

**Louisiana Association
for the Blind
Financial Statements
Years Ended September 30, 2017 and 2016**

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Independent Auditor's Report

The Board of Directors
Louisiana Association for the Blind
Shreveport, Louisiana

I have audited the accompanying financial statements of Louisiana Association for the Blind, which comprise the statements of financial position for the years ended September 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and summary of significant accounting policies and the related notes to 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 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 audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the 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 on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Association for the Blind as of September 30, 2017 and 2016, and the changes in its net assets and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

My audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The schedules of general and administrative expenses, sales and cost of sales, sales and cost of sales - base service centers, state contracts and compensation, benefits and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of general and administrative expenses, sales and cost of sales, sales and cost of sales - base service centers, state contracts, and compensation, benefits and other payments to agency head are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedules of general and administrative expenses, sales and cost of sales, sales and cost of sales - base service centers, state contracts, and compensation, benefits and other payments to agency head are fairly stated, in all material respects, in relation to the basic 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 March 15, 2018, on my consideration of Louisiana Association for the Blind's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.



Certified Public Accountant

Shreveport, Louisiana
March 15, 2018

Louisiana Association for the Blind

Statements of Financial Position

	September 30, 2017			September 30, 2016		
	Unrestricted Fund	Temporarily Restricted Funds	Total All Funds	Unrestricted Fund	Temporarily Restricted Funds	Total All Funds
Assets						
Current assets:						
Cash and cash equivalents	\$ 5,242,253	\$5,059	\$ 5,247,312	\$ 4,463,649	\$3,055	\$ 4,466,704
Short-term investments (Notes 3 and 4)	3,744,650	-	3,744,650	3,247,660	-	3,247,660
Accounts receivable (Notes 6, 11 and 15)	2,974,166	-	2,974,166	3,439,664	-	3,439,664
Inventories (Note 1)	2,099,582	-	2,099,582	2,306,310	-	2,306,310
Prepaid expenses and other	42,093	-	42,093	72,636	-	72,636
Total current assets	14,102,744	5,059	14,107,803	13,529,919	3,055	13,532,974
Long-term investments (Notes 3 and 4)	6,185,042	-	6,185,042	5,679,600	-	5,679,600
Property and equipment, net (Note 2)	8,744,167	-	8,744,167	9,110,748	-	9,110,748
	\$29,031,953	\$5,059	\$29,037,012	\$28,320,267	\$3,055	\$28,323,322
Liabilities and Net Assets						
Current liabilities:						
Accounts payable	\$ 1,277,062	\$ -	\$ 1,277,062	\$ 1,158,137	\$ -	\$ 1,158,137
Accrued payroll and related expenses	476,930	-	476,930	493,145	-	493,145
Deferred revenue	296,002	-	296,002	293,957	-	293,957
Total liabilities - all current	2,049,994	-	2,049,994	1,945,239	-	1,945,239
Commitments and contingencies (Note 5)						
Net assets:						
Unrestricted	26,981,959	-	26,981,959	26,375,028	-	26,375,028
Temporarily restricted (Note 7)	-	5,059	5,059	-	3,055	3,055
Total net assets	26,981,959	5,059	26,987,018	26,375,028	3,055	26,378,083
	\$29,031,953	\$5,059	\$29,037,012	\$28,320,267	\$3,055	\$28,323,322

See accompanying summary of accounting policies and notes to financial statements.

Louisiana Association for the Blind

Statements of Activities

<i>Years Ended</i>	September 30, 2017			September 30, 2016		
	Unrestricted Fund	Temporarily Restricted Funds	Total All Funds	Unrestricted Fund	Temporarily Restricted Funds	Total All Funds
Sales (Note 6)	\$ 24,008,785	\$ -	\$ 24,008,785	\$ 25,065,870	\$ -	\$ 25,065,870
Cost of sales	(19,373,828)	-	(19,373,828)	(20,153,981)	-	(20,153,981)
Gross profit	4,634,957	-	4,634,957	4,911,889	-	4,911,889
Expenses:						
Selling	735,247	-	735,247	758,444	-	758,444
General and administrative	3,596,208	-	3,596,208	3,614,896	-	3,614,896
Total expenses	4,331,455	-	4,331,455	4,373,340	-	4,373,340
Increase in net assets from operations	303,502	-	303,502	538,549	-	538,549
Other income (expense):						
Investment income (expense), net	504,373	-	504,373	278,584	-	278,584
Interest expense	(6)	-	(6)	(177)	-	(177)
Other (Note 14)	(229,026)	-	(229,026)	522,775	-	522,775
Support, net of expense of \$8,579 and \$23,953	28,088	2,004	30,092	87,049	-	87,049
Net assets released from restrictions	-	-	-	10,541	(10,541)	-
Total other income (expense)	303,429	2,004	305,433	898,772	(10,541)	888,231
Increase (decrease) in net assets	606,931	2,004	608,935	1,437,321	(10,541)	1,426,780
Net assets, beginning of year	26,375,028	3,055	26,378,083	24,937,707	13,596	24,951,303
Net assets, end of year	\$ 26,981,959	\$ 5,059	\$ 26,987,018	\$ 26,375,028	\$ 3,055	\$ 26,378,083

