Rehabilitation Services to individuals with severe disabilities.	
State of Louisiana, Department of Social Services, Louisiana Rehabilitation Services	200,790
Purpose: To provide independent living services, training, and support to older blind individuals.	
State of Louisiana, Department of Education, Purpose: Statewide Critical Shortages in Personnel	4,716
Total Federal Grants	<u>\$494,905</u>

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

## **EXHIBIT E**

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

#### **NOTES TO FINANCIAL STATEMENTS June 30, 2004**

##### **NOTE 6 – CONCENTRATION OF CREDIT RISK**

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

##### **NOTE 7 – EMPLOYEE BENEFIT PLAN**

The Center maintains a defined contribution salary deferral plan, qualified under Internal Revenue Code 403(b), for the benefit of its eligible employees. Under the plan, the Center contributes one and one-half percent of each eligible employee's salary and also matches dollar for dollar up to another one and one-half of each eligible employee's salary. Plan expenses incurred by the Center during the period ended June 30, 2004 were \$15,323.

##### **NOTE 8 – ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2004, are as follows:

Receivable in less than one year	
Student tuition from states	\$ 116,730
Grants	133,366
Other	<u>125,000</u>
Total	<u>\$ 375,096</u>

##### **NOTE 9 - COMMITMENTS AND CONTINGENCIES**

The Center is currently involved in a lawsuit due to an auto accident by one of the employees. The attorneys are of the opinion that in the case of a loss, the Center is adequately insured.

##### **Note 10 – PRIOR PERIOD ADJUSTMENT**

This was an adjustment in fixed assets to correct the prior year's balance.

**EXHIBIT E**

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

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2004**

**Note 11 – VOLUNTEERS**

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

**Note 12 – CONTRIBUTIONS**

Under SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

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

I have audited the financial statements of Louisiana Center For The Blind, Inc. (a nonprofit organization) as of and for the year ended June 30, 2004, and have issued my report thereon dated December 22, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether Louisiana Center For The Blind, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

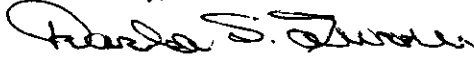
In planning and performing my audit, I considered Louisiana Center For The Blind, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect Louisiana Center For The Blind, Inc.'s ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items I and II.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weakness. However, of the reportable conditions described above, I consider items I and II to be material weaknesses. I also noted other matters involving the internal control over financial reporting, which I have reported to management of Louisiana Center For The Blind, Inc. in a separate letter dated December 22, 2004.



This report is intended solely for the information and use of the Board Of Directors of Louisiana Center For The Blind, Inc., the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, it is a matter of public record.

Sincerely,

A handwritten signature in black ink, appearing to read "Darla S. Turner". The signature is written in a cursive style with a large initial "D".

DARLA S. TURNER  
CERTIFIED PUBLIC ACCOUNTANT  
December 22, 2004

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

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

**Compliance**

I have audited the compliance of Louisiana Center For The Blind, Inc. (a nonprofit organization) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2004. Louisiana Center For The Blind, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Louisiana Center For The Blind, Inc.'s management. My responsibility is to express an opinion on Louisiana Center For The Blind, Inc.'s compliance based on my audit.

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

In my opinion, Louisiana Center For The Blind, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

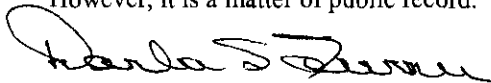
**Internal Control Over Compliance**

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

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

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I consider items I and II to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors of Louisiana Center For The Blind, Inc. and the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, it is a matter of public record.



DARLA S. TURNER  
CERTIFIED PUBLIC ACCOUNTANT

December 22, 2004

**Ruston, Louisiana**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the Year Ended June 30, 2004**

Federal/Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Agency or Pass Through Number	Periods Covered	Program or Award Amount	Federal Expenditures
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>					
Rehabilitation Long-Term Training (5 year)	84.129P	H129P990002	9/1/01-8/31/02	\$ 96,246	\$ 86,746
Special Projects & Demo-Svcs to Ind. W/Disab.	84.235J	H235J000004	6/00-6/01/04	925,000	158,535
Special Projects & Demonstrations to Individuals With Severe Disabilities	84.235J	H235J030017	7/01/03-6/30/04	49,675	-
<b>Total United States Department of Education</b>				<u>1,070,921</u>	<u>245,281</u>
<b>PASS THROUGH LOUISIANA REHABILITATION SERVICES:</b>					
Independent Living Services for Older Individuals Who are Blind	84.177B	H177B020018D	10/01/02-1/31/03	250,000	203,662
<b>Total Louisiana Rehabilitation Services</b>				<u>250,000</u>	<u>203,662</u>
<b>PASS THROUGH LOUISIANA DEPARTMENT OF EDUCATION:</b>					
Special Education-Grants to States IDEA - Part B - Set Aside	84.027A	02-B2-XD-C	7/01/02-6/30-03	60,000	57,422
<b>Total Louisiana Department of Education</b>				<u>60,000</u>	<u>57,422</u>
<b>TOTAL FEDERAL AWARDS</b>				<u>\$ 1,380,921</u>	<u>\$ 506,365</u>

**SUPPLEMENTAL DATA:**

No amounts were provided to sub-recipients.  
This schedule is prepared on the accrual basis.

