

**Louisiana Association
for the Blind
Financial Statements
Years Ended September 30, 2019 and 2018**

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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, 2019 and 2018, and the related statements of activities, functional expenses 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, 2019 and 2018, 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 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.

Emphasis of Matter

As discussed in Note 19 to the financial statements, the Louisiana Association for the Blind adopted new accounting pronouncements for the years ended December 31, 2019 with retroactive restatement as applicable. My opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated March 18, 2020 on my consideration of Louisiana Association for the Blind'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 Louisiana Association for the Blind's internal control over financial reporting and compliance.



Certified Public Accountant

Shreveport, Louisiana
March 18, 2020

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*

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Louisiana Association for the Blind (a nonprofit organization) as of and for the year ended September 30, 2019, and the related summary of accounting policies and notes to financial statements and have issued my report thereon dated March 18, 2020.

Compliance and Other Matters

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

Internal Control over Financial Reporting

In planning and performing my audit, I considered Louisiana Association for the Blind'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 Louisiana Association for the Blind's internal control. Accordingly, I do not express an opinion on the effectiveness of Louisiana Association for the Blind'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 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. .

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 Louisiana Association for the Blind’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Louisiana Association for the Blind’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 18, 2020

Louisiana Association for the Blind

Statements of Financial Position

	September 30, 2019			September 30, 2018 (Restated)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
	Assets					
Current assets:						
Cash and cash equivalents	\$ 4,845,763	\$96,025	\$ 4,941,788	\$ 6,566,813	\$61,217	\$ 6,628,030
Short-term investments (Notes 3 and 4)	4,447,600	-	4,447,600	4,311,614	-	4,311,614
Accounts receivable (Notes 8, 13 and 16)	3,767,353	-	3,767,353	2,887,343	-	2,887,343
Inventories (Note 1)	2,449,073	-	2,449,073	2,455,126	-	2,455,126
Prepaid expenses and other	147,630	-	147,630	60,334	-	60,334
Total current assets	15,657,419	96,025	15,753,444	16,281,230	61,217	16,342,447
Long-term investments (Notes 3 and 4)	7,180,888	-	7,180,888	5,908,279	-	5,908,279
Property and equipment, net (Note 2)	8,320,824	-	8,320,824	8,446,855	-	8,446,855
Capital lease asset, net (Note 7)	251,979	-	251,979	363,969	-	363,969
Goodwill, net (Notes 20 and 21)	311,356	-	311,356	-	-	-
Total Assets	\$31,722,466	\$96,025	\$31,818,491	\$31,000,333	\$61,217	\$31,061,550
Liabilities and Net Assets						
Current liabilities:						
Accounts payable	\$ 896,390	\$ -	\$ 896,390	\$ 1,194,259	\$ -	\$ 1,194,259
Accrued payroll and related expenses	812,944	-	812,944	616,692	-	616,692
Deferred revenue	724,304	-	724,304	369,088	-	369,088
Capital lease liability (Note 6)	119,643	-	119,643	114,103	-	114,103
Total current liabilities	2,553,281	-	2,553,281	2,294,142	-	2,294,142
Noncurrent liabilities:						
Capital lease liability (Note 6)	157,754	-	157,754	277,398	-	277,398
Total liabilities	2,711,035	-	2,711,035	2,571,540	-	2,571,540
Net assets:						
Without donor restrictions	29,011,431	-	29,011,431	28,428,793	-	28,428,793
With donor restrictions (Note 9)	-	96,025	96,025	-	61,217	61,217
Total net assets	29,011,431	96,025	29,107,456	28,428,793	61,217	28,490,010
Total Liabilities and Net Assets	\$31,722,466	\$96,025	\$31,818,491	\$31,000,333	\$61,217	\$31,061,550

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, 2019			September 30, 2018 (Restated)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Sales (Note 8)	\$ 26,629,841	\$ -	\$ 26,629,841	\$ 25,222,727	\$ -	\$ 25,222,727
Cost of sales	(22,487,451)	-	(22,487,451)	(20,048,632)	-	(20,048,632)
Gross profit	4,142,390	-	4,142,390	5,174,095	-	5,174,095
Expenses:						
Selling	846,311	-	846,311	780,358	-	780,358
General and administrative	3,124,820	-	3,124,820	3,146,219	-	3,146,219
Total expenses	3,971,131	-	3,971,131	3,926,577	-	3,926,577
Increase in net assets from operations	171,259	-	171,259	1,247,518	-	1,247,518
Other income (expense):						
Investment income, net	422,784	-	422,784	294,040	-	294,040
Other	32,627	-	32,627	3,453	-	3,453
Contribution revenues and support	8,456	55,873	64,329	26,842	69,071	95,913
Low vision program expenses	(52,488)	(21,065)	(73,553)	(100,657)	(12,913)	(113,570)
Total non-operating income (expenses)	411,379	34,808	446,187	223,678	56,158	279,836
Increase in net assets	582,638	34,808	617,446	1,471,196	56,158	1,527,354
Net assets, beginning of year (restated) (Note 22)	28,428,793	61,217	28,490,010	26,957,597	5,059	26,962,656
Net assets, end of year	\$ 29,011,431	\$96,025	\$ 29,107,456	\$ 28,428,793	\$ 61,217	\$ 28,490,010

