Financial Report

The Lighthouse For The Blind In New Orleans, Inc. d/b/a Lighthouse Louisiana

December 31, 2016

Bourgeois Bennett
CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS
A LIMITED LIABILITY COMPANY

Financial Report

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TABLE OF CONTENTS

The Lighthouse For The Blind in New Orleans, Inc.
d/b/a Lighthouse Louisiana
New Orleans, Louisiana

December 31, 2016 and 2015

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of The Lighthouse For The Blind in New Orleans, Inc. d/b/a Lighthouse Louisiana (a non-profit organization) (the "Organization") which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 risks assessments, the auditor considers internal control relevant to the Organization'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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

P.O. Box 60600 • NEW ORLEANS, LA 70160-0600 504.831.4949 BOURGEOISBENNETT.COM

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Lighthouse For The Blind in New Orleans, Inc. as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information in Schedule 1 is presented for the purposes of additional analysis, is required by Louisiana Revised Statute 24:513(A)(3), and is not a required part of the financial statements. Such information in Schedule 1 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information in Schedule 1 has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information in Schedule 1 is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Organization's 2015 financial statements, and our report dated March 16, 2016, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report, dated March 3, 2017 on our consideration of the Organization's internal control over financial reporting and on our test 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 our 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 in considering the Organization's internal control over financial reporting and compliance.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
March 3, 2017.

Exhibit A

STATEMENT OF FINANCIAL POSITION

The Lighthouse For The Blind in New Orleans, Inc.
d/b/a Lighthouse Louisiana
New Orleans, Louisiana

December 31, 2016
(with comparative totals for 2015)

	2016	2015
Assets		
Cash and cash equivalents	$ 648,878	$ 1,072,215
Accounts receivable, net	2,306,572	1,427,756
Government grants receivable	356,810	360,937
Private grant receivable	23,750	37,500
Inventory	2,643,768	2,768,999
Prepaid expenses	109,829	168,074
Investments	2,749,240	2,672,453
Property and equipment, net of accumulated depreciation	12,825,669	12,224,652
Other assets, net	5,151	8,585
Total assets	$ 21,669,667	$ 20,741,171
Liabilities		
Accounts payable	$ 1,273,057	$ 1,348,787
Accrued expenses	419,390	428,714
Payroll and sales tax payable	35,701	46,182
Line of credit	500,000	433,000
Notes payable	1,614,413	583,333
Total liabilities	3,842,561	2,840,016
Net Assets		
Unrestricted:		
Board designated	2,487,914	2,416,240
Undesignated	15,141,448	15,283,448
Total unrestricted net assets	17,629,362	17,699,688
Temporarily restricted	197,744	201,467
Total net assets	17,827,106	17,901,155
Total liabilities and net assets	$ 21,669,667	$ 20,741,171

See notes to financial statements.

STATEMENT OF ACTIVITIES

The Lighthouse For The Blind in New Orleans, Inc.
d/b/a Lighthouse Louisiana
New Orleans, Louisiana

For the year ended December 31, 2016
(with comparative totals for 2015)

	Unrestricted	Temporarily Restricted	2016 Totals	2015 Totals
Support and Revenues				
Operating revenue	$ 20,671,562	$ -	$ 20,671,562	$ 17,547,514
Less cost of finished goods sold	12,226,505	-	12,226,505	10,762,556
Sales, net	8,445,057	-	8,445,057	6,784,958
Grants	334,300	-	334,300	265,793
State of Louisiana Budget Appropriation	455,522	-	455,522	522,323
Private grants	83,100	-	83,100	359,119
Contributions	784,409	4,701	789,110	651,878
Investment income	196,225	(3,465)	192,760	14,406
Royalty income	80,778	-	80,778	8,288
Rental income	13,588	-	13,588	13,588
Auxiliary	4,485	-	4,485	3,765
Other	122,870	-	122,870	53,050
Total support and revenues	10,520,334	1,236	10,521,570	8,677,168
Net Assets Released From Restrictions				
Expiration of time restrictions and program restrictions satisfied through payments	4,959	(4,959)	-	-
Total support, revenues, and net assets released from restrictions	10,525,293	(3,723)	10,521,570	8,677,168
Expenses				
Program services	8,513,583	-	8,513,583	7,544,818
General and administrative	1,786,384	-	1,786,384	1,718,207
Fundraising	295,652	-	295,652	279,651
Total expenses	10,595,619	-	10,595,619	9,542,676
Change in Net Assets	(70,326)	(3,723)	(74,049)	(865,508)
Net Assets				
Beginning of year	17,699,688	201,467	17,901,155	18,766,663
End of year	$ 17,629,362	$ 197,744	$ 17,827,106	$ 17,901,155