See accompanying summary of accounting policies and notes to financial statements.

Louisiana Association for the Blind

Statements of Cash Flows

Years Ended	September 30, 2017			September 30, 2016		
	Unrestricted Fund	Temporarily Restricted Funds	Total All Funds	Unrestricted Fund	Temporarily Restricted Funds	Total All Funds
Cash Flows from Operating Activities:						
Increase (decrease) in net assets	\$ 606,931	\$2,004	\$ 608,935	\$ 1,437,321	\$(10,541)	\$ 1,426,780
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:						
Depreciation and amortization	493,023	-	493,023	510,369	-	510,369
Loss (gain) on disposition of assets	57,918	-	57,918	(10,272)	-	(10,272)
Realized loss (gain) on sale of investments	(239,451)	-	(239,451)	254,074	-	254,074
Unrealized gain on investments	(106,037)	-	(106,037)	(408,977)	-	(408,977)
Change in operating assets and liabilities:						
Accounts receivable	465,498	-	465,498	(179,481)	-	(179,481)
Inventories	206,729	-	206,729	182,311	-	182,311
Prepaid expenses and other	30,543	-	30,543	(30,856)	-	(30,856)
Accounts payable	118,925	-	118,925	(31,308)	-	(31,308)
Accrued payroll and related expenses	(16,215)	-	(16,215)	(113,573)	-	(113,573)
Deferred revenue	2,045	-	2,045	146,859	-	146,859
Net cash provided (used) by operating activities	1,619,909	2,004	1,621,913	1,756,467	(10,541)	1,745,926
Cash Flows from Investing Activities:						
Additions to plant and equipment	(184,360)	-	(184,360)	(190,695)	-	(190,695)
Proceeds from sale of asset	-	-	-	64,220	-	64,220
Purchases of marketable securities	(6,653,849)	-	(6,653,849)	(8,757,378)	-	\$(8,757,378)
Proceeds from sale of securities	5,996,905	-	5,996,905	7,134,961	-	7,134,961
Net cash used in investing activities	(841,304)	-	(841,304)	(1,748,892)	-	(1,748,892)
Net increase (decrease) in cash and cash equivalents	778,605	2,004	780,609	7,575	(10,541)	(2,966)
Cash and cash equivalents at beginning of year	4,463,649	3,055	4,466,704	4,456,074	13,596	4,469,670
Cash and cash equivalents at end of year	\$ 5,242,254	\$5,059	\$ 5,247,313	\$ 4,463,649	\$ 3,055	\$ 4,466,704

See accompanying summary of accounting policies and notes to financial statements.

Summary of Accounting Policies

This summary of accounting policies of Louisiana Association for the Blind (the "Association") is presented to assist in understanding the Association's financial statements. The financial statements and notes are representations of the Association's management, which is responsible for their integrity and objectivity. These accounting policies have been consistently applied in the preparation of the financial statements.

Nature of Business

Louisiana Association for the Blind (the "Association") is a not-for-profit organization formed to rehabilitate, train, employ and furnish services for the blind in Northwest Louisiana. Employment opportunities are provided primarily through the Association's manufacture of copy paper, abrasive and deck covering products, printing of brochures, magazines and advertising materials, and retail sales for Barksdale Air Force Base and Fort Polk Army Installation. These financial statements include the accounts of the Association and those of the Shreveport Association for the Blind Charitable Trust, which is a trust fully controlled and administered by the management and board of directors of the Association.

Basis of Accounting

The Association uses the accrual basis of accounting for both unrestricted and restricted funds. Unrestricted fund assets, liabilities, revenue and expenses are those items acquired or incurred through the Association's normal fund raising efforts and production activities. Restricted fund assets, liabilities, revenues and expenses include those items acquired or received through the Association's fund raising efforts as well as those items received or incurred pursuant to grants from various agencies, the use of which is governed by restrictions placed thereon by the donors. Restricted funds may be used only for the purposes for which the donor or grantor contributed such funds.

