

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

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2017**

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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the Louisiana Center for the Blind, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of those risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion non the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Center for the Blind, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits and other payments to the Executive Director is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 14, 2017, on my consideration of the Louisiana Center for the Blind, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Louisiana Center for the Blind, Inc.'s internal control over financial reporting and compliance.

David M. Hall, CPA (APPC)

West Monroe, Louisiana
December 13, 2017

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

**STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017**

ASSETS

Current Assets	
Cash and cash equivalents	\$ 600,955
Accounts receivable	446,029
Investments in annuities	494,374
Investments	2,214,587
Prepaid income taxes	8,544
Prepaid expenses	62,285
Accrued interest and dividends	<u>7,910</u>
Total current assets	<u>\$ 3,834,684</u>
Property and Equipment	
Land	\$ 153,070
Building and improvements	3,311,914
Machinery and equipment	338,379
Furniture	68,611
Vehicles	<u>201,090</u>
	\$ 4,073,064
Less accumulated depreciation and amortization	<u>(2,585,722)</u>
Total property and equipment (net)	<u>\$ 1,487,342</u>
Total assets	<u><u>\$ 5,322,026</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	\$ 42,640
Accrued payables	63,621
Compensating absences payable	<u>139,527</u>
Total current liabilities	<u>\$ 245,788</u>
Net Assets	
Unrestricted	\$ 5,070,338
Temporarily restricted	5,900
Permanently restricted	<u> </u>
Total net assets	<u>\$ 5,076,238</u>
Total liabilities and net assets	<u><u>\$ 5,322,026</u></u>

See accompanying notes and independent auditor's report.

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

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

UNRESTRICTED NET ASSETS

Unrestricted revenues and gains		
Contributions	\$	117,819
Federal financial assistance		184,255
Louisiana financial assistance		500,000
Program service fees		1,273,445
Investment return		244,359
Fund-raising income-bingo and other		1,689,355
Other		<u>35,324</u>
Total unrestricted revenues, gains, and other support	\$	4,044,557
Net assets released from restrictions		
Restrictions satisfied by payments		<u>8,771</u>
Total unrestricted revenues, gains, other support, and reclassifications	\$	<u>4,053,328</u>
Expenses and losses		
Program services		
Training program	\$	2,097,993
Buddy program		18,998
Step program		<u>31,038</u>
Total program services	\$	2,148,029
Supporting services		
Management and general		352,865
Fund-raising		1,654,211
Casualty Loss		3,834
Unallocated payments to affiliated organizations		<u>1,000</u>
Total expenses and losses	\$	<u>4,159,939</u>
(Decrease) in unrestricted net assets	\$	<u>(106,611)</u>

TEMPORARILY RESTRICTED NET ASSETS

Contributions	\$	4,671
Private grant revenue		10,000
Net assets released from restrictions		<u>(8,771)</u>
Increase in temporarily restricted net assets	\$	<u>5,900</u>
(Decrease) in net assets	\$	(100,711)

NET ASSETS AT BEGINNING OF YEAR 5,176,949

NET ASSETS AT END OF YEAR 5,076,238

See accompanying notes and independent auditor's report.

LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Program Services</u>			<u>Supporting Services</u>		<u>Total</u>
	<u>Training Program</u>	<u>Buddy Program</u>	<u>STEP Program</u>	<u>Management & General</u>	<u>Bingo-Fund-Raising</u>	
Compensation and related expense						
Compensation	\$ 693,122	\$	\$	\$ 72,585	\$ 67,450	\$ 833,157
Payroll taxes	58,315			5,789	5,160	69,264
Fringe benefits	<u>114,827</u>			<u>18,293</u>		<u>133,120</u>
Total compensation and related expenses	\$ 866,264	\$	\$	\$ 96,667	\$ 72,610	\$ 1,035,541
Other Expenses						
Conference and training	8,190	1,022	1,429	5,694		16,335
Depreciation and amortization	72,243	2,969	2,405			77,617
Dues and reference materials				2,985		2,985
Insurance						
Property and casualty	121,357			30,339		151,696
Vehicles	24,177					24,177
Workers' compensation	6,513			724		7,237
Life insurance				18,084		18,084
Income tax on unrelated business income					4,256	4,256
Occupancy						
Electricity, gas, water and sewer	54,417	342	782	2,089		57,630
Maintenance	15,405			14,627		30,032
Rent				988	97,800	98,788
Postage and shipping	2,158		62	479		2,699
Printing	777	45	68	40		930
Prizes					1,352,863	1,352,863
Professional fees	580	8,120	12,600	87,338		108,638
Recreational activities	63,647	1,331	2,600			67,578
Service charges & investment fees	530			10,446		10,976
Specific assistance	702,594					702,594
Supplies						
Fund-raising, bingo, and other					122,531	122,531
Cleaning	58,723			3,995		62,718
Education	54,410	3,046	5,304			62,760
Office	4,354			17,126		21,480
Other	3,928			4,684	296	8,908
Shop	8,305					8,305
Telephone	6,192			518		6,710
Transportation - fuel, repairs, & other	20,085		274	8,952		29,311
Travel - lodging & meals	2,651		16	10,907		13,574
Work experience allowance (stipends)			5,498			5,498
Other	<u>493</u>	<u>2,123</u>		<u>36,183</u>	<u>3,855</u>	<u>42,654</u>
Total expenses	<u>\$ 2,097,993</u>	<u>\$ 18,998</u>	<u>\$ 31,038</u>	<u>\$ 352,865</u>	<u>\$ 1,654,211</u>	<u>\$ 4,155,105</u>

See accompanying notes and independent auditor's report.

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES	
(Decrease) in net assets	\$ (100,711)
Adjustments to reconcile increase in net assets to cash provided by operating activities:	
Depreciation and amortization	77,617
Non cash contributions	(29,422)
Realized (gains) on investments	(44,000)
Unrealized (gains) on investments	(101,245)
(Increase) in cash surrender value	(3,393)
(Increase) decrease in operating assets	
Accounts receivable	3,321
Prepaid income taxes	(8,544)
Prepaid expenses	(58,763)
Accrued interest receivable	12
Increase (decrease) in operating liabilities	
Accounts payable	3,642
Accrued payables	63,621
Income taxes payable	(959)
Compensating absences payable	<u>5,020</u>
Net cash (used) by operating activities	<u>\$ (193,804)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds on sales of investments	\$ 471,924
Purchase of short-term investments, net	(571,952)
Proceed from cash surrender value policies	265,257
Purchase of annuities investment	(9,693)
Payments for property and equipment	<u>(63,655)</u>
Net cash provided by Investing activities	<u>\$ 91,881</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Net cash provided by financing activities	<u>\$ 0</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (101,923)
BEGINNING CASH AND CASH EQUIVALENTS	<u>702,878</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 600,955</u></u>
SUPPLEMENTAL INFORMATION	
Interest paid	\$ 0
Income taxes paid	\$ 13,627

See accompanying notes and independent auditor's report.

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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

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

Contributed Services

During the year ended June 30, 2017, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and may perform a variety of tasks that assist the Organization at the residents' facilities, but these services do not meet the criteria for recognition as contributed services.

Estimates

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

Property and Equipment

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

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification 958, *Financial Statements for Not-for-Profit Organizations*. Under Accounting Standards Codification 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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

Support and Revenues

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

Accounts Receivable

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

Functional Allocation of Expenses

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

Contributions

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

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. However, the Organization realized \$29,373 in unrelated business taxable income related to fund-raising activity for the current year. The unrelated business income tax reported on IRS Form 990-T for the year ended June 30, 2017 was \$4,256. The tax years ending June 30, 2015, 2016, and 2017 are subject to examination by the Internal Revenue Service. The Organization is not currently under examination by the Internal Revenue Service.

Investments

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

Cash and Cash Equivalents

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

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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

Compensated Absences

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

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

The Organization accrued compensated absences in the amount of \$139,527 for the year ended June 30, 2017.