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

The Lighthouse For The Blind in New Orleans, Inc.
d/b/a Lighthouse Louisiana
New Orleans, Louisiana

For the year ended December 31, 2016
(with comparative totals for 2015)

	Program Services	General and Administrative	Fund Raising	2016 Totals	2015 Totals
Advertising and promotion	$ 3,667	$ 600	$ 5,330	$ 9,597	$ 18,886
Bad debt expense	-	93,661	-	93,661	43,725
Bank fees	74	43,978	-	44,052	42,421
Building and land rent	-	4,800	-	4,800	4,800
Commissions	592,737	391	-	593,128	579,230
Computer services	34,559	86,051	2,699	123,309	122,362
Copier maintenance	10,676	5,906	17	16,599	17,715
Depreciation and amortization	779,381	278,423	-	1,057,804	1,119,510
Dues and subscriptions	3,348	5,719	1,603	10,670	13,820
Equipment rental	1,024	2,337	792	4,153	3,088
Flood expense	425,342	-	-	425,342	-
Food and entertainment	17,076	7,697	7,243	32,016	30,828
Freight	524,835	-	-	524,835	563,486
General insurance	147,885	49,485	138	197,508	192,832
Insurance - employees	452,442	50,624	11,051	514,117	390,699
Interest	-	41,773	-	41,773	31,003
Low vision devices for clients	14,330	54	-	14,384	13,652
Miscellaneous	21,549	2,312	24,700	48,561	77,629
Payroll taxes	351,706	49,919	10,642	412,267	392,818
Postage	3,947	5,987	6,375	16,309	11,346
Professional fees	3,731	121,288	46,074	171,093	256,771
Repairs - building	39,655	6,279	-	45,934	32,199
Repairs - equipment	56,526	-	-	56,526	37,823
Retirement plan contributions	116,061	35,433	1,033	152,527	147,544
Salaries and labor	4,040,991	747,001	154,109	4,942,101	4,544,888
Staff training and recruiting	15,914	7,779	199	23,892	12,311
Supplies	280,327	23,693	12,851	316,871	253,034
Telephone	54,776	30,775	1,306	86,857	81,755
Trash disposal	19,893	3,820	334	24,047	26,241
Travel	130,613	33,633	9,105	173,351	178,931
Utilities	338,274	46,919	51	385,244	280,352
Vehicle operation and repair	32,244	47	-	32,291	20,977
	$ 8,513,583	$ 1,786,384	$ 295,652	$ 10,595,619	$ 9,542,676

See notes to financial statements.

Exhibit D

STATEMENT OF CASH FLOWS

The Lighthouse For The Blind in New Orleans, Inc.
d/b/a Lighthouse Louisiana

New Orleans, Louisiana

For the year ended December 31, 2016
(with comparative totals for 2015)

	2016	2015
Cash Flows From Operating Activities:		
Change in net assets	$ (74,049)	$ (865,508)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Bad debt expense	93,661	43,725
Depreciation	1,054,370	1,116,076
Amortization of loan costs	3,434	3,434
Amortization of bond discount	11,975	6,828
Realized gain on investments	(48,160)	(36,352)
Unrealized (gain) loss on investments	(99,725)	75,448
Inventory adjustment	263	100
Forgiveness of debt	(50,000)	(50,000)
Decrease (increase) in assets:		
Accounts receivable	(972,477)	(141,569)
Government grants receivable	4,127	(13,297)
Private grants receivable	13,750	22,500
Inventory	124,968	(461,756)
Prepaid expenses	58,245	52,783
Increase (decrease) in liabilities:		
Accounts payable	(75,730)	719,919
Accrued expenses	(9,324)	(48,729)
Payroll and sales taxes payable	(10,481)	10,190
Total adjustments	98,896	1,299,300
Net cash provided by operating activities	24,847	433,792