Property, Equipment and Depreciation

It is the Association's policy to capitalize property and equipment over \$2,000. Lesser amounts are expensed. Purchased property and equipment are recorded at cost. Donated items are recorded at the fair market value of the items on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the various classes of assets ranging from three to forty years. Maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed as incurred.

Revenue Recognition

The Association reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted donations on which the restriction expires in the same year received are reported in the unrestricted fund.

Income Taxes

As a not-for-profit, privately supported organization, the Association is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code, but must file an annual return with the Internal Revenue Service that contains information on its financial operations. The Association is required to review various tax positions it has taken with respect to its exempt status and determine whether in fact it continues to qualify as a tax exempt entity. The Association also must assess whether it has any tax positions associated with unrelated business income subject to income tax. The Association does not expect any of its tax positions to change significantly over the next twelve months and does not believe any of its activities create unrelated business income subject to tax. Any penalties related to late filings or other requirements would be recognized as penalties expense in the Association's accounting records.

The Association is required to file U.S. federal Form 990 for informational purposes. Its federal income tax filings for the years ended 2014 and beyond remain subject to examination by the Internal Revenue Service.

Cash

For purposes of the statements of cash flows, cash includes cash in bank accounts and interest-bearing deposits with original maturities of 90 days or less which are not held for investment purposes. Investments are excluded from cash regardless of maturity, as management does not intend to use such funds within 90 days. At September 30, 2017, \$5,499,826 in cash and cash equivalents (collected bank balances) were not insured with the FDIC.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates made by management include the value of investments, the collectability of recorded accounts receivable, inventory valuation and the life of fixed assets.

Inventories

Inventories, consisting primarily of paper and paper related office products, abrasives, safety walk, and base service store material, are valued at the lower of cost or net realizable value. Cost is determined on an average cost basis.

Financial Statement Presentation

The Association has adopted FASB ASC 958-205, "Presentation of Financial Statements for Not-for-Profit Entities." Under FASB ASC 958-205, the Association is required to report information regarding the financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by the statement, the Association does not use fund accounting.

Contributions

The Association has also adopted FASB ASC 958-605, "Revenue Recognition - Contributions Received." Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions.

Investments

The Association has adopted FASB ASC 958-320, "Accounting for Certain Investments Held by Not-for-Profit Organizations." Under FASB 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. Fair values are computed based on quoted market values as provided by the Association's financial advisors.

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.

Accounts Receivable

Accounts receivable are presented in the accompanying financial statement net of any allowance for doubtful accounts. Management periodically reviews past due accounts to determine if circumstances indicate that all, or a portion, of a customer's account will not be collectible. Based on this assessment, management reserves that portion of the receivable deemed to be uncollectible. At September 30, 2017 and 2016, the allowance for bad debts was \$-0-.

Advertising

The Association expenses advertising as it is incurred. The Association expended \$12,815 and \$3,387 in the years ended September 30, 2017 and 2016, respectively for advertising.

Reclassification of Prior Year Amounts

Certain amounts in the prior year have been reclassified to conform to the current year presentation.

Louisiana Association for the Blind

Notes to Financial Statements

1. Inventories

Inventories are summarized as follows:

<i>September 30,</i>	2017	2016
Raw materials	\$ 695,471	\$ 832,257
Finished goods	571,671	663,277
Work in process	458	9,306
Manufacturing inventory	1,267,600	1,504,840
Base Service Store inventories	831,982	801,470
Total	\$2,099,582	\$2,306,310

2. Property and Equipment

Major classes of property and equipment consist of the following:

<i>September 30,</i>	2017	2016
Buildings	\$ 6,860,944	\$ 7,661,562
Leasehold improvements - Fort Polk	2,067,033	2,067,033
Machinery	1,633,940	1,610,840
Xerox paper equipment	1,350,742	1,344,168
Padding equipment	932,105	1,252,060
Land	592,298	592,298
Abrasive / deck equipment	581,070	577,825
Furniture and fixtures	456,697	436,825
Automobiles and trucks	449,544	492,600
Machinery - Base Service Store	156,588	156,588
Automobiles and trucks - Fort Polk	48,044	48,044
Machinery - Fort Polk	46,734	46,734
Automobiles and trucks - Base Service Store	29,338	29,338
Leasehold improvements - Base Service Store	9,500	9,500
	15,214,577	16,325,415
Less accumulated depreciation and amortization	(6,470,410)	(7,214,667)
Net property and equipment	\$ 8,744,167	\$ 9,110,748

Depreciation and amortization expense for the years ended September 30, 2017 and 2016 totaled \$493,023 and \$510,369, respectively.