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

*Years ended*September 30, 2019

	<u>Program Activities</u>		<u>Supporting</u>	<u>Total</u>
	<u>Selling</u>	<u>Low Vision</u>	<u>Management</u>	
	<u>Program</u>	<u>Program</u>	<u>and General</u>	
	<u>Expenses</u>	<u>Expenses</u>	<u>Program</u>	<u>Expenses</u>
Expenses				
Advertising Expense	\$ -	\$ 173	\$ 21,912	\$ 22,085
Audit and Accounting Expense	-	-	49,224	49,224
Board and Other Meeting Expense	-	-	1,315	1,315
Commissions	846,311	-	-	846,311
Consulting Expense	-	-	20,955	20,955
Contract Labor	72,182	-	250	72,432
Depreciation and Amortization	383,718	-	238,681	622,399
Dues and Subscriptions	-	-	138,350	138,350
Employee Benefits	326,080	4,683	153,970	484,733
Freight	194,506	-	1,539	196,045
Fundraising	-	475	-	475
Gifts and Entertainment	-	-	9,345	9,345
Insurance, General	-	-	164,203	164,203
Insurance, Group Health	514,972	-	256,459	771,431
Insurance, Workman's Compensation	54,244	-	12,420	66,664
Interest	16,133	-	225	16,358
Legal Fees	-	-	34,747	34,747
Low Vision Supportive Services	137,087	66,440	-	203,527
Merchandise for Resale	4,503,442	-	-	4,503,442
Miscellaneous	513	-	10,019	10,532
Office Supplies	-	464	42,453	42,917
Payroll Taxes	234,125	-	126,654	360,779
Postage	-	32	19,032	19,064
Raw Materials	12,679,545	-	-	12,679,545
Rental and Lease Expense	20,747	-	55,430	76,177
Repairs and Maintenance	177,256	-	91,164	268,420
Retirement	102,807	-	58,166	160,973
Salaries - Administrative	1,771,132	-	1,335,084	3,106,216
Salaries - Direct Labor	1,108,627	-	-	1,108,627
Security	-	-	4,917	4,917
Special Events	-	-	7,996	7,996
Supplies	35,680	-	26,968	62,648
Telephone	-	-	49,995	49,995
Tools and Small Equipment	980	-	33,307	34,287
Travel	2,204	1,286	132,230	135,720
Truck and Auto	46,054	-	2,084	48,138
Utilities	105,417	-	25,726	131,143
Total Expenses	\$23,333,762	\$73,553	\$3,124,820	\$26,532,135

Louisiana Association for the Blind

Statements of Functional Expenses

September 30, 2018

(Restated)

Program Activities		Supporting Activities	Total
Selling Program Expenses	Low Vision Program Expenses	Management and General Program	Expenses
\$ -	\$ 26	\$ 17,269	\$ 17,295
-	-	43,314	43,314
-	-	1,139	1,139
780,358	-	-	780,358
-	-	48,140	48,140
134,077	-	-	134,077
341,060	-	233,980	575,040
-	-	71,240	71,240
291,547	184	179,716	471,447
203,085	4	246	203,335
-	13,540	-	13,540
-	-	8,290	8,290
-	-	139,803	139,803
510,481	-	249,498	759,979
59,089	-	12,992	72,081
21,416	-	37	21,453
-	-	23,184	23,184
40,390	97,981	-	138,371
5,119,145	-	-	5,119,145
-	-	52,463	52,463
-	430	41,078	41,508
225,626	-	133,957	359,583
-	27	4,716	4,743
10,241,596	-	-	10,241,596
2,680	-	61,203	63,883
152,520	-	96,846	249,366
82,131	-	59,925	142,056
1,723,045	-	1,484,354	3,207,399
726,898	-	-	726,898
-	-	3,860	3,860
-	-	18,946	18,946
27,923	-	28,924	56,847
-	-	44,983	44,983
3,234	-	5,007	8,241
7,728	1,378	50,896	60,002
43,789	-	4,750	48,539
91,172	-	25,463	116,635
\$20,828,990	\$113,570	\$3,146,219	\$24,088,779