	2016	2015
Cash Flows From Investing Activities:		
Purchases of property and equipment	(1,155,387)	(457,664)
Proceeds from sale of investments	319,526	178,376
Purchases of investments	(260,403)	(234,037)
Net cash used in investing activities	(1,096,264)	(513,325)
Cash Flows From Financing Activities:		
New borrowings	1,236,300	-
Payments of note payable	(155,220)	(142,858)
Proceeds from line of credit	303,300	-
Payments on line of credit	(736,300)	-
Net cash provided by (used in) financing activities	648,080	(142,858)
Net Decrease in Cash and Cash Equivalents	(423,337)	(222,391)
Cash and Cash Equivalents		
Beginning of year	1,072,215	1,294,606
End of year	$ 648,878	$ 1,072,215

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

The Lighthouse For The Blind in New Orleans, Inc.
d/b/a Lighthouse Louisiana

New Orleans, Louisiana

December 31, 2016 and 2015

Note 1 - NATURE OF ACTIVITIES

The Lighthouse For The Blind in New Orleans, Inc. d/b/a Lighthouse Louisiana (the "Organization") is a non-profit organization dedicated to promoting independence for people who are blind and visually impaired by providing programs that focus on economic opportunity and self reliance. In addition to a core, modern manufacturing operation that employs people with vision impairments, the Organization offers a range of independent living, competitive employment, and health related services. The Organization is headquartered in New Orleans and has additional operations in Baton Rouge and Gulfport, Mississippi.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization and Income Taxes

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

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained on examination. The Organization is no longer subject to tax examinations by taxing authorities for years ended before 2013. As of December 31, 2016 and 2015, management of the Organization believes that it had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Basis of Accounting

The Organization recognizes revenue and records expenses on the accrual basis of accounting. Under this method, revenue is recognized when earned, and expenses are recorded when the liability is incurred.

c. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB). Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. The Organization does not have any permanently restricted net assets as of December 31, 2016 and 2015.

d. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less and investments in money market accounts to be cash equivalents, except for money market funds maintained in investment brokerage accounts which are reported as investments.

f. Revenue Recognition

Revenue is recognized upon shipment of the product or completion of the service.

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a 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. Donor restricted contributions whose restrictions are met in the same reporting periods are reported as unrestricted support.

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

g. Allowance for Doubtful Accounts

The allowance for doubtful accounts is estimated based on the Organization's historical losses, the existing economic conditions, and the financial stability of its customers. Management closely monitors outstanding accounts receivable and charges off to expense any balances that are determined to be uncollectible and establishes an allowance for estimated uncollectible accounts receivable. The allowance for doubtful accounts as of December 31, 2016 and 2015 was $104,754 and $32,457, respectively.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Property and Equipment

Property and equipment is stated at cost. The Organization capitalizes all costs with an estimated useful life greater than one year and an original cost of at least $5,000. Expenditures for maintenance, repairs, and minor renewals are charged against earnings as incurred. Major expenditures for renewals and betterments are capitalized.

Depreciation is provided principally on the straight-line method, over the following estimated useful lives:

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

i. Investments

Investments in common stocks, bonds, money market accounts, mutual funds and equity traded funds are stated at fair value, based on quoted market prices for the investments. Realized and unrealized gains and losses are included in investment income in the accompanying Statement of Activities. Investments in pooled investment accounts are stated at fair value, including any pro-rata gains and losses. Purchased real estate is carried at cost which approximates the market value and donated real estate held for investment is recorded at fair value on the date of donation.

j. Allocated Expenses

The costs of providing the various programs and other activities are summarized in the Statement of Functional Expenses. Certain expenses have been allocated among the programs and support services based on management's estimates of the costs involved.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Donated Services of Volunteers

A substantial number of volunteers have donated significant amounts of their time in the conduct of the Organization's program services. However, no amounts have been included in the financial statements for donated services since no objective basis is available to measure the value of such services and management believes that the requirements for recording in-kind services have not been met.

l. Advertising

The Organization expenses advertising costs as they are incurred. Advertising costs totaled $9,597 and $18,886 for the years ended December 31, 2016 and 2015, respectively.

m. Subsequent Events

Management evaluates events subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through March 3, 2017, which is the date the financial statements were available to be issued.

Note 3 - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash and cash equivalents accounts at several financial institutions where they are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per bank as of December 31, 2016. As of December 31, 2016, the Organization had approximately $146,000 in uninsured cash balances.