Louisiana Association for the Blind

Notes to Financial Statements - (Continued)

3. Investments

Investments are stated at fair value and consist of the following:

September 30, 2017	Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Market Value
Morgan Stanley Smith Barney Short Term Reserve Account:				
Cash and money market	\$ 33,084	\$ -	\$ -	\$ 33,084
Corporate fixed income	1,190,457	6,831	-	1,197,288
U.S. Government securities	1,010,697	-	(1,585)	1,009,112
	<u>2,234,238</u>	<u>6,831</u>	<u>(1,585)</u>	<u>2,239,484</u>
MetLife Short Term Account:				
Cash and money market	9,430	-	-	9,430
Corporate fixed income	697,882	-	(1,101)	696,781
Asset backed securities	573,000	-	(8,298)	564,702
U.S. Government securities	183,661	7,132	-	190,793
Municipal bonds	45,810	-	(2,350)	43,460
	<u>1,509,783</u>	<u>7,132</u>	<u>(11,749)</u>	<u>1,505,166</u>
Total short-term investments	\$3,744,021	\$13,963	\$(13,334)	\$3,744,650
Morgan Stanley Smith Barney Intermediate Term Reserve Account:				
Cash and money market	\$ 93,530	\$ -	\$ -	\$ 93,530
Government & GSE	1,418,568	2,685	-	1,421,253
Common stock	708,574	128,408	-	836,982
Corporate fixed income	751,256	18,701	-	769,957
Exchange-traded funds	614,795	77,368	-	692,163
	<u>3,586,723</u>	<u>227,162</u>	<u>-</u>	<u>3,813,885</u>
MetLife UMA Portfolio:				
Cash and money market	39,193	-	-	39,193
Common stocks	170,287	63,160	-	233,447
U.S. Government securities	139,196	-	(468)	138,728
Corporate fixed income	110,812	1,759	-	112,571
Mutual funds	45,738	186	-	45,924
	<u>505,226</u>	<u>65,105</u>	<u>(468)</u>	<u>569,863</u>
Charitable Trust Fund:				
Cash and money market	46,022	-	-	46,022
Corporate fixed income	695,438	95,210	-	790,648
Exchange-traded funds	633,674	70,445	-	704,119
Mutual funds	252,869	7,636	-	260,505
	<u>1,628,003</u>	<u>173,291</u>	<u>-</u>	<u>1,801,294</u>
Total long-term investments	\$5,719,952	\$465,558	\$(468)	\$6,185,042

Louisiana Association for the Blind

Notes to Financial Statements - (Continued)

3. Investments - (Continued)

September 30, 2016	Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Market Value
Morgan Stanley Smith Barney Short Term Reserve Account:				
Cash and money market	\$ 42,431	\$ -	\$ -	\$ 42,431
U.S. Government securities	1,118,908	4,975	-	1,123,883
Corporate fixed income	1,064,281	7,913	-	1,072,194
	<u>2,225,620</u>	<u>12,888</u>	<u>-</u>	<u>2,238,508</u>
MetLife Short Term Account:				
Cash and money market	6,477	-	-	6,477
Asset backed securities	479,483	1,649	-	481,132
Corporate fixed income	384,702	4,570	-	389,272
U.S. Government securities	102,781	984	-	103,765
Municipal bonds	28,242	264	-	28,506
	<u>1,001,685</u>	<u>7,467</u>	<u>-</u>	<u>1,009,152</u>
Total short-term investments	\$3,227,305	\$20,355	\$ -	\$3,247,660
Morgan Stanley Smith Barney Intermediate Term Reserve Account:				
Money market	\$ 65,400	\$ -	\$ -	\$ 65,400
Government & GSE	1,492,094	33,107	-	1,525,201
Mutual funds	1,112,541	118,607	-	1,231,148
Corporate fixed income	688,822	26,158	-	714,980
Exchange traded funds	19,181	-	(92)	19,089
	<u>3,378,038</u>	<u>177,872</u>	<u>(92)</u>	<u>3,555,818</u>
MetLife UMA Portfolio:				
Cash and money market	76,541	-	-	76,541
Mutual funds	211,103	26,028	-	237,131
U.S. Government securities	134,030	523	-	134,553
Corporate fixed income	79,530	1,954	-	81,484
	<u>501,204</u>	<u>28,505</u>	<u>-</u>	<u>529,709</u>
Charitable Trust Fund:				
Cash and money market	73,071	-	-	73,071
Common stock	1,067,494	95,561	-	1,163,055
Mutual funds funds	224,258	4,894	-	229,152
Exchange-traded funds	103,168	-	(545)	102,623
Corporate fixed income	25,085	1,087	-	26,172
	<u>1,493,076</u>	<u>101,542</u>	<u>(545)</u>	<u>1,594,073</u>
Total long-term investments	\$5,372,318	\$307,919	\$(637)	\$5,679,600