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

Louisiana Association for the Blind

Statements of Cash Flows

<i>Years Ended</i>	September 30, 2019			September 30, 2018 (Restated)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Cash Flows from Operating Activities:						
Increase in net assets	\$ 582,638	\$34,808	\$ 617,446	\$ 1,471,196	\$56,158	\$ 1,527,354
Adjustments to reconcile increase in net assets to net cash provided by operating activities:						
Depreciation and amortization	622,399	-	622,399	575,040	-	575,040
Loss (gain) on disposition of assets	88,501	-	88,501	(4,302)	-	(4,302)
Realized loss (gain) on sale of investments	123,125	-	123,125	(357,734)	-	(357,734)
Unrealized loss (gain) on investments	(206,794)	-	(206,794)	193,733	-	193,733
Change in operating assets and liabilities:						
Accounts receivable	(880,010)	-	(880,010)	86,823	-	86,823
Inventories	6,053	-	6,053	(355,544)	-	(355,544)
Prepaid expenses and other	(87,296)	-	(87,296)	(18,241)	-	(18,241)
Accounts payable	(297,869)	-	(297,869)	(82,803)	-	(82,803)
Accrued payroll and related expenses	196,252	-	196,252	139,762	-	139,762
Deferred revenue	355,216	-	355,216	73,086	-	73,086
Net cash provided by operating activities	502,215	34,808	537,023	1,721,016	56,158	1,777,174
Cash Flows from Investing Activities:						
Additions to plant and equipment	(434,235)	-	(434,235)	(161,436)	-	(161,436)
Purchases of marketable securities	(7,391,471)	-	(7,391,471)	(8,215,798)	-	(8,215,798)
Proceeds from sale of securities	6,066,545	-	6,066,545	8,089,598	-	8,089,598
Investment in business acquisition	(350,000)	-	(350,000)	-	-	-
Net cash used in investing activities	(2,109,161)	-	(2,109,161)	(287,636)	-	(287,636)
Cash Flows from Financing Activities:						
Payment of lease liability	(114,104)	-	(114,104)	(108,820)	-	(108,820)
Net cash used in financing activities	(114,104)	-	(114,104)	(108,820)	-	(108,820)
Net (decrease) increase in cash and cash equivalents	(1,721,050)	34,808	(1,686,242)	1,324,560	56,158	1,380,718
Cash and cash equivalents at beginning of year	6,566,813	61,217	6,628,030	5,242,253	5,059	5,247,312
Cash and cash equivalents at end of year	\$ 4,845,763	\$96,025	\$ 4,941,788	\$ 6,566,813	\$61,217	\$ 6,628,030

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 financial statements of Association have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

For the year ended September 30, 2019, the Association adopted Accounting Standards Update (ASU) 2016-14 – "Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities." Under ASU 2016-14, the Association is required to report information regarding its financial position and activities according to two classes of net assets: assets with donor restrictions and assets without donor restrictions.

Assets without donor restrictions – The part of net assets that are not restricted by donor/grantor-imposed stipulations.

Assets with donor restrictions – The part of net assets that are restricted by donor/grantor-imposed stipulations.

Expenses are generally reported as decreases in net assets without donor restriction. Expirations of donor-imposed stipulations that simultaneously increase one class of net assets and decrease another are reported as transfers between the applicable classes of net assets. Gains and losses on investments and other assets and liabilities are reported as increases and decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or law.

Revenue Recognition

All donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenue without donor restrictions and the related assets, which are set aside or otherwise designated by the board of directors for specific uses, are reflected as revenue without donor restrictions and net assets without donor restrictions in the accompanying financial statements.

The Association reports gifts of land, buildings and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

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.

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 2017 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, 2019, \$4,319,855 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.

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, 2019 and 2018, the allowance for bad debts was \$0.

Louisiana Association for the Blind

Summary of Accounting Policies - (Concluded)

Advertising

The Association expenses advertising as it is incurred. The Association expended \$22,085 and \$17,295 in the years ended September 30, 2019 and 2018, respectively for advertising.

Functional Expenses

The costs of providing program and other activities have been summarize on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting activities benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Employee benefits	Time and effort
Insurance, group health	Time and effort
Insurance, workman's compensation	Time and effort
Payroll taxes	Time and effort
Retirement	Time and effort
Salaries	Time and effort
Utilities	Square footage

Goodwill

The Association has elected to implement Financial Accounting Standard Board's Accounting Standards Update (ASU) No. 2019-06 "Intangibles—Goodwill and Other (Topic 350), Business Combinations (Topic 805), and Not-for-Profit Entities (Topic 958): Extending the Private Company Accounting Alternatives on Goodwill and Certain Identifiable Intangible Assets to Not-for-Profit Entities." As provided in the ASU, management has elected the accounting alternative to amortize goodwill over 10 years on the straight-line basis. Additionally, management has elected to test goodwill for impairment at the entity level. Management has not identified any event that would trigger impairment of goodwill as of September 30, 2019. The full amount of acquired goodwill is expected to be tax deductible under the provisions of Internal Revenue Code §197 over 15 years on the straight-line basis.