NOTE 2 - CASH AND CASH EQUIVALENTS

At year end, the book balance of the Organization's deposits was \$600,955. The following is a summary of specific account information by custodial institution:

<u>Credit Risk</u>	<u>Book Balance</u>	<u>Account Balance</u>	<u>Average Interest Rate</u>
Cash on hand	\$ 3,171		
First National Bank, Ruston, LA			
Operating account	\$ 141,274	\$ 295,175	.25%
"Contribution" money market	118,617	118,617	.25%
"Buddy" operating account	98,316	98,366	.25%
"STEP" operating account	<u>82,165</u>	<u>95,355</u>	.25%
	<u>\$ 440,372</u>	<u>\$ 607,513</u>	
Certificates of deposits - (CDARS)			
Tristate Capital Bank, Pittsburgh, PA			
April 13, 2017 due October 12, 2017	\$ 53,866	\$ 53,866	.55%
	53,866	53,866	
Certificate of deposits - (FNB)			
October 28, 2016 due July 28, 2017	<u>50,214</u>	<u>50,214</u>	.50%
	<u>\$ 104,080</u>	<u>\$ 104,080</u>	
Subtotal	<u>\$ 544,452</u>	<u>\$ 711,593</u>	
Origin Trust Bank, Ruston, LA			
"Bingo" operating account	<u>\$ 35,887</u>	<u>\$ 64,420</u>	
Charles Schwab Institutional			
Schwab One Account	<u>\$ 17,445</u>	<u>\$ 17,445</u>	.35%
Total cash and cash equivalents	<u>\$ 600,955</u>		

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 2 - CASH AND CASH EQUIVALENTS (Cont'd)

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

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2017, consists of the following:

State of Louisiana, Treasurer	\$	100,000
Various state agencies for tuition and expenses		223,099
Louisiana Rehabilitation Services		100,333
Other		<u>22,597</u>
	<u>\$</u>	<u>446,029</u>

The receivables represent tuition, grant and support revenues related to services provided before June 30, 2017. There were \$84,999 of account receivable balances over ninety (90) days past due.

NOTE 4 - INVESTMENT AND ANNUITIES

The Organization has short-term investments in a number of annuity contracts with Western National Life Insurance Company. As of June 30, 2017, the amount of the investments and related information follows:

	<u>Cost</u>	<u>Stated Interest Rate</u>	<u>Maturity Date</u>	<u>Interest Paid</u>
Non Qualified Annuity	\$ 247,181	2.0%	9/11/17	Annually
Non Qualified Annuity	<u>247,193</u>	2.0%	9/11/17	Annually
	<u>\$ 494,374</u>			

The cost of the annuities plus accrued interest as of June 30, 2017, approximates the fair market value of the securities. Total interest earned for the current fiscal year ended June 30, 2017, was \$9,694.

