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Financial Report

The Lighthouse For The Blind In New Orleans, Inc.

December 31, 2011

LIGHTHOUSE FOR THE BLIND
NEW ORLEANS

Bourgeois Bennett
CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS

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December 31, 2011 and 2010

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of financial position of The Lighthouse For The Blind in New Orleans, Inc. (a non-profit organization) as of December 31, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year comparative information has been derived from the 2010 financial statements, and in our report dated April 4, 2011, we expressed an unqualified opinion on those financial statements.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011, 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.

In accordance with Government Auditing Standards, we have also issued our report dated April 5, 2012 on our consideration of The Lighthouse For The Blind in New Orleans, Inc.'s internal control over financial reporting and our 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 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 and should be considered in assessing the results of our audit.

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Our audit was conducted for the purpose of forming an opinion on the basic financial statements of The Lighthouse For The Blind in New Orleans, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
April 5, 2012.

Exhibit A

STATEMENT OF FINANCIAL POSITION

The Lighthouse For The Blind in New Orleans, Inc.

December 31, 2011

(With comparative totals for 2010)

	2011	2010
Assets		
Cash and cash equivalents	$ 3,682,730	$ 3,160,623
Accounts receivable, net	492,573	1,161,546
Other receivables	1,523	3,202
Grants receivable	2,235,782	300,512
Inventory	3,955,067	3,855,678
Prepaid expenses	128,158	120,426
Investments	1,864,209	2,106,001
Property and equipment, net of accumulated depreciation	12,683,748	7,715,352
Other assets, net	22,321	25,755
Security deposits	132,303	1,060,135
Total assets	$ 25,198,414	$ 19,509,230
Liabilities		
Accounts payable	$ 1,899,251	$ 1,687,955
Accrued expenses	708,304	647,729
Payroll and sales tax payable	74,492	61,118
Notes payable	1,770,675	539,465
Total liabilities	4,452,722	2,936,267
Net Assets		
Unrestricted:		
Board designated	1,659,326	1,670,373
Undesignated	18,937,491	14,646,626
Total unrestricted net assets	20,596,817	16,316,999
Temporarily restricted	148,875	255,964
Total net assets	20,745,692	16,572,963
Total liabilities and net assets	$ 25,198,414	$ 19,509,230

See notes to financial statements.

Exhibit B

STATEMENT OF ACTIVITIES

The Lighthouse For The Blind in New Orleans, Inc.

For the year ended December 31, 2011

(With comparative totals for 2010)

	Unrestricted	Temporarily Restricted	2011 Totals	2010 Totals
Revenues				
Sales, net	$ 10,041,531	$ -	$ 10,041,531	$ 14,400,739
Grants	2,882,519	-	2,882,519	582,900
State of Louisiana Budget Appropriation	520,311	-	520,311	483,638
Contributions	339,183	31,243	370,426	325,362
Capital Fund Drive	120,035	-	120,035	195,000
Royalty income	18,394	-	18,394	13,213
Other	16,309	-	16,309	20,739
Rental income	12,804	-	12,804	12,804
Auxiliary	6,290	-	6,290	5,550
Investment income	(2,852)	3,930	1,078	218,135
Total support and revenues	13,954,524	35,173	13,989,697	16,258,080
Net Assets Released From Restrictions				
Expiration of time restrictions and program restrictions satisfied through payments	142,262	(142,262)	-	-
Total revenues, support and net assets released from restrictions	14,096,786	(107,089)	13,989,697	16,258,080
Expenses				
Program services	7,669,003	-	7,669,003	7,818,399
General and administrative	1,984,933	-	1,984,933	1,630,862
Fundraising	163,032	-	163,032	146,426
Total expenses	9,816,968	-	9,816,968	9,595,687
Change in Net Assets	4,279,818	(107,089)	4,172,729	6,662,393
Net Assets				
Beginning of year	16,316,999	255,964	16,572,963	9,910,570
End of year	$ 20,596,817	$ 148,875	$ 20,745,692	$ 16,572,963

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

The Lighthouse For The Blind in New Orleans, Inc.