Reclassification of Prior Year Amounts

The Association has applied ASU 2016-14 on a retrospective basis to the year ended September 30, 2018. Certain amounts in the prior year have been reclassified to conform to the current year presentation.

1. Inventories

Inventories are summarized as follows:

<i>September 30,</i>	2019	2018
Raw materials	\$ 674,311	\$ 695,772
Finished goods	699,908	704,118
Work in process	9,736	1,229
Manufacturing inventories	1,383,955	1,401,119
Base Service Store inventories	1,065,118	1,054,007
Total	\$2,449,073	\$2,455,126

2. Property and Equipment

Major classes of property and equipment consist of the following:

<i>September 30,</i>	2019	2018
Buildings	\$ 7,002,452	\$ 6,860,944
Leasehold improvements - Fort Polk	2,067,033	2,067,033
Machinery	1,663,773	1,633,940
Xerox paper equipment	1,440,609	1,357,288
Padding equipment	955,127	937,605
Land	592,298	592,298
Abrasive / deck equipment	842,194	713,107
Furniture and fixtures	456,959	456,697
Automobiles and trucks	464,367	455,432
Machinery - Base Service Store	156,588	156,588
Automobiles and trucks - Fort Polk	48,044	48,044
Machinery - Fort Polk	26,340	46,734
Automobiles and trucks - Base Service Store	29,338	29,338
Leasehold improvements - Base Service Store	9,500	9,500
	15,754,622	15,364,548
Less accumulated depreciation and amortization	(7,433,798)	(6,917,693)
Net property and equipment	\$ 8,320,824	\$ 8,446,855

Depreciation expense related to property and equipment for the years ended September 30, 2019 and 2018 totaled \$502,426 and \$463,050, 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, 2019	Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Market Value
Morgan Stanley Smith Barney Short Term Reserve Account:				
Cash and money market	\$ 77,645	\$ -	\$ -	\$ 77,645
Corporate fixed income	1,286,321	30,392	-	1,316,713
U.S. Government securities	914,494	20,386	-	934,880
	<u>2,278,460</u>	<u>50,778</u>	<u>-</u>	<u>2,329,238</u>
MetLife Short Term Account:				
Cash and money market	111,031	-	-	111,031
Certificates of deposit	247,000	450	-	247,450
	<u>358,031</u>	<u>450</u>	<u>-</u>	<u>358,481</u>
Business Development Fund:				
Cash and money market	36,808	-	-	36,808
Certificates of deposit	1,715,000	8,073	-	1,723,073
	<u>1,751,808</u>	<u>8,073</u>	<u>-</u>	<u>1,759,881</u>
Total short-term investments	\$4,388,299	\$59,301	\$ -	\$4,447,600
Morgan Stanley Smith Barney Intermediate Term Reserve Account:				
Cash and money market	\$ 94,366	\$ -	\$ -	\$ 94,366
Government & GSE	2,230,768	52,432	-	2,283,200
Corporate fixed income	1,246,491	55,534	-	1,302,025
Common stocks	771,323	130,815	-	902,138
Exchange-traded funds	522,356	64,835	-	587,191
	<u>4,865,304</u>	<u>303,616</u>	<u>-</u>	<u>5,168,920</u>
Charitable Trust Fund:				
Cash and money market	33,320	-	-	33,320
Common stock	1,072,826	197,927	-	1,270,753
Exchange-traded funds	574,779	34,845	-	609,624
Mutual funds	96,243	2,028	-	98,271
	<u>1,777,168</u>	<u>234,800</u>	<u>-</u>	<u>2,011,968</u>
Total long-term investments	\$6,642,472	\$538,416	\$ -	\$7,180,888

Louisiana Association for the Blind

Notes to Financial Statements - (Continued)

3. Investments - (Continued)

September 30, 2018	Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Market Value
Morgan Stanley Smith Barney Short Term Reserve Account:				
Cash and money market	\$ 19,143	\$ -	\$ -	\$ 19,143
U.S. Government securities	1,135,628	-	(4,853)	1,130,775
Corporate fixed income	1,095,208	-	(7,882)	1,087,326
	<u>2,249,979</u>	-	<u>(12,735)</u>	<u>2,237,244</u>
MetLife Short Term Account:				
Cash and money market	364,519	-	-	364,519
Certificates of deposits	1,706,000	3,851	-	1,709,851
	<u>2,070,519</u>	<u>3,851</u>	<u>-</u>	<u>2,074,370</u>
Total short-term investments	\$4,320,498	\$3,851	\$(12,735)	\$4,311,614
Morgan Stanley Smith Barney Intermediate Term Reserve Account:				
Cash and money market	\$ 72,373	\$ -	\$ -	\$ 72,373
Government & GSE	1,861,151	-	(41,006)	1,820,145
Corporate fixed income	851,251	-	(4,577)	846,674
Exchange-traded funds	630,015	15,166	-	645,181
Common stocks	461,046	89,072	-	550,118
	<u>3,875,836</u>	<u>104,238</u>	<u>(45,583)</u>	<u>3,934,491</u>
Charitable Trust Fund:				
Cash and money market	52,162	-	-	52,162
Exchange-traded funds	1,101,688	28,444	-	1,130,132
Corporate fixed income	602,328	167,154	-	769,482
Mutual funds	21,996	16	-	22,012
	<u>1,778,174</u>	<u>195,614</u>	<u>-</u>	<u>1,973,788</u>
Total long-term investments	\$5,654,010	\$299,852	\$(45,583)	\$5,908,279

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, 2019, no assets of the Charitable Trust Fund were restricted by donors.