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 5 - SHORT-TERM INVESTMENTS

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

	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Appreciation (Depreciation)</u>	<u>Weighted Rate of Return</u>
Charles Schwab Investments				
Fixed Income				
Municipal Bonds	\$ 11,553	\$ 10,834	\$ (719)	2.9%
Equities				
Deutsch MSCI Japan	\$ 32,060	\$ 33,605	\$ 1,545	4.6%
Bloomberg All CMTD	25,193	25,654	461	N/A
First Trt Low DTN	12,878	12,870	(8)	2.7%
Global X MLP Energy	33,298	31,326	(1,972)	4.2%
Guggenheim Short	55,000	55,280	280	1.5%
iShares MSCI Eurozone	41,531	44,801	3,270	3.2%
iShares DJ US Technology	76,017	100,179	24,162	0.9%
iShares National MUNI ETF	15,174	16,078	904	2.2%
iShares MSCI Japan	15,047	17,490	2,443	1.3%
iShares MSCI Pacific EX Japan	15,216	16,146	930	3.4%
iShares MSCI Switzerland	9,025	9,024	(1)	4.2%
iShares MSCI UTD Kingdom	15,336	15,865	529	4.4%
iShares US Pharmaceuticals	11,885	12,721	836	2.4%
iShares US Home Construct	26,582	27,933	1,351	0.4%
PIMCO Enhanced Short	41,053	41,298	245	1.5%
Real Estate Select Sctr SPDR	14,765	14,748	(17)	3.4%
Schwab US Tips	37,570	37,386	(184)	1.7%
Select Industrial Sector	41,017	52,649	11,632	1.9%
Select STR Financial	49,047	67,004	17,957	1.5%
SPDR S&P Required	26,039	26,046	7	1.4%
Vanguard Health Care	28,680	39,790	11,110	1.2%
WisdomTree Bloomburg US	13,613	13,077	(536)	N/A
WisdomTree Europe Hedged	15,837	16,829	992	7.4%
Mutual Funds - Bond Funds				
Double Line Infrastructure Inc.	20,360	20,365	5	N/A
Double Line Total Return CL 1	73,428	69,522	(3,906)	N/A
Double Line Total Return CL N	10,945	10,704	(241)	N/A
Guggenheim Floating Rate	48,517	47,764	(753)	N/A
Mutual Funds - Equity Funds				
Versus Cap RE Income	5,000	5,032	32	N/A
Versus Cap Re Inc. Inst	23,720	24,221	501	N/A
Other Investments				
iShares 20+ Yr Treasury ETF	44,408	48,046	3,638	2.5%
SPDR FD Consumer Discretionary	24,427	32,177	7,750	1.2%
SPDR FD Consumer Staples	43,484	49,006	5,522	3.2%
ETFs Gold Trust ETF	21,963	21,918	(45)	N/A
	<u>\$ 968,115</u>	<u>\$ 1,056,554</u>	<u>\$ 88,439</u>	
Charles Schwab Investments totals	\$ 979,668	\$ 1,067,388	\$ 87,720	
Chase Investment Services Corp.				
Fixed Income				
Franklin Income Class A	1,136,474	1,115,763	(20,711)	5.0%
American Funds Service Co.				
Mutual Funds	17,858	25,192	7,334	6.5%
LKCM Fund				
Mutual Funds				
Equity Fund Institutional Class	5,184	6,244	1,060	7.3%
	<u>\$ 2,139,184</u>	<u>\$ 2,214,587</u>	<u>\$ 75,403</u>	

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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

The investments in Franklin Income Class A represent fifty (50%) percent of the investments and exceeded five (5%) percent of the investment portfolio.

Short-term investments are stated at fair value as of June 30, 2017, in the amount of \$2,214,587.

All short term investments were unrestricted. Investment costs for the fiscal year ended June 30, 2017, were \$9,787.

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

Dividend income	\$	77,998
Interest income		16,550
Net realized gains from sale of securities		44,000
Net unrealized gains on investments		101,245
Capital gain distributions		1,172
Cash surrender value income		<u>3,393</u>
Total investment return	\$	<u>244,358</u>

NOTE 6 - PROPERTY AND EQUIPMENT

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

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

Depreciation and amortization expense for the year ended June 30, 2017, was \$77,617. Depreciation expense is reported as program and supporting services and unrestricted net assets in the statement of activities.

Property and equipment, stated at cost, consist of the following at June 30, 2017:

	Cost	Accumulated Depreciation
Land	\$ 153,070	\$
Vehicles	201,090	188,524
Buildings and improvements	3,311,914	2,101,928
Machinery and equipment	338,379	233,245
Furniture and fixtures	<u>68,611</u>	<u>62,025</u>
	\$ 4,073,064	
Accumulated depreciation and amortization	<u>(2,585,722)</u>	<u>\$ 2,585,722</u>
Total	<u>\$ 1,487,342</u>	

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 7 - FEDERAL FINANCIAL ASSISTANCE

The Organization has been awarded various contracts from the federal government to provide education services to residents. The contract is considered to be an exchange transaction. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Contract activity for the year ended June 30, 2017, was as follows:

State of Louisiana, Department of Social Services	
Louisiana Rehabilitation Services	
Purpose: To provide independent living services, training, and support to older blind individuals.	\$ <u>132,433</u>
Total federal contract	\$ <u>132,433</u>

APH Federal Quota

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

The Organization received \$29,422 of materials and equipment during the current fiscal year.