For the year ended December 31, 2011

(With comparative totals for 2010)

	Program Services	General and Administrative	Fund Raising	2011 Totals	2010 Totals
Advertising and promotion	$ 63,760	$ 8,902	$ 14,851	$ 87,513	$ 91,005
Bad debt expense (recoveries)	-	(29,872)	-	(29,872)	27,371
Bank fees	77	25,723	-	25,800	19,632
Building and land rent	63,042	4,800	-	67,842	65,988
Commissions	1,046,912	173	-	1,047,085	1,368,082
Computer services	17,085	53,792	2,094	72,971	72,330
Copier maintenance	8,013	8,147	261	16,421	7,985
Depreciation and amortization	423,930	130,209	1,003	555,142	393,222
Dues and subscriptions	1,446	11,613	4,414	17,473	10,141
Equipment rental	6,436	(1,582)	870	5,724	8,037
Food and entertainment	19,767	18,450	212	38,429	32,242
Freight	455,768	-	-	455,768	407,401
General insurance	152,905	24,211	367	177,483	158,647
Insurance-employees	257,712	61,674	6,376	325,762	261,278
Interest	-	45,444	-	45,444	33,583
Legal, auditing and consulting	2,171	126,884	4,125	133,180	153,986
Low vision devices for clients	62,992	-	-	62,992	91,925
Miscellaneous	6,624	51,731	9,590	67,945	23,322
Payroll taxes	361,470	75,640	5,418	442,528	411,846
Postage	4,914	5,070	2,417	12,401	14,742
Repairs - building	42,564	8,062	-	50,626	73,240
Repairs - equipment	34,354	259	-	34,613	64,294
Retirement plan contributions	106,889	35,276	1,191	143,356	110,946
Salaries and labor	3,680,579	1,165,597	97,762	4,943,938	4,734,156
Staff training and recruiting	14,678	2,011	6,677	23,366	9,140
Stationery and supplies	357,626	62,949	3,195	423,770	389,093
Telephone	36,264	22,816	307	59,387	53,248
Trash disposal	31,206	9,074	976	41,256	29,958
Travel	157,481	16,447	900	174,828	158,613
Utilities	221,766	41,433	26	263,225	283,574
Vehicle operation and repair	30,572	-	-	30,572	36,660
Total expenses	$ 7,669,003	$ 1,984,933	$ 163,032	$ 9,816,968	$ 9,595,687

See notes to financial statements.

STATEMENT OF CASH FLOWS

The Lighthouse For The Blind in New Orleans, Inc.

For the year ended December 31, 2011

(With comparative totals for 2010)

	2011	2010
Cash Flows From Operating Activities:		
Change in net assets	$ 4,172,729	$ 6,662,393
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Bad debt expense (recoveries)	(29,872)	27,371
Depreciation	551,708	389,788
Amortization of loan costs	3,434	3,434
Amortization of bond discount	1,844	3,086
Realized (gain) loss on investments	3,789	(67,833)
Unrealized (gain) loss on investments	42,443	(95,404)
Write off (recovery) of obsolete inventory	8,200	(5,341)
Loss (gain) on disposal of property and equipment	(4,943)	10,620
Forgiveness of debt	(50,000)	-
Decrease (increase) in assets:		
Accounts receivable	698,845	(599,544)
Other receivables	1,679	2,993
Grants receivable	(1,935,270)	48,103
Inventory	(107,589)	(1,443,690)
Prepaid expenses	(7,732)	(1,496)
Security deposits	(132,303)	(1,060,135)
Increase (decrease) in liabilities:		
Accounts payable	(977,931)	408,058
Accrued expenses	60,575	265,940
Payroll and sales taxes payable	13,374	(302)
Revenues restricted for the acquisition of property and equipment:		
State grant	-	(283,442)
Total adjustments	(1,859,749)	(2,397,794)
Net cash provided by operating activities	2,312,980	4,264,599

Exhibit D
(Continued)