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
- 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.

Louisiana Association for the Blind

Notes to Financial Statements - (Continued)

4. Fair Value of Financial Instruments - (Continued)

Fair values of assets and liabilities measured on a recurring basis at September 30, 2019 and 2018 are as follows:

	Assets at Fair Value as of September 30, 2019			
	Level 1	Level 2	Level 3	Fair Value
Money Markets	\$ -	\$ 353,170	\$ -	\$ 353,170
Certificates of Deposit	-	1,970,522	-	1,970,522
Mutual Funds:				
Exchange-traded Funds	1,196,815	-	-	1,196,815
Domestic Growth	98,272	-	-	98,272
Total Mutual Funds	1,295,087	-	-	1,295,087
Government Obligations and Corporate Bonds	-	5,836,818	-	5,836,818
Common Stocks - Domestic	2,172,891	-	-	2,172,891
Total	\$3,467,978	\$8,160,510	\$ -	\$11,628,488

	Assets at Fair Value as of September 30, 2018			
	Level 1	Level 2	Level 3	Fair Value
Money Markets	\$ -	\$ 508,197	\$ -	\$ 508,197
Certificates of Deposit	-	1,709,851	-	1,709,851
Mutual Funds:				
Exchange-traded Funds	1,775,313	-	-	1,775,313
Domestic Growth	22,012	-	-	22,012
Total Mutual Funds	1,797,325	-	-	1,797,325
Government Obligations and Corporate Bonds	-	4,884,920	-	4,884,920
Common Stocks - Domestic	1,319,600	-	-	1,319,600
Total	\$3,116,925	\$7,102,968	\$ -	\$10,219,893

5. Operating 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 are as follows at September 30, 2019:

Year	Operating Lease Payments
2020	\$ 44,868
2021	44,868
2022	44,868
2023	44,868
2024 and thereafter	3,739
Total minimum operating lease payments	\$183,211

Amounts charged to operations under operating leases totaled \$76,177 and \$63,883 in 2019 and 2018, respectively.

6. Capital Lease Liability

The Association leases equipment for some of its activities under a capital leasing arrangement with an initial present value of \$578,617 with 60 monthly payments of \$10,853 including an imputed annual interest rate of 4.75% beginning January 1, 2017 with a bargain purchase of \$1 at the end of the lease term.

Future lease liability commitments under capital leases as of September 30, 2019 are as follows:

Year	Capital Lease Commitments
2020	\$119,643
2021	125,451
2022	32,303
Total capital lease commitments	\$277,397

Current and noncurrent portion of capital lease liabilities are summarized as follows:

	2019	2018
Current portion	\$119,643	\$114,103
Noncurrent portion	157,754	277,398
Total lease liability	\$277,397	\$391,501

Interest expense associated with capital lease liabilities was \$16,133 and \$21,416 for the years ended September 30, 2019 and 2018 respectively.

7. Capital Lease Assets

The Association records a capital lease asset corresponding to the initial present value of the underlying capital lease liabilities. Depreciation expense is recorded on a straight-line basis over the term of the lease.

	2019	2018
Printing equipment	\$ 578,617	\$ 578,617
Less accumulated depreciation	(326,638)	(214,648)
Capital lease assets, net	\$ 251,979	\$ 363,969

Depreciation expense associated with capital leases was \$111,990 and \$111,990 for the years ended September 30, 2019 and 2018 respectively.

8. 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 93% and 94% of total sales in 2019 and 2018. Related accounts receivable accounted for approximately 90% and 93% of total accounts receivable at September 30, 2019 and 2018, respectively.

9. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes:

	2019	2018
Assistive Technology	\$66,351	\$44,724
Children's Programs	15,743	7,763
Scholarships	12,435	7,288
Art Program	1,496	1,442
Net assets with donor restrictions	\$96,025	\$61,217

10. 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.

10. Retirement Plan - (Continued)

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 \$160,973 and \$142,055 in 2019 and 2018, respectively.

11. Supplemental Cash Flows Information

Cash paid for interest totaled \$112,215 and \$112,027 for the years ended September 30, 2019 and 2018, respectively.