Ruston, Louisiana

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS****For the Year Ended June 30, 2004****SUMMARY OF AUDITOR'S RESULTS**

1. My auditor's report expresses an unqualified opinion on the general purpose financial statements of the Louisiana Center for the Blind, Inc. (Center) for the year ended June 30, 2004.
2. No instances of noncompliance material to the financial statements of the Center were disclosed during the audit.
3. The major programs are:
 

Louisiana Rehabilitation Services	CFDA No. 84.177B	\$203,000
U.S. Department of Education	CFDA No. 84.235J	\$158,535
U.S. Department of Education	CFDA No. 84.129P	\$86,746
4. Two instances of reportable conditions in internal control are reported in the *Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. The conditions are reported as material weaknesses.
5. Client is a low-risk auditee.

**FINDINGS - FINANCIAL STATEMENT AUDIT****1. Condition:**

A disbursement to an investment company for \$50,000 for the purchase of an annuity was not credited to the Center at year-end.

**2. Criteria:**

Internal controls should be in place to insure that the Center's assets invested or otherwise deposited with a third party are property credited to the Center's account.

**3. Effect:**

Because of the failure to reconcile the reports supplied by the investment company to the amounts recorded as deposited in the Center's accounting records, the Center was not property credited for the interest earned on the \$50,000 for an extended period.

**4. Recommendation:**

I recommended that the Board review the statements of deposits made with third parties at their regular board meetings to insure that all funds are property credited to the Center's accounts.

**1. Condition:**

From our sample of the disbursements for the bingo fund, I found that an invoice had been paid twice. Also, I found that a credit for supplies had not been taken according to my sample. Additionally, the amount on a check was not completed properly. The numeric amount was correct, but the written amount was not completed.

**2. Criteria:**

Internal controls should be in place that provide reasonable assurance that invoices are properly cancelled and that credits are taken when earned for merchandise purchased.

**3. Effect:**

Because of the failure to properly cancel invoices, merchandise purchased may be paid for more than once. Also, improper filing of credit memos can cause failure to take credits earned on merchandise purchased.

**Ruston, Louisiana**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2003**

**4. Recommendation:**

I recommend that invoices be marked as paid with the check number, date paid, and the initials of the individual responsible for paying the invoice. The invoice number should also be placed on the check. Credit memos should be reviewed periodically and reconciled to the invoices pertaining to them and taken on a timely basis. Checks should be signed by two parties and care should be taken that the check be completed properly.

**Management's Response:**

Management advised that it will take the necessary steps to remedy the findings reported in this Schedule.

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**  
**For the Year Ended June 30, 2004**

**SECTION A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FINANCIAL STATEMENTS**

There no findings or questioned costs in the 2002-03 audit.

**SECTION B - MANAGEMENT LETTER**

None issued

2005 JAN -3 AM 10:45

December 22, 2004

Louisiana Center For The Blind, Inc.  
101 South Trenton  
Ruston, Louisiana 71270

Attention: Pam Allen

Dear Pam:

I have audited the basic financial statements of Louisiana Center For The Blind, Inc. as of and for the year ended June 30, 2004 and have issued my report thereon dated December 22, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As a part of my examination, I have issued my report on the financial statements, dated December 22, 2004, and my report on internal control and compliance with laws, regulations, and contracts dated December 22, 2004.

During the course of my examination, I became aware of the following matters which represent suggestions for improved internal controls.

The Center is the owner of two life insurance policies. One of the policies insures the life of an individual who is currently employed by the Center, with beneficiaries listed in addition to the Center. The Center is listed as a beneficiary to the extent of the premiums paid on the policy. At June 30, 2004, the cash surrender value was \$20,556. The premiums on this policy are \$6,000 per year.

The other policy insures the life of an individual who is no longer employed by the Center. This policy is owned by the Center with the beneficiaries listed in addition to the Center. The Center is listed as the beneficiary to the extent of premiums paid on the policy. The cash surrender value in the amount of \$34,993 pays the insurance cost premiums on the policy of the former employee.

The policies were offered to these employees based on eligibility criteria determined by the Executive Director at the time.

The Center should consider whether the \$6,000 premium is a prudent expenditure of the Center's funds. Also, the Center should consider the possibility that the cash value of the life insurance policy on the former is being used wisely by paying for insurance for an individual who no longer works at the Center. It is my suggestion that the Center cancel these policies and request the cash surrender value at the date of cancellation be remitted to the Center for use in other areas of its work. Another alternative would be for each of these individuals to pay the center the cash




surrender value of the life insurance policies at the date they assume ownership of the policies. From that date on, they would be responsible for the premiums.

I suggest that management address the foregoing issues as an improvement to operations and the administration of public programs. I am available to further explain the suggestions.

Sincerely,

DARLA S. TURNER  
CERTIFIED PUBLIC ACCOUNTANT  
December 22, 2004

Management's Corrective Action Plan

*investigate*   
Management agrees to implement the suggestions referred to in the above management letter and determine the action most beneficial to the Center.

  
PAM ALLEN  
December 22, 2004