	2011	2010
Cash Flows From Investing Activities:		
Purchases of property and equipment	(3,274,888)	(3,768,427)
Proceeds from sale of property and equipment	7,900	2,200
Proceeds from sale of investments	471,367	201,867
Purchases of investments	(276,462)	(144,459)
Net cash used in investing activities	(3,072,083)	(3,708,819)
Cash Flows From Financing Activities:		
Collections of state grant funds restricted for the acquisition of property and equipment	-	672,153
Proceeds of note payable	1,500,000	-
Payments of note payable	(95,238)	-
Payments on note payable - bank	(123,552)	(118,447)
Net cash provided by financing activities	1,281,210	553,706
Net Increase in Cash and Cash Equivalents	522,107	1,109,486
Cash and Cash Equivalents		
Beginning of year	3,160,623	2,051,137
End of year	$ 3,682,730	$ 3,160,623

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

The Lighthouse For The Blind in New Orleans, Inc.

December 31, 2011 and 2010

Note 1 - NATURE OF ACTIVITIES

The Lighthouse For The Blind in New Orleans, Inc. (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, Gulfport and Crystal Springs, Mississippi.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization and Income Taxes

The Organization is a non-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 2008. As of December 31, 2011 and 2010, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

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.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2011 and 2010.

d. Use of Estimates

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

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.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and allowance for estimated uncollectible accounts receivable. The allowance for doubtful accounts as of December 31, 2011 and 2010 was $30,144 and $60,474, respectively.

h. Security Deposits

During 2010, the Organization has entered into a contract with a third-party vendor to supply equipment for its ongoing operations. A significant deposit was required by the vendor to ensure the completion of the assembly of the equipment and ensure appropriate delivery. During 2011, the equipment was received by the Organization and the $1,060,135 security deposit was reclassed to property and equipment. Also during 2011, a deposit of $132,303 was required by vendors prior to the delivery of equipment to be received during 2012. As of December 31, 2011 and 2010, the security deposit total was $132,303, and 1,060,135, respectively.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Property and Equipment

Property and equipment are stated at cost. The Organization capitalizes all costs with an estimated useful life greater than one year and an original cost of at least $1,000. 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

j. Investments

Investments in common stocks and bonds 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.

k. 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.

l. 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.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Advertising

The Organization expenses advertising costs as they are incurred. Advertising costs totaled $87,513 and $91,005 for the years ended December 31, 2011 and 2010, respectively.

n. New Accounting Pronouncements

In January 2010, the FASB issued Accounting Standards Update 2010-06, *Improving Disclosures about Fair Value Measurements*, ("ASU 2010-06"). ASU 2010-06 clarifies certain existing fair value disclosures and requires entities to disclose additional information regarding the amounts of and reasons for significant transfers between levels of the fair value hierarchy effective for reporting periods beginning after December 15, 2009. Effective for fiscal years beginning after December 15, 2010, it will also require entities to present information regarding changes in Level 3 assets and liabilities on a gross basis. Since ASU 2010-06 affects only fair value measurement disclosures, its adoption by the Organization has no effect on the Organization's financial position, changes in net assets, or cash flows.

o. 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 April 5, 2012, which is the date the financial statements were available to be issued.

p. Reclassification

Certain amounts in the 2010 financial statements have been reclassified to conform to the 2011 presentation.

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 for interest bearing accounts and fully insured for non-interest bearing accounts as of December 31, 2011. As of December 31, 2011, the Organization had approximately $1,205,000 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 $1,659,326 and $1,670,373 as of December 31, 2011 and 2010, 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, 2011 and 2010 are as follows:

	2011	2010
Capital Fund Donations	$ -	$ 105,895
Ivy Brown Fund	65,601	66,453
Enrichment of the Blind Fund	51,982	50,308
Music Fund	23,402	-
Transportation Grant Fund	-	25,000
Auxiliary Fund	7,890	8,308
Totals	$ 148,875	$ 255,964

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 during 2011 in memory of a benefactor and was restricted for use in programs promoting the learning and enjoyment of music by sight impaired persons.

Note 5 - RESTRICTIONS ON NET ASSETS (Continued)

The Transportation Grant Fund was restricted for use only for the purchase of transportation equipment to assist in the operations of the Organization.

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.