Note 4 - DESIGNATED NET ASSETS

The Organization's Board of Directors approved the dedication of certain unrestricted net assets solely for the purpose of expenditures attributable to the long-term preservation of the sites of The Lighthouse For The Blind in New Orleans, Inc., the maintenance and development of the existing buildings, the acquisition of equipment and real property, and to support special need programs and grants. These funds, maintained in investment accounts, have a balance of $2,487,914 and $2,416,240 as of December 31, 2016 and 2015, respectively.

Note 5 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are restricted by donors for specific purposes or designated for subsequent periods. Restrictions are considered to expire when payment for the designated purpose is made.

Temporarily restricted net assets as of December 31, 2016 and 2015 are as follows:

	2016	2015
Enrichment of the Blind Fund	$ 84,265	$ 90,406
Ivy Brown Fund	72,508	73,078
Music Fund	23,375	23,822
Auxiliary Fund	17,596	14,161
Totals	$ 197,744	$ 201,467

Mrs. Ivy Brown willed part of her estate to the Organization. The will stated that the bequest will be kept in trust by the Greater New Orleans Foundation, a pooled investment account.

The Enrichment of the Blind Fund was restricted for use only for the enhancement and improvement in the lives of blind persons involved within the Organization.

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

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

Note 6 - INVENTORY

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

Note 6 - INVENTORY (Continued)

Details of inventory are as follows:

	2016	2015
Finished goods	$ 987,385	$ 1,044,300
Raw materials	1,663,453	1,731,506
Allowance for obsolete inventory	(7,070)	(6,807)
Totals	$ 2,643,768	$ 2,768,999

Note 7 - INVESTMENTS

The Organization's investments as of December 31, 2016 and 2015 are summarized below:

	2016		
	Cost	Market	Unrealized Gains / (Losses)
Common stocks	$ 626,944	$ 1,267,104	$ 640,160
Pooled investment account	71,103	72,509	1,406
Municipal bonds	680,976	672,437	(8,539)
Mutual funds	32,840	29,616	(3,224)
Equity traded funds	366,335	497,734	131,399
Money market accounts	146,879	146,879	-
	1,925,077	2,686,279	761,202
Other real estate	62,961	62,961	-
Totals	$ 1,988,038	$ 2,749,240	$ 761,202

Note 7 - INVESTMENTS (Continued)

	2015		
	Cost	Market	Unrealized Gains / (Losses)
Common stocks	$ 676,923	$ 1,270,579	$ 593,656
Pooled investment account	72,398	73,078	680
Municipal bonds	710,346	690,092	(20,254)
Mutual funds	32,547	29,093	(3,454)
Equity traded funds	366,335	457,184	90,849
Money market accounts	89,466	89,466	-
	1,948,015	2,609,492	661,477
Other real estate	62,961	62,961	-
Totals	$ 2,010,976	$ 2,672,453	$ 661,477

	Cost	Market Value	Excess of Market Value Over Cost
Balances as of December 31, 2016	$ 1,988,038	$ 2,749,240	$ 761,202
Balances as of December 31, 2015	$ 2,010,976	$ 2,672,453	661,477
Increase in unrealized appreciation			$ 99,725

	Cost	Market Value	Excess of Market Value Over Cost
Balances as of December 31, 2015	$ 2,010,976	$ 2,672,453	$ 661,477
Balances as of December 31, 2014	$ 1,925,791	$ 2,662,716	736,925
Decrease in unrealized appreciation			$ (75,448)

Note 7 - INVESTMENTS (Continued)

Investment return for the years ended December 31, 2016 and 2015 is summarized as follows:

	2016	2015
Interest and dividend income, net	$ 43,315	$ 53,502
Net realized gains	49,720	36,352
Net unrealized gains (losses)	99,725	(75,448)
Total investment income	$ 192,760	$ 14,406

Expenses relating to investment revenues, including custodial fees and investment advisory fees, amounting to $10,987 and $10,828, as of December 31, 2016 and 2015, respectively, have been netted against investment revenues in the accompanying Statement of Activities.

Note 8 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under the Financial Accounting Standards Board Accounting Standards Codification Topic 820, Fair Value Measurements are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Note 8 - FAIR VALUE MEASUREMENTS (Continued)

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

Corporate bonds, municipal bonds, equity traded funds, and equity securities: Valued at the closing price reported on active markets on which the individual securities are traded.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held are deemed to be actively traded.