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

NOTE 8 - CONCENTRATION OF CREDIT RISK

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

NOTE 9 - EMPLOYEE BENEFIT PLAN

The Organization maintains a defined contribution salary deferral plan, qualified under Internal Revenue Code 403(b), for the benefit of its eligible employees. Under the plan, the Organization contributes one and one-half percent of each eligible employee's salary and also matches dollar for dollar up to another one and one-half percent of each eligible employee's salary. Retirement contributions by the Organization during the period June 30, 2017, was \$16,664.

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 10 - FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

	June 30, 2017	
	Carrying Amount	Fair Value
Financial Assets		
Cash and cash equivalents	\$ 600,955	\$ 600,955
Investments securities		
Stocks, bonds, and notes	2,214,587	2,214,587

The following are the major categories of assets and liabilities at fair value on a recurring basis during the year ended June 30, 2017, using quoted markets for identical assets (level 1); significant other observable inputs (level 2); and significant unobservable inputs (level 3).

	Level 1	Level 2	Level 3	Total
Assets				
Investments securities				
Stocks, bonds, and notes	\$ 2,214,587	\$	\$	\$ 2,214,587

NOTE 11 - FUNCTIONAL ALLOCATION OF EXPENSES

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

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 12 - OPERATING LEASE

The organization entered into an operating lease for building and premises located at 804 Cypress Street, West Monroe, Louisiana May 15, 2014 containing approximately 9,000 square feet for purposes of conducting bingo games. The rent expense will be \$700 per session. The lease will be on a month to month basis. This lease may be cancelled by either party with thirty (30) days written notice.

The rent expense related to this property for the year ended June 30, 2017 was \$97,800.

NOTE 13 - CASUALTY LOSS

During the current fiscal year ending June 30, 2017, the Center sustained a casualty loss. The roof was damaged by weather. The Center received \$63,621 in proceeds during the fiscal year ended June 30, 2017, and during the subsequent period paid \$67,455 to repair the roof. The total casualty loss reflected on the statement of activities was \$3,834.

NOTE 14 - TEMPORARILY RESTRICTED NET ASSETS

The Center received \$10,000 in scholarship funds during the 2016 - 2017 fiscal year to pay for the education and training expenses of a student. Of the \$10,000, \$4,100 was expended during the year and released. The \$5,900 balance represents temporarily restricted funds as of June 30, 2017.

NOTE 15 - SUBSEQUENT EVENTS

In accordance with ASC 855, the Louisiana Center for the Blind, Inc. evaluated subsequent events through December 5, 2017, the date these financial statements were available to be issued and determined that there were no significant events to report.

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

SUPPLEMENTARY INFORMATION

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

**SCHEDULE I - SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO EXECUTIVE DIRECTOR
FOR THE YEAR ENDED JUNE 30, 2017**

Executive Director Name: Pamela Allen, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 62,149
Benefits-insurance	13,966
Benefits-retirement	1,864
Benefits-other	N/A
Car allowance	N/A
Vehicle provided by Organization	N/A
Per diem	1,095
Reimbursements	483
Travel	3,6002
Registration fees	180
Conference travel	1,328
Continuing professional education fees	38
Housing	N/A
Unvouchered expenses	N/A
Special meals	N/A
Other - annual dues	545

See independent auditor's report.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Directors
Louisiana Center for the Blind, Inc.

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Louisiana Center for the Blind, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated December 13, 2017.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, I do not express an opinion on the effectiveness of the Center's internal control.

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

David M. Hurd, CPA (APAC)

West Monroe, Louisiana
December 13, 2017

LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

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

I have audited the financial statements of Louisiana Center for the Blind, Inc. as of and for the year ended June 30, 2017, and have issued my report thereon dated December 13, 2017. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2017, resulted in an unqualified opinion.

Section I- Summary of Auditor's Results

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

Internal Control

Material Weakness _____ yes X no

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

Compliance

Compliance Material to Financial Statements _____ yes X no

B. Federal Awards

Material Weakness Identified _____ yes X no

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

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

Unqualified _____ Qualified _____

Disclaimer _____ Adverse _____

Are their findings required to be reported in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)?
N/A

C. Identification of Major Programs: N/A

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

Dollar threshold used to distinguish between Type A and Type B Programs. N/A
Is the auditee a "low-risk" auditee, as defined by the Uniform Guidance? N/A

LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Section II- Financial Statement Findings

There were no findings in this section.