Details of inventory are as follows:

	2011	2010
Finished goods	$ 1,776,563	$ 1,269,637
Raw materials	2,186,704	2,590,911
Allowance for obsolete inventory	(8,200)	(4,870)
Total	$ 3,955,067	$ 3,855,678

Note 7 - INVESTMENTS

The Organization's investments as of December 31, 2011 and 2010 are summarized below:

	2011		
	Cost	Market	Unrealized Gains / (Losses)
Common stocks	$ 747,886	$ 1,029,918	$ 282,032
Pooled investment account	63,635	65,601	1,966
Bonds	404,562	412,328	7,766
Mutual Funds Blended	25,438	23,402	(2,036)
Equity traded funds	140,549	141,161	612
Money market account	128,838	128,838	-
	1,510,908	1,801,248	290,340
Other real estate	62,961	62,961	-
Totals	$ 1,573,869	$ 1,864,209	$ 290,340

Note 7 - INVESTMENTS (Continued)

	2010		
	Cost	Market	Unrealized Gains / (Losses)
Common stocks	$ 713,761	$ 1,014,111	$ 300,350
Pooled investment account	67,651	61,951	(5,700)
Bonds	452,824	465,679	12,855
Certificates of deposit	260,407	260,407	-
Equity traded funds	126,094	151,372	25,278
Money market account	89,520	89,520	-
	1,710,257	2,043,040	332,783
Other real estate	62,961	62,961	-
Totals	$ 1,773,218	$ 2,106,001	$ 332,783

	Cost	Market Value	Excess of Market Value Over Cost
Balances as of December 31, 2011	$ 1,573,869	$ 1,864,209	$ 290,340
Balances as of December 31, 2010	$ 1,773,218	$ 2,106,001	332,783
Decrease in unrealized appreciation			$ (42,443)

	Cost	Market Value	Excess of Market Value Over Cost
Balances as of December 31, 2010	$ 1,773,218	$ 2,106,001	$ 332,783
Balances as of December 31, 2009	$ 1,765,879	$ 2,003,258	237,379
Increase in unrealized appreciation			$ 95,404

Investment return for the years ended December 31, 2011 and 2010 is summarized as follows:

	2011	2010
Interest and dividend income, net	$ 47,310	$ 54,898
Net realized and unrealized gains (losses)	(46,232)	163,237
Total investment income (loss)	$ 1,078	$ 218,135

Note 7 - INVESTMENTS (Continued)

Expenses relating to investment revenues, including custodial fees and investment advisory fees, amounting to $8,326 and $7,480, as of December 31, 2011 and 2010, respectively, have been netted against investment revenues in the accompanying Statement of Activities.

Note 8 - FAIR VALUE MEASUREMENTS

Fair value concepts are applied in recording investments. A fair value hierarchy which has three levels based on the reliability of the inputs is used to determine fair value. These levels include: Level 1, unadjusted quoted prices in active markets for identical assets and liabilities; Level 2, directly or indirectly observable inputs other than quoted prices for the asset or liability, such as quoted market prices for similar assets or liabilities; and Level 3, unobservable inputs for use when little or no market data exists, therefore requiring an entity to develop its own assumptions.

The asset'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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Organization uses the market approach for valuing certificates of deposit, corporate and municipal bond obligations, common stocks, money market funds, pooled investment account and equity traded funds which are within Level 1 of the fair value hierarchy. A portion of the pooled investment account which is not in an active market is included in Level 2 of the fair value hierarchy. 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.

These methods may produce a fair value calculation that may not be indicative of net realizable value 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.

Note 8 - FAIR VALUE MEASUREMENTS (Continued)

Assets measured at fair value on a recurring base as of December 31, 2011 and 2010 are comprised of and determined as follows:

		2011		
			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				
Basic materials	$ 53,991	$ 53,991		
Consumer products	220,559	220,559		
Energy	128,091	128,091		
Financial	136,748	136,748		
Healthcare	128,824	128,824		
Industrial products	121,045	121,045		
Information technology	189,638	189,638		
Telecommunications	24,072	24,072		
Services	26,950	26,950		
Total common stocks	1,029,918	1,029,918		
Pooled investment account	65,601	30,407	$ 35,194	
Bonds				
A+/A	105,970	105,970		
A-	103,663	103,663		
AA+/AA	50,055	50,055		
BBB+/BBB	152,640	152,640		
Total bonds	412,328	412,328		
Mutual Funds				
Blended	23,402	23,402		
Equity traded funds	141,161	141,161		
Money market accounts	128,838	128,838		
Other real estate	62,961	-	-	$ 62,961
Total investments	$ 1,864,209	$ 1,766,054	$ 35,194	$ 62,961