3. Investments - (Continued)

The Board of Directors of the Association has full responsibility for governance of the Charitable Trust Fund (Trust). Income earned by the Trust is available for use in connection with any activity, which directly benefits the blind, primarily educational, charitable or literary purposes. Principal of the Trust is available for use only to the extent the original donor has so provided. At September 30, 2017, no assets of the Charitable Trust Fund were permanently restricted.

The following schedule summarizes the investment return and its classification in the statements of activities:

September 30, 2017	Unrestricted	Temporarily Restricted	Total
Net realized and unrealized gains	\$ 345,489	\$ -	\$ 345,489
Interest income	146,364	-	146,364
Dividends	76,542	-	76,542
Investment expenses	(65,962)	-	(65,962)
Total return on investments	\$ 502,433	\$ -	\$ 502,433

September 30, 2016	Unrestricted	Temporarily Restricted	Total
Net realized and unrealized gains	\$ 154,903	\$ -	\$ 154,903
Interest income	114,067	-	114,067
Dividends	65,661	-	65,661
Investment expenses	(56,047)	-	(56,047)
Total return on investments	\$278,584	\$ -	\$278,584

4. Fair Value of Financial Instruments

The Association has adopted FASB ASC Topic 820, "Fair Value Measurements" (Topic 820). Topic 820 requires disclosures that stratify balance sheet amounts measured at fair value based on the inputs used to derive fair value measurements. These strata include:

- Level 1 valuations, where the valuation is based on quoted market prices for identical assets or liabilities traded in active markets (which include exchanges and over-the-counter markets with sufficient volume);
- Level 2 valuations, where the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market; and

Louisiana Association for the Blind

Notes to Financial Statements - (Continued)

4. Fair Value of Financial Instruments - (Continued)

- Level 3 valuations, where the valuation is generated from model-based techniques that use significant assumptions not observable in the market, but observable based on Association-specific data. These unobservable assumptions reflect the Association's own estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques typically include option pricing models, discounted cash flow models and similar techniques, but may also include the use of market prices of assets or liabilities that are not directly comparable to the subject asset or liability.

Fair values of assets and liabilities measured on a recurring basis at September 30, 2017 and 2016 are as follows:

	Assets at Fair Value as of September 30, 2017			
	Level 1	Level 2	Level 3	Fair Value
Money Markets	\$ -	\$ 221,257	\$ -	\$ 221,257
Mutual Funds:				
Exchange-traded Funds	1,396,283	-	-	1,396,283
Domestic Growth	539,876	-	-	539,876
Total Mutual Funds	1,936,159			1,936,159
Government Obligations and Corporate Bonds		5,579,943	-	5,579,943
Common Stocks - Domestic	1,627,630	-	-	1,627,630
Asset-backed securities		564,703	-	564,703
Total	\$3,563,789	\$6,365,903	\$-	\$9,929,692

	Assets at Fair Value as of September 30, 2016			
	Level 1	Level 2	Level 3	Fair Value
Money Markets	\$ -	\$ 263,920	\$ -	\$ 263,920
Mutual Funds:				
Domestic Growth	466,283	-	-	466,283
Exchange-traded funds	121,713	-	-	121,713
Total Mutual Funds	587,996			587,996
Government Obligations and Corporate Bonds		5,201,851	-	5,201,851
Common Stocks - Domestic	2,394,204	-	-	2,394,204
Asset-backed securities		479,289	-	479,289
Total	\$2,982,200	\$5,945,060	\$-	\$8,927,260

5. Commitments, Contingencies and Leases

The Association leases equipment for some of its activities under operating leases. Minimum rentals under the leases with initial or remaining terms in excess of one year were as follows at September 30, 2017:

Year	Operating Lease Payments
2018	\$171,345
2019	144,839
2020	130,237
2021	130,237
2022 and thereafter	75,971
Total minimum rentals	
	\$652,629

Amounts charged to operations under operating leases totaled \$191,861 and \$149,429, in 2017 and 2016, respectively.