Pooled investment account: Investments held in pooled accounts managed by the Greater New Orleans Foundation are included in Level 2 of the fair value hierarchy as the investment pool is valued using the NAV as reported by the custodian. The NAV is determined based on the fair values of the underlying investments. The custodian of this portfolio uses independent pricing services, where available, the value the securities included in this portfolio. If an independent pricing service does not value a security or the value is not, in the view of the custodian, representative of the market value, the custodian will attempt to obtain a price quote from a secondary pricing source, which may include third party brokers, investment advisors, and principal market makers or affiliated pricing services. If a secondary source is unable to provide a price, the custodian may obtain a quotation from the counterparty that sold the security.

Money market accounts: Valued at cost which approximates market.

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

Note 8 - FAIR VALUE MEASUREMENTS (Continued)

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

Assets measured at fair value on a recurring basis as of December 31, 2016 and 2015 are comprised of and determined as follows:

		2016		
		Based on		
Description	Total Assets Measured At Fair Value	Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Investments:				
Common stocks	$ 1,267,104	$ 1,267,104		
Corporate bonds	672,437	672,437		
Equity traded funds	497,734	497,734		
Money market accounts	146,879	146,879		
Mutual funds	29,616	29,616		
Pooled investment account	72,509		$ 72,509	
Other real estate	62,961			$ 62,961
Total investments	$ 2,749,240	$ 2,613,770	$ 72,509	$ 62,961

Note 8 - FAIR VALUE MEASUREMENTS (Continued)

		2015		
			Based on	
Description	Total Assets Measured At Fair Value	Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Investments:				
Common stocks	$ 1,270,579	$ 1,270,579		
Corporate bonds	640,023	640,023		
Equity traded funds	457,184	457,184		
Money market accounts	89,466	89,466		
Municipal bonds	50,069	50,069		
Mutual funds	29,093	29,093		
Pooled investment account	73,078		$ 73,078	
Other real estate	62,961			$ 62,961
Total investments	$ 2,672,453	$ 2,536,414	$ 73,078	$ 62,961

As of December 31, 2016 and 2015, there were no assets measured at fair value on a non-recurring basis. For the years ended December 31, 2016 and 2015, there were no changes in fair value of the Organization's Level 3 assets.

Note 9 - PROPERTY AND EQUIPMENT

A summary of property and equipment as of December 31, 2016 and 2015 is as follows:

	2016	2015
Land	$ 639,948	$ 639,948
Construction in progress	2,043,497	662,985
Buildings and improvements	9,758,032	9,896,338
Machinery and equipment	9,045,542	8,848,972
Computer equipment	574,690	873,192
Furniture and equipment	321,262	361,280
Vehicles	141,104	185,893
	22,524,075	21,468,608
Less accumulated depreciation	(9,698,406)	(9,243,956)
Totals	$ 12,825,669	$ 12,224,652

Note 9 - PROPERTY AND EQUIPMENT (Continued)

Depreciation expense for the years ended December 31, 2016 and 2015 was $1,054,370 and $1,116,076, respectively.

Note 10 - OTHER ASSETS

Costs incurred in connection with obtaining financing have been capitalized and are being amortized using the straight-line method over the life of the respective financing arrangement. The Organization's other assets consisted of the following as of December 31, 2016 and 2015:

	2016	2015
Deferred loan costs		
Costs	$ 34,340	$ 34,340
Accumulated amortization	(29,189)	(25,755)
Totals	$ 5,151	$ 8,585

Amortization expense for both years ended December 31, 2016 and 2015 was $3,434. Amortization for the year 2017 will be $3,434 and $1,717 for 2018.

Note 11 - LINE OF CREDIT

The Organization entered into an unsecured line of credit with a local bank with a borrowing limit of $1,800,000. This line of credit matured on November 3, 2016 and was renewed through November 3, 2017 with the same borrowing limit and the same interest terms. The interest rate is the Wall Street Journal Prime borrowing rate (3.75% and 3.25% as of December 31, 2016 and 2015, respectively). As of December 31, 2016 and 2015, the balance outstanding under the line of credit was $500,000 and $433,000, respectively.

Note 12 - NOTES PAYABLE

The Organization has a $1,236,300 note payable to a local financial institution secured by a cup machine. The note dated November 18, 2016 matures November 18, 2023. The note is payable in equal monthly installments of $17,514, including interest at 5.00%. The balance of the note as of December 31, 2016 was $1,223,937.