Note 8 - FAIR VALUE MEASUREMENTS (Continued)

Description	Total Assets Measured At Fair Value	2010 Based on Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Investments:				
Common stocks				
Basic materials	$ 60,678	$ 60,678		
Consumer products	209,152	209,152		
Energy	108,858	108,858		
Financial	121,127	121,127		
Healthcare	143,212	143,212		
Industrial products	133,754	133,754		
Information technology	183,724	183,724		
Telecommunications	28,624	28,624		
Services	24,982	24,982		
Total common stocks	1,014,111	1,014,111		
Pooled investment account	61,951	26,521	$ 35,430	
Bonds				
A+/A	105,918	105,918		
A-	51,916	51,916		
AA+/AA	100,838	100,838		
BBB+/BBB	154,996	154,996		
BBB-	52,011	52,011		
Total bonds	465,679	465,679		
Certificates of deposit	260,407	260,407		
Equity traded funds	151,372	151,372		
Money market accounts	89,520	89,520		
Other real estate	62,961			$ 62,961
Total investments	$ 2,106,001	$ 2,007,610	$ 35,430	$ 62,961

As of December 31, 2011 and 2010, there were no assets measured at fair value on a non-recurring basis. For the years ended December 31, 2011 and 2010, 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, 2011 and 2010 is as follows:

	2011	2010
Land	$ 430,850	$ 430,850
Construction in progress	2,429,906	3,167,002
Buildings and improvements	8,225,958	3,648,305
Machinery and equipment	5,367,939	4,079,608
Computer equipment	705,507	579,983
Furniture and equipment	314,423	200,796
Vehicles	161,092	97,590
	17,635,675	12,204,134
Less accumulated depreciation	(4,951,927)	(4,488,782)
Totals	$ 12,683,748	$ 7,715,352

Depreciation expense for the years ended December 31, 2011 and 2010 was $551,708 and $389,788, 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, 2011 and 2010:

	2011	2010
Deferred loan costs		
Costs	$ 34,340	$ 34,340
Accumulated amortization	(12,019)	(8,585)
	$ 22,321	$ 25,755

Amortization expense for both the years ended December 31, 2011 and 2010 was $3,434. Amortization for the years 2012 - 2017 will be $3,434 and $1,717 in 2018.

Note 11 - LINE OF CREDIT

The Organization entered into a line of credit with a local bank on June 21, 2011 with a borrowing limit of $900,000, secured with investments maintained by the Organization. The interest rate is the Wall Street Journal Prime borrowing rate (3.25% as of December 31, 2011). This line of credit had no outstanding borrowings as of December 31, 2011. This line of credit matures on June10, 2012.

Note 12 - NOTES PAYABLE

The Organization has a note payable to a local finance institution secured by machinery and equipment. The $1,160,000 note dated October 4, 2008 has a final payment scheduled for December 2014. The note is payable in equal monthly installments of $12,349, including interest at 5.08%. The balance of the note as of December 31, 2011 and 2010 was $415,913 and $539,465, respectively.

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, 2011 was $904,762.

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 (1.10% as of December 31, 2011). 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 Organization satisfied its obligations under the Cooperative Endeavor Agreement for 2011. The balance of the note as of December 31, 2011 was $450,000.

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,	
2012	$ 272,922
2013	279,685
2014	291,794
2015	142,857
2016	142,857
Thereafter	190,560
Total	$ 1,320,675

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 the years ended December 31, 2011 and 2010 was $4,800.

The Organization leases a building in Mississippi with monthly lease payments of $5,080 through October 31, 2011 and $5,363 through October 31, 2014. The lease agreement expires on October 31, 2014. Lease expense for the years ended December 31, 2011 and 2010 was $63,042 and $61,188, respectively.