In the normal course of business, the Association may be subject to various claims and litigation. The Association anticipates no material losses as a result of any such actions.

6. Major Customer

The majority of the Association's sales are to agencies of the United States Government or to third-party commercial enterprises, which then resale the products to agencies of the United States Government. Sales to agencies of the United States Government and such commercial enterprises accounted for approximately 88% and 91% of total sales in 2017 and 2016. Related accounts receivable accounted for approximately 86% and 84% of total accounts receivable at September 30, 2017 and 2016, respectively.

7. Temporarily Restricted Net Assets

Temporarily restricted net assets are as follows:

	2017	2016
Scholarships	\$5,059	\$3,055
	\$5,059	\$3,055

8. Retirement Plan

The Association has a qualified, contributory 401(k) plan for all eligible employees. Effective January 1, 2011, the Association amended the plan to allow eligible employees to contribute up to the legal limit from their compensation and the Association would match employee contributions 100% up to 5% of eligible compensation. Also, the Association can contribute a discretionary amount as determined annually by the Board of Directors based on year-end profits. No discretionary contributions were made in either year.

The total of the discretionary contributions, matching contributions and employee contributions may not exceed the maximum as allowed by law for each employee. Matching contributions charged against operations amounted to \$150,084 and \$147,418 in 2017 and 2016, respectively.

9. Supplemental Cash Flows Information

Cash paid for interest totaled \$6 and \$177 for the years ended September 30, 2017 and 2016, respectively.

10. Major Vendors

One vendor accounted for 27% of purchases in 2017 and 31% in 2016.

11. State of Louisiana Contract

In 2017 and 2016, the Association received revenue totaling \$490,250 and \$641,312, respectively from the State of Louisiana. The funds were expended in exchange for providing certain services and procuring certain equipment based on an annual budget request submitted to the State of Louisiana. Such budget items included acquisitions (or major repair) of property and equipment, advertising costs, staff salaries and professional services. Included in Accounts Receivable as of September 30, 2017 and 2016 are \$280,006 and \$294,251, respectively, in accounts receivable related to this revenue.

12. Subsequent Events

In accordance with FASB Accounting Standards Codification topic 855 "Subsequent Events," the Association evaluated events and transactions that occurred after the statement of financial position date but before the financial statements were made available for issuance for potential recognition or disclosure in the financial statements. The Association evaluated such events through March 15, 2018, the date the financial statements were available to be issued, and noted no subsequent events that required provision for or disclosure in the financial statements.

13. Related Party Transactions

In 2017 and 2016, the Association purchased its group insurance through an agent whose spouse was also a member of the Board of Directors. Total group insurance premiums amounted to approximately \$832,000 and \$934,000 in 2017 and 2016, respectively. In 2017 and 2016, the agent for the Association's qualified 401(k) plan was also the spouse of a member of the Board of Directors. Total contributions to the plan, including employee contributions, amounted to approximately \$353,000 and \$349,000 in 2017 and 2016.

The Association has an agreement with the National Industries for the Blind ("NIB"), under which NIB acts as a prime contractor and central nonprofit agency for the Association to obtain governmental contracts under the Ability One, formerly Javits-Wagner-O'Day (JWOD) Program. The Association pays commissions of 3.93% to NIB on all Ability One sales for which either the Association or NIB act as the prime contractor. Commissions paid to NIB for Ability One sales were \$607,139 and \$603,879 for the years ended September 30, 2017 and 2016, respectively.

14. Other Income

Included in other income for the year ended September 30, 2016 is \$512,285 due from the fund administering Deepwater Horizon claims for economic losses incurred as a result of the oil spill by the oil rig Deepwater Horizon in the Gulf of Mexico on April 20, 2010. Legal fees of \$34,152 are included in general and administrative expense for the year ended September 30, 2016. Other loss for the year ended September 30, 2017 represents the cost of demolishing the building located at 1750 Claiborne Avenue in Shreveport, Louisiana.