Note 12 - NOTES PAYABLE (Continued)

The Organization has a note payable to the City of Baton Rouge/Parish of East Baton Rouge in the amount of $1,000,000. The note, dated April 14, 2011, matures April 2018. The note is payable in equal monthly installments of $11,905. Interest is accrued at 2.185% and is forgiven annually if the Organization is compliant with the terms set forth in the Cooperative Endeavor Agreement entered into between the Organization and the City of Baton Rouge/Parish of East Baton Rouge. The note is secured with land and buildings of the Organization. The balance of the note as of December 31, 2016 and 2015 was $190,476 and $333,333, respectively.

The Organization also has a second note payable to the City of Baton Rouge/Parish of East Baton Rouge in the amount of $500,000. The note, dated April 14, 2011, has an interest rate equal to the Municipal Swap Index rate determined each Wednesday plus one hundred basis points per annum (1.72% and 1.01% as of December 31, 2016 and 2015, respectively). The note is subject to forgiveness based on the terms and conditions contained in the Cooperative Endeavor Agreement entered into between the Organization and the City of Baton Rouge/Parish of East Baton Rouge. For each year in which the Organization satisfies its obligations under the Cooperative Endeavor Agreement, a performance credit of $50,000 plus applicable interest shall be applied on the corresponding installment date of December 31st. The forgiveness of the debt and interest is recorded as grant revenue on the Statement of Activities. The note is secured with land and buildings of the Organization. The balance of the note as of December 31, 2016 and 2015 was $200,000 and $250,000, respectively.

Due to the Organization failing to meet certain compliance terms of the Cooperative Endeavor Agreement, the Organization was required to reimburse to the City of Baton Rouge/Parish of East Baton Rouge approximately $23,000 and $28,000 for the years ended December 31, 2016 and 2015, respectively.

Note 12 - NOTES PAYABLE (Continued)

The future payments (excluding the anticipated annual $50,000 forgiveness of debt on the $500,000 note payable) on notes payable are summarized as follows:

Year Ending December 31,	
2017	$ 295,287
2018	207,849
2019	168,426
2020	177,044
2021	186,101
Thereafter	379,707
Total	$ 1,414,414

Note 13 - LEASE COMMITMENT

The Organization leases land used as a parking lot from the City of New Orleans under a lease agreement which expires in 2030 with payments of $4,800 per year. This lease is automatically extended for two additional terms of 15 years each unless the lessee gives notice of its intent not to renew at least 30 days prior to the expiration of the current lease. Lease expense for both years ended December 31, 2016 and 2015 was $4,800.

Future lease commitments are as follows:

Year Ending December 31,	Amounts
2017	$ 4,800
2018	4,800
2019	4,800
2020	4,800
2021	4,800
Thereafter	42,000
Total	$ 66,000

Note 14 - MAJOR CUSTOMERS

The Organization has a concentration of credit risk as a result of sales to the top five major customers. Approximate sales to these customers as a percentage of total operating revenue for the years ended December 31, 2016 and 2015 are as follows:

	2016	2015
Sales	$ 12,763,218	$ 11,250,978
Percentage of operating revenue	62%	64%

Approximate accounts receivable balances as a percentage of total accounts receivable for the Organization's major customers as of December 31, 2016 and 2015 are as follows:

	2016	2015
Accounts receivable	$ 1,098,712	$ 712,437
Percentage of total accounts receivable	48%	50%

Note 15 - RENTAL INCOME

The Organization entered into a rental income agreement with a communications company to rent space utilized by the company's telecommunication equipment. The lease is on a month-to-month basis with monthly rental payments of $868. Rental income from this lease was $10,419 for both of the years ended December 31, 2016 and 2015.

The Organization received rental income with regards to real estate property received as a part of a succession. The Organization's attachment to the lease began in December 2008. The original lease expired on October 31, 2014 and was renewed through October 31, 2019. Monthly rental payments are $264 per month. Rental income from this lease was $3,169 for both of the years ended December 31, 2016 and 2015.

Note 15 - RENTAL INCOME (Continued)

Future rental income to be received under these agreements is as follows:

Year Ending December 31,	
2017	$ 3,169
2018	3,169
2019	2,642
Total	$ 8,980

Note 16 - EMPLOYEE BENEFIT PLAN

The Organization sponsors a profit-sharing 403(b) plan, which covers substantially all employees. The plan allows the Organization to make discretionary contributions by matching a percentage of employee contributions limited by Federal tax law. Total employee matching expense for the years ended December 31, 2016 and 2015 was $152,527 and $147,544, respectively.