Section III- Federal Award Findings and Questioned Costs

There were no findings in this section.

LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

Internal Control and Compliance Material to the Financial Statements

This section not applicable.

Internal Control and Compliance Material to Federal Awards

This section not applicable.

Management Letter

This section not applicable.

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Louisiana Center for the Blind, Inc. and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by the Louisiana Center for the Blind, Inc. (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - b) **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.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts**, including receiving, recording, and preparing deposits
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
 - g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
 - h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Currently, the Louisiana Center for the Blind, Inc. does not have written policies and procedures addressing budgeting, purchasing, disbursements, receipts, payroll/personnel, contracting, ethics and debt service, but are in the process of writing policies as of June 30. The Center does have a written travel reimbursement policy.

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
 - c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The Center's minutes were reviewed without exception and the Board meets quarterly. The minutes include financial statements for the Board to review.

- 3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.
- 4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - a) Bank reconciliations have been prepared;
 - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
 - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

The Center has six bank accounts and all bank reconciliations for each month have been prepared. There is no evidence that a member of management with no involvement in the transactions associated with the bank account has reviewed each bank reconciliation. There are no outstanding checks over six months old on any reconciliation.

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.
6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**
 - a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
 - b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
 - c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.
7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

All cash/checks/money order (cash) collection is done at one location, the Center's office in Ruston, LA. Most receipts come in the form of direct deposits, but when checks are received the person receiving the check is bonded. The person responsible for depositing the checks does not reconcile the bank statements but does record the transaction. There is no formal process to reconcile collections to the general ledger. There is no written policy for the Center to determine completeness of all collections.

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.
9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
 - a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.
10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.
11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.
12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.
13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

A listing of disbursements was obtained and from that, 25 disbursements were randomly selected. Requisition or purchase orders are not used in purchasing and there is approval on the invoices. There is one employee in charge of accounts payable. This employee can add vendors to the computer system, but has no signatory authority. The Director has signatory authority, and initiates all purchases. Blank checks are maintained in the locked filing cabinet and a signature stamp is used, but is locked up as well.

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Report whether finance charges and/or late fees were assessed on the selected statements.
16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).
- a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
 - b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
 - c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed).
If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

The Center has seven credit cards for purchases. These purchases can be seen monthly on the statements. The bookkeeper matches the receipts for purchases with the statement each month. There were no exceptions noted for these but there were finance charges incurred during the year.

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.
19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
 - a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
 - b) Report whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
 - c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
 - d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

A list of all travel and related expense reimbursements, by person, was obtained. From this list, 3 employees that incurred the most travel costs during the year were selected to test the reimbursement reports, itemized receipts, that the purpose was documented and all reviewed without exception. The Center does have a written travel policy, but they are currently working to expand it. The reimbursements are reviewed and approved by someone other than the person receiving reimbursement, except for the Executive Director.

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.
21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
 - a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

The only contracts in effect with the Center are contracts with the Louisiana Rehabilitation Services which oversees the Elderly Blind grant, a contract with Louisiana Tech for services with the blind, Gemini Research, Beauregard and Winn Parish School Boards and contracts with different states for tuition for students. The amounts paid were compared to their individual contracts without exception.

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
 - a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
 - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.
- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee.

Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete.

If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

There are 18 employees at the Center. There are no formal employment contracts or pay rate structure. No changes were made to salaries during the year. Attendance records for three employees were tested for one pay period without exception since there are only three employees that turn in a timesheet, and no employees were terminated during the year.

All employee and employer portions of payroll taxes and the required reporting forms were filed timely.

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Ethics training is not applicable since this is a not for profit entity.

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Debt service is not applicable since this is a not for profit entity.

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.
33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Inquired of management whether the Center had any misappropriations of public funds or assets and there was none. The entity does not have posted on its premises, the notice required by R.S. 24:523.1.

I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

The purpose of this report is 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.

David M. Scott, CPA (APAC)

West Monroe, Louisiana
December 13, 2017