15. Accounts Receivable

Accounts receivable comprise the following:

	2017	2016
Trade accounts receivable	\$2,974,166	\$2,927,379
Deepwater Horizon Claim Settlement	-	512,285
	\$2,974,166	\$3,439,664

Supplementary Information

Louisiana Association for the Blind

Schedules of General and Administrative Expenses

<i>Years Ended September 30,</i>	2017	2016
Salaries - Administrative	\$1,202,349	\$1,259,678
Salaries - Maintenance and Other	573,797	537,205
Group Insurance	310,872	345,685
Depreciation	255,337	260,332
General Insurance	183,769	167,631
Employee Benefits	177,173	178,456
Payroll Taxes	163,627	143,640
Rental Expense	154,143	131,289
Repairs and Maintenance	118,742	145,021
Retirement	63,329	61,456
Dues and Subscriptions	59,680	22,300
Telephone	52,012	68,543
Travel	42,763	30,151
Audit and Accounting Expense	42,500	38,518
Office Supplies	37,730	41,876
Supplies	32,293	37,011
Utilities	28,102	28,231
Legal Fees	21,630	59,230
Advertising Expense	12,815	3,387
Tools and Small Equipment	12,476	5,502
Truck and Auto	10,033	8,313
Property Taxes	6,955	4,674
Security	6,680	9,651
Consulting Expense	6,500	790
Gifts	4,931	5,142
Special Events	4,814	8,456
Postage	4,417	4,731
Entertainment	1,682	1,714
Board and Other Meeting Expense	1,576	1,272
Freight	1,131	-
Miscellaneous	1,130	961
Employee Testing	950	566
Allocated G&A	270	3,484
	\$3,596,208	\$3,614,896

Years Ended**September 30, 2017**

	Paper	Abrasives / Deck Coverings	Low-Vision	Xerox & Other	Printing Services	Total
Sales:						
General Services Administration	\$ -	\$ 689,626	\$ -	\$ 3,172,523	\$ -	\$ 3,862,149
MAS and Ability One	386,395	791,491	-	10,788,787	-	11,966,673
Commercial / NON-NIB	317,814	1,630,056	-	136,129	369,617	2,453,616
Waste	58	-	-	157,844	-	157,902
Base Service Stores	189	85	-	117,919	-	118,193
State Contract	-	-	184,595	-	-	184,595
Other	-	195	324,128	2,940	-	327,263
	704,456	3,111,453	508,723	14,376,142	369,617	19,070,391
Cost of Sales:						
Beginning inventory	232,783	492,696	19,792	754,603	4,966	1,504,840
Add: Purchase / transfer from other departments	306,236	1,281,874	45,062	8,762,182	100,773	10,496,127
Less: Ending inventory	(98,676)	(386,870)	(16,293)	(761,894)	(3,867)	(1,267,600)
Raw materials consumed (1)	440,343	1,387,700	48,561	8,754,891	101,872	10,733,367
Manufacturing costs	789,230	641,786	713,800	1,903,382	235,704	4,283,902
Cost of sales	1,229,573	2,029,486	762,361	10,658,273	337,577	15,017,270
Gross profit (loss)	\$ (525,117)	\$1,081,967	\$ (253,638)	\$ 3,717,869	\$ 32,040	\$ 4,053,121
Gross profit as a percent of sales	NM	34.8%	NM	25.9%	8.7%	21.3%

NM - Not Meaningful

(1) Includes write-off of inventory originally intended to be sold to the purchaser of the Association's paper pad production line ("Acquirer"). Ultimately \$89,549 of raw inventory was not purchased from the Acquirer.

Louisiana Association for the Blind

Schedules of Sales and Cost of Sales

September 30, 2016						
Paper	Abrasives / Deck Coverings	Low-Vision	Xerox & Other	Printing Services	Total	
\$ -	\$ 712,624	\$ -	\$ 4,465,783	\$ -	\$ 5,178,407	
789,671	773,836	-	9,587,972	-	11,151,479	
81,685	1,684,476	-	203,013	406,745	2,375,919	
421	-	-	126,785	-	127,206	
1,250	-	-	141,753	-	143,003	
-	-	241,566	-	-	241,566	
150	1,780	443,109	15,458	-	460,497	
873,177	3,172,716	684,675	14,540,764	406,745	19,678,077	
440,740	500,120	7,709	715,497	4,043	1,668,109	
239,789 (232,783)	1,393,267 (492,696)	12,083 (19,792)	9,254,222 (754,603)	118,636 (4,966)	11,017,997 (1,504,840)	
447,746	1,400,691	-	9,215,116	117,713	11,181,266	
809,912	616,096	673,278	1,954,046	272,649	4,325,981	
1,257,658	2,016,787	673,278	11,169,162	390,362	15,507,247	
\$ (384,481)	\$ 1,155,929	\$ 11,397	\$ 3,371,602	\$ 16,383	\$ 4,170,830	
NM	36.4%	1.7%	23.2%	4.0%	21.2%	