Note 17 - RISK AND UNCERTAINTIES

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

Note 18 - SUPPLEMENTAL CASH FLOW INFORMATION

	2016	2015
Cash paid for interest	$ 18,566	$ 2,975

The following summarizes the non-cash investing and financing transactions of the Organization:

	2016	2015
Line of credit for property and equipment purchases	$ 500,000	$ 433,000

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER

The Lighthouse For The Blind in New Orleans, Inc.
d/b/a Lighthouse Louisiana

New Orleans, Louisiana

For the year ended December 31, 2016

Agency Head Name: Ms. Renee Vidrine, President

Purpose	
Salary	$ 191,443
Benefits - insurance	12,478
Benefits - retirement	10,281
Benefits - other	0
Car allowance	0
Vehicle provided by government	0
Per diem	0
Reimbursements	0
Travel	4,366
Registration fees	0
Conference travel	15,490
Continuing professional education fees	0
Housing	0
Unvouchered expenses	0
Special meals	0
	$ 234,058

SPECIAL REPORTS BY CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with 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 Lighthouse For The Blind in New Orleans, Inc. d/b/a Lighthouse Louisiana (the "Organization"), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated March 3, 2017.

Internal Control Over Financial Reporting

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

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

P.O. Box 60600 • NEW ORLEANS, LA 70160-0600 504.831.4949 BOURGEOISBENNETT.COM

Our consideration of internal control over financial reporting 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 a material weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
March 3, 2017.

SCHEDULE OF FINDINGS AND RESPONSES

The Lighthouse For The Blind in New Orleans, Inc.
d/b/a Lighthouse Louisiana

New Orleans, Louisiana

For the year ended December 31, 2016

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ____ Yes _X_ No
- Significant deficiency(ies) identified that are not considered to be a material weakness? ____ Yes _X_ None reported

Noncompliance material to consolidated financial statements noted? ____ Yes _X_ No

b) Federal Awards

The Organization did not receive federal awards in excess of $750,000 during the year ended December 31, 2016 and, therefore, is exempt from the audit requirements under Title 2 U.S. Code of Federal regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

There were no findings noted during the audit for the year ended December 31, 2016 related to internal control over financial reporting.

Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements (Continued)

Compliance and Other Matters

No compliance findings material to the financial statements were reported during the audit for the year ended December 31, 2016.

Section III - Internal Control and Compliance Material to Federal Awards

Internal Control/Compliance

The Organization did not receive federal awards in excess of $750,000 during the year ended December 31, 2016 and, therefore, is exempt from the audit requirements under Title 2 U.S. Code of Federal regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

The Lighthouse For The Blind in New Orleans, Inc.
d/b/a Lighthouse Louisiana
New Orleans, Louisiana

For the year ended December 31, 2016

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

No material weaknesses were noted during the audit of the financial statements for the year ended December 31, 2015.

No significant deficiencies were noted during the audit of the financial statements for the year ended December 31, 2015.

Compliance and Other Matters

No compliance findings material to the financial statements were noted during the audit of the financial statements for the year ended December 31, 2015.

Section II - Internal Control and Compliance Material to Federal Awards

The Organization did not expend federal awards in excess of $750,000 during the year ended December 31, 2015 and, therefore, is exempt from the audit requirements under Title 2 U.S. Code of Federal regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Section III - Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended December 31, 2015.

MANAGEMENT'S CORRECTIVE ACTION PLAN
ON CURRENT YEAR FINDINGS

The Lighthouse For The Blind in New Orleans, Inc.
d/b/a Lighthouse Louisiana
New Orleans, Louisiana

For the year ended December 31, 2016

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

There were no findings noted during the audit for the year ended December 31, 2016 related to internal control over financial reporting.

Compliance and Other Matters

There were no findings noted during the audit for the year ended December 31, 2016 related to compliance and other matters.

Section II - Internal Control And Compliance Material to Federal Awards

The Organization did not receive federal awards in excess of $750,000 during the year ended December 31, 2016 and, therefore, is exempt from the audit requirements under Title 2 U.S. Code of Federal regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Section III - Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended December 31, 2016.