12. Major Vendors

One vendor accounted for 38% of purchases in 2019 and 27% in 2018.

13. State of Louisiana Contract

In 2019 and 2018, the Association received revenue totaling \$591,673 and \$297,969, 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, 2019 and 2018 are \$285,605 and \$293,169, respectively, related to this revenue.

14. 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 18, 2020, 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.

15. Related Party Transactions

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 \$671,323 and \$602,462 for the years ended September 30, 2019 and 2018, respectively.

Louisiana Association for the Blind

Notes to Financial Statements - (Continued)

16. Accounts Receivable

Accounts receivable comprise the following:

	2019	2018
Trade accounts receivable	\$3,481,122	\$2,592,051
Other receivables	286,231	295,292
	\$3,767,353	\$2,887,343

17. Availability of Financial Assets

The following reflects the Association's financial assets as of the statements of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statements of financial position date.

	2019	2018
Financial assets at year end	\$20,337,629	\$19,735,265
Less those unavailable for general operations within one year due to:		
Restricted by donor with time or purpose restriction	(96,025)	(61,217)
Total financial assets available to meet cash needs for general expenditure within one year	\$20,241,604	\$19,674,048

The Association's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	2019	2018
Cash and cash equivalents	\$4,845,763	\$6,566,813
Accounts receivable	3,767,353	2,887,342
Short-term investments	4,447,600	4,311,614
Long-term investments	7,180,888	5,908,279
Total financial assets	\$20,241,604	\$19,674,048

18. Commitments and Contingencies

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.

19. Adoption of New Pronouncements

For the year ended September 30, 2019, the Louisiana Association for the Blind adopted the Financial Accounting Standard Update (ASU) No. 2016-14 – “Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities.” The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures.

With respect to these financial statements, the major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) requiring the presentation of an analysis of expenses by function and nature and along with a summary of the allocation methods used to allocate costs, (c) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of financial resources, and (d) presenting investment return net of external and direct expenses.

Implementation of ASU 2016-14 did not require reclassification or restatement of any opening balances related to the periods presented. The Association’s net assets previously reported as temporarily restricted are now reported as net assets with donor restrictions. Likewise, the Association’s net assets previously reported as unrestricted are now reported as net assets without donor restrictions.

For the year ended September 30, 2019, the Louisiana Association for the Blind adopted Financial Accounting Standard Update (ASU) No. 2019-06 – “Intangibles—Goodwill and Other (Topic 350), Business Combinations (Topic 805), and Not-for-Profit Entities (Topic 958): Extending the Private Company Accounting Alternatives on Goodwill and Certain Identifiable Intangible Assets to Not-for-Profit Entities.” The ASU extends certain private company accounting alternatives to not-for-profit entities.

Specifically, the ASU permits a not-for-profit entity to amortize goodwill on a straight-line basis over 10 years. Additionally, the entity must make an accounting policy election to test goodwill for impairment at either the entity level or the reporting-unit level. Goodwill of the entity (or the reporting unit) is tested for impairment if an event occurs or circumstances change indicating that the fair value of the entity (or the reporting unit) may be below its carrying amount. Annual testing of goodwill for impairment is not required. Implementation of ASU 2019-06 did not require reclassification or restatement of any opening balances related to the periods presented.

20. Acquisitions

On June 25, 2019, the Louisiana Association for the Blind acquired the following assets that comprised the business operations of Hilburn Printing, Inc., Shreveport, Louisiana in an all cash transaction:

Goodwill	\$319,339
Vehicles and equipment	27,899
Inventory	2,500
Furniture and fixtures	262
	\$350,000

Continued

Louisiana Association for the Blind

Notes to Financial Statements - (Concluded)

20. Acquisitions - (Continued)

Tangible assets were valued at their fair market value as of the date of acquisition. None of Hilburn Printing, Inc.'s liabilities were assumed, and no other considerations were provided or received. Goodwill represents the expected synergies from combined operations.

21. Goodwill

The following reflects the schedule of goodwill amortization expense:

Year	Amortization Expense
2020	\$ 31,934
2021	31,394
2022	31,394
2023	31,394
2024 and thereafter	298,674
	\$311,446

Goodwill amortization expense for the years ended September 30, 2019 and 2018 totaled \$7,893 and \$0, respectively.