Years Ended**September 30, 2017**

	BAFB Base Supply	BAFB Base Equipment	Fort Polk SSSC	Total
Sales	\$1,293,715	\$2,363,852	\$1,280,827	\$4,938,394
Cost of Sales:				
Beginning inventory	252,555	254,047	294,868	801,470
Add: Purchase/transfer from other departments	1,073,600	1,986,218	1,086,284	4,146,102
Less: Ending inventory	(272,898)	(262,597)	(296,487)	(831,982)
Raw materials consumed	1,053,257	1,977,668	1,084,665	4,115,590
Other costs	68,919	71,004	101,044	240,967
Cost of sales	1,122,176	2,048,672	1,185,709	4,356,557
Gross profit	\$ 171,539	\$ 315,180	\$ 95,118	\$ 581,837
Gross profit as a percent of sales	13.3%	13.3%	7.4%	11.8%

Louisiana Association for the Blind

Schedules of Sales and Cost of Sales - Base Service Centers

September 30, 2016				
BAFB Base Supply	BAFB Base Equipment	Fort Polk SSSC	Total	
\$1,269,228	\$2,871,789	\$1,246,776	\$5,387,793	
249,294	352,719	218,499	820,512	
991,111 (252,555)	2,302,253 (254,047)	1,051,447 (294,868)	4,344,811 (801,470)	
987,850 77,993	2,400,925 77,934	975,078 126,954	4,363,853 282,881	
1,065,843	2,478,859	1,102,032	4,646,734	
\$ 203,385	\$ 392,930	\$ 144,744	\$ 741,059	
16.0%	13.7%	11.6%	13.8%	

Louisiana Association for the Blind

Schedules of State Contracts

Year Ended September 30, 2017

Description of State Contract	Appropriation	Revenue Recognized	Expenditures
2017 Appropriation	\$500,000	\$490,250	\$490,250
Total		\$490,250	\$490,250

Year Ended September 30, 2016

Description of State Contract	Appropriation	Revenue Recognized	Expenditures
2015 Appropriation	\$500,000	\$ 84,764	\$ 84,764
2016 Appropriation*	\$460,183	\$436,836	\$436,836
2017 Appropriation	\$500,000	\$119,712	\$119,712
Total		\$641,312	\$641,312

* The amount in the appropriation represents the initial contract. Mid-year budget revisions reduced the final appropriation by \$39,817 to \$460,183.

Louisiana Association for the Blind

Schedule of Compensation, Benefits and Other Payments to Agency Head

Year Ended September 30, 2017

Louisiana Revised Statute 24:513 (A) (3) requires reporting of the total compensation, reimbursements, and benefits paid to the agency head or chief executive officer. This law was further amended by Act 462 of the 2016 Regular Session of the Louisiana Legislature to clarify that nongovernmental or not-for-profit local auditees are required to report only the compensation, reimbursements, and benefits paid to the agency head or chief executive officer from public funds.

Louisiana Association for the Blind is not required to report the total compensation, reimbursements, and benefits paid to Ms. Elaine M. Taylor, the Association's President and Chief Executive Officer during the year ended September 30, 2017, as none of those payments were made from public funds.

**Independent Auditor's 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 Board of Directors
Louisiana Association for the Blind
Shreveport, Louisiana

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 Louisiana Association for the Blind (the "Association"), as of and for the year ended September 30, 2017, and the related summary of accounting policies and notes to financial statements and have issued my report thereon dated March 15, 2018.

Compliance

As part of obtaining reasonable assurance about whether the Association'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 the Association'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 Association's internal control. Accordingly, I do not express an opinion on the effectiveness of the Association'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 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 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 would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. 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.

Purpose of 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 Association'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 Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.



Certified Public Accountant

Shreveport, Louisiana
March 15, 2018

Louisiana Association for the Blind

Summary of Audit Results

Year Ended September 30, 2017

1. The independent auditor's report expressed an unqualified opinion on the financial statements of the Louisiana Association for the Blind.
2. No instances of noncompliance were reported in the independent auditor's report on compliance.
3. No material weaknesses in internal accounting control were disclosed in the independent auditor's report on internal control.
4. A separate management letter was not issued.

Louisiana Association for the Blind

Schedule of Findings and Questioned Costs

Year Ended September 30, 2017

There were no findings for the year ended September 30, 2017.

Louisiana Association for the Blind

Schedule of Prior Year Audit Findings

Year Ended September 30, 2016

There were no findings for the year ended September 30, 2016.