The following represents the value of goodwill:

	2019	2018
Acquired goodwill	\$319,339	\$ -
Accumulated amortization expense	(7,893)	-
Goodwill, net	\$311,446	\$ -

22. Prior Period Adjustment

During 2019, it was determined by management that the Association treated capital leases as operating leases. To recognize the recharacterization of capital leases, net assets for the year ended September 30, 2017 were restated to include a capital lease asset and capital lease liability as of that date. The effects on the financial statements as of September 30, 2017 were as follows:

	As Originally Reported	As Restated
Capital Lease Asset	\$ -	\$ 475,959
Total Assets	29,037,012	29,512,971
Capital Lease Liability	-	500,531
Total Liabilities	2,049,994	2,550,315
Net Assets	26,987,018	26,962,656
Net Assets and Liabilities	\$29,037,012	\$29,512,971

Supplementary Information

<i>Years Ended</i>	September 30, 2019					
	Paper	Abrasives / Deck Coverings	Low-Vision	Xerox & Other	Printing Services	Total
Sales:						
General Services Administration	\$ -	\$ 631,314	\$ -	\$ 4,212,075	\$ -	\$ 4,843,389
MAS and Ability One	296,946	849,957	-	11,552,588	-	12,699,491
Commercial / NON-NIB	39,526	2,077,575	-	176,747	631,191	2,925,039
Waste	-	-	-	204,006	-	204,006
Base Service Stores	67	-	-	89,308	-	89,376
State Contract	-	-	-	-	-	-
Other	-	426	619,927	1,971	-	622,324
	336,539	3,559,272	619,927	16,236,695	631,191	21,383,624
Cost of Sales:						
Beginning inventory	71,082	500,185	27,243	778,674	23,935	1,401,119
Add: Purchase / transfer from other departments	139,671	1,597,577	192,080	10,681,779	168,463	12,779,570
Less: Ending inventory	(65,234)	(547,531)	(35,623)	(675,580)	(59,987)	(1,383,955)
Raw materials consumed	145,519	1,550,231	183,700	10,784,873	132,411	12,796,734
Manufacturing costs	726,091	761,688	902,162	2,011,602	496,776	4,898,319
Cost of sales	871,610	2,311,919	1,085,862	12,796,475	629,187	17,695,053
Gross profit (loss)	\$(535,071)	\$1,247,353	\$ (465,935)	\$ 3,440,220	\$ 2,004	\$ 3,688,571
Gross profit as a percent of sales	NM	35.0%	NM	21.2%	0.3%	17.3%

NM - Not Meaningful

Louisiana Association for the Blind

Schedules of Sales and Cost of Sales

September 30, 2018

Paper	Abrasives / Deck Coverings	Low-Vision	Xerox & Other	Printing Services	Total
\$ -	\$ 755,018	\$ -	\$ 3,544,858	\$ -	\$ 4,299,876
324,990	841,371	-	10,174,746	-	11,341,107
94,733	1,872,215	-	156,812	464,115	2,587,875
30	-	-	173,145	-	173,175
230	-	-	117,996	-	118,226
-	-	38,874	-	-	38,874
-	11,876	487,234	14,469	-	513,579
419,983	3,480,480	526,108	14,182,026	464,115	19,072,712
98,676	386,870	16,293	761,894	3,867	1,267,600
163,862	1,709,341	138,512	8,308,948	132,914	10,453,577
(71,082)	(500,185)	(27,243)	(778,674)	(23,935)	(1,401,119)
191,456	1,596,026	127,562	8,292,168	112,846	10,320,058
578,963	667,386	722,595	1,964,056	324,956	4,257,956
770,419	2,263,412	850,157	10,256,224	437,802	14,578,014
\$(350,436)	\$1,217,068	\$(324,049)	\$ 3,925,802	\$ 26,313	\$ 4,494,698
NM	35.0%	NM	27.7%	5.7%	23.6%

<i>Years Ended</i>	September 30, 2019			
	BAFB Base Supply	BAFB Base Equipment	Fort Polk SSSC	Total
Sales	\$1,188,006	\$2,358,704	\$1,699,507	\$5,246,217
Cost of Sales:				
Beginning inventory	287,782	450,109	316,116	1,054,007
Add: Purchase/transfer from other departments	936,119	2,028,256	1,384,011	4,348,386
Less: Ending inventory	(260,558)	(535,160)	(269,400)	(1,065,118)
Raw materials consumed	963,343	1,934,205	1,430,727	4,328,275
Other costs	117,618	134,098	203,407	455,123
Cost of sales	1,080,961	2,077,303	1,634,134	4,792,398
Gross profit	\$ 107,045	\$ 281,401	\$ 65,373	\$ 453,819
Gross profit as a percent of sales	9.0%	11.9%	3.8%	8.7%

Louisiana Association for the Blind

Schedules of Sales and Cost of Sales - Base Service Centers

September 30, 2018				
	BAFB Base Supply	BAFB Base Equipment	Fort Polk SSSC	Total
	\$1,270,677	\$3,361,213	\$1,518,125	\$ 6,150,015
	272,898	262,597	296,487	831,982
	1,046,655	2,970,932	1,213,701	5,231,288
	(287,782)	(450,109)	(316,116)	(1,054,007)
	1,031,771	2,783,420	1,194,072	5,009,263
	131,780	134,372	195,203	461,355
	1,163,551	2,917,792	1,389,275	5,470,618
	\$ 107,126	\$ 443,421	\$ 128,850	\$ 679,397
	8.4%	13.2%	8.5%	11.0%

Louisiana Association for the Blind

Schedules of State Contracts

Year Ended September 30, 2019

Description of State Contract	Appropriation	Revenue Recognized	Expenditures
2019 Appropriation	\$500,000	\$500,000	\$500,000
2020 Appropriation	500,000	91,673	91,673
Total		\$591,673	\$591,673

Year Ended September 30, 2018

Description of State Contract	Appropriation	Revenue Recognized	Expenditures
2018 Appropriation	\$500,000	\$297,969	\$297,969
Total		\$297,969	\$297,969

Schedule of Compensation, Benefits and Other Payments to Agency Head

Year Ended September 30, 2019

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. Shawn Murphy, the Association's President and Chief Executive Officer during the year ended September 30, 2019, as none of those payments were made from public funds.

Year Ended September 30, 2019

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, 2019

There were no findings for the year ended September 30, 2019.

Louisiana Association for the Blind

Schedule of Prior Year Audit Findings

Year Ended September 30, 2018

There were no findings for the year ended September 30, 2018.

**Independent Accountant's Report on Applying
Agreed-Upon Procedures**

To the Board of Directors
Louisiana Association for the Blind
and the
Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by the Louisiana Association for the Blind (LAB) 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 October 1, 2018 through September 30, 2019. 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:

Written Policies and Procedures

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

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

Obtained and inspected the entity's written policies and procedures and noted all budgeting functions described above were addressed without exception.

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.

Obtained and inspected the entity's written policies and procedures for Purchasing and noted the following:

(1) How purchases are initiated was addressed without exception.

(2) How vendors are added to the vendor list was addressed without exception.

(3) Preparation and approval process were addressed without exception.

(4) Controls to ensure compliance with public bid laws were not addressed (Exception).

(5) Documentation required to be retained for all bids and price quotes was not addressed (Exception).

- c) **Disbursements**, including processing, reviewing, and approving.

Obtained and inspected the entity's written policies and procedures and noted all disbursement functions described above were addressed without exception.

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

Obtained and inspected the entity's written policies and procedures and noted all the receipt/collections functions described above were addressed except for policies and procedures regarding management's actions to determine the completeness of all collections for each type of revenue (Exception).

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Obtained and inspected the entity's written policies and procedures and noted all payroll/personnel functions described above were addressed without exception.

- 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.

Obtained and inspected the entity's written policies and procedures and noted none of the contracting functions described above were addressed (Exception).

- 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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

Obtained and inspected the entity's written policies and procedures and noted all the credit card function described above were addressed without exception.

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

Obtained and inspected the entity's written policies and procedures and noted all of the above travel and expense reimbursement functions were addressed except for the dollar thresholds by category of expense (Exception).

- 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.

Not applicable to this nonprofit entity.

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

Not applicable to this nonprofit entity.

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

Obtained and inspected the entity's written policies and procedures and noted none of the disaster recovery/business continuity functions were addressed (Exception).

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Noted without exception.

Bank Reconciliations

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

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

Noted without exception.

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

Bank reconciliations did not include evidence that a member of management/board member had reviewed each bank reconciliation (Exception).

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

There was no documentation reflecting management had researched reconciling items that had been outstanding for more than 12 months from the statement closing date (Exception).

None of the outstanding items involved governmental funds.

Collections (excluding EFTs)

Statewide agreed-upon procedures for collections were not considered necessary since all governmental funds are collected via EFT.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

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

One payment processing location.

5. For each location selected under #4 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

Noted without exception.

- b) At least two employees are involved in processing and approving payments to vendors.

Noted without exception.

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

Noted without exception.

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

Noted without exception.

6. For each location selected under #4 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

No exception noted.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #4, as applicable.

No exception noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

Statewide agreed-upon procedures for credit and debit cards were not considered necessary since no governmental funds were used for such transactions.

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

Statewide agreed-upon procedures for travel and travel related expense reimbursements were not considered necessary since no governmental funds were expended for such transactions.

Contracts

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

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

No contracts within the scope of the above procedure were noted.

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

No contracts within the scope of the above procedure were noted.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

No contracts within the scope of the above procedure were noted.

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

No contracts within the scope of the above procedure were noted.

Payroll and Personnel

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

Done without exception.

- 9. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #8 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that 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.)

Noted without exception.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

Noted without exception.

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

Noted without exception.

- 10. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

There were no employees terminated whose termination payments were reimbursed with governmental funds.

11. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Done without exception.

Ethics

Not applicable for this nonprofit entity.

Debt Service

Not applicable for this nonprofit entity.

Other

12. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management asserts there were no misappropriations of public funds during the fiscal year.

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

The entity had not posted the required notice on its premises or website (Exception).

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 our 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.



Certified Public Accountant

Shreveport, Louisiana
March 18, 2020