Note 13 - LEASE COMMITMENT (Continued)

Future lease commitments are as follows:

Year Ending December 31,	Amounts
2012	$ 71,550
2013	71,550
2014	60,425
2015	4,800
2016	4,800
Thereafter	66,000
Total	$ 279,125

Note 14 - SALES, NET OF MATERIALS

The majority of the Organization's operating revenue is from the sale of manufactured products. The Organization records sales net of the cost of finished goods sold. Net sales for the years ended December 31, 2011 and 2010 are as follows.

	2011	2010
Operating revenue	$ 32,925,812	$ 43,798,678
Less cost of finished goods sold	(22,884,281)	(29,397,939)
Sales, net	$ 10,041,531	$ 14,400,739

Note 15 - MAJOR CUSTOMER

The Organization has a concentration of credit risk as a result of sales to its significant customer. Approximate sales from this customer as a percentage of total operating revenue for the years ended December 31, 2011 and 2010 are as follows:

	2011	2010
Approximate sales	$ 21,866,100	$ 32,500,000
Percentage of operating revenue	66%	74%

Note 15 - MAJOR CUSTOMER (Continued)

Approximate accounts receivable balances as a percentage of total accounts receivable for the Organization's major customer as of December 31, 2011 and 2010 are as follows:

	2011	2010
Approximate accounts receivable	$ 77,600	$ 589,000
Percentage of total accounts receivable	16%	51%

Note 16 - 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 was renewed effective May 28, 2009 for a 5-year term with monthly rental payments of $827. Rental income from this lease was $9,922 for both the years ended December 31, 2011 and 2010.

The Organization received rental income with regards to real estate property received in 2008 as a part of a succession. The Organization's attachment to the lease began in December 2008. The original lease expires on October 31, 2014 with four options to renew for additional five year periods. Monthly rental payments were $240 and rental income from this lease was $2,882 for both the years ended December 31, 2011 and 2010.

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

Year Ending December 31,	
2012	$ 12,804
2013	12,804
2014	6,536
Total	$ 32,144

Note 17 - 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, 2011 and 2010 was $142,165 and $109,937, respectively.

Note 18 - 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 19 - COMMITMENTS

On December 20, 2011, the Organization entered into a construction contract of approximately $800,000 for renovations to the Baton Rouge warehouse facility and for adaptation of the facility for use in the Organization's administration, retail sales, processing, storage, and training. As of December 31, 2011, the Organization did not incur any construction costs related to the contract.

Note 20 - SUPPLEMENTAL CASH FLOW INFORMATION

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

	2011	2010
Cash paid for interest	$ 24,861	$ 33,583
Accounts payable for property and equipment purchases	$ 1,189,227	$ 264,850
Security deposits reclassed to property and equipment	$ 1,060,135	$ -

SPECIAL REPORTS BY CERTIFIED PUBLIC ACCOUNTANTS

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.,
New Orleans, Louisiana.

We have audited the financial statements of The Lighthouse For The Blind in New Orleans, Inc. (the "Organization") as of December 31, 2011 and for the year then ended and have issued our report thereon dated April 5, 2012. 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.

Internal Control Over Financial Reporting

Management of the Organization is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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.

This report is intended solely for the information and use of the Board of Directors, management, the Legislative Auditor for the State of Louisiana and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statue 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
April 5, 2012.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited The Lighthouse For The Blind in New Orleans, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Organization's major federal program for the year ended December 31, 2011. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

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

In our opinion, the Organization complied, in all material respects, with the requirements referred to above that could have a direct and material effect on the Organization's major federal program for the year ended December 31, 2011.

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Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, the Legislative Auditor for the State of Louisiana, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statue 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants

New Orleans, Louisiana,
April 5, 2012.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Lighthouse For The Blind in New Orleans, Inc.
New Orleans, Louisiana

For the year ended December 31, 2011

Federal Grantor/Program Title	Federal CFDA Number	Federal Expenditures
United States Department of Education:		
Pass-Through Program From:		
The State of Louisiana		
Rehabilitation Services:		
Vocational Rehabilitation Grants to States:	84.126A	$ 2,401,212
Independent Living Services for Older Individuals Who are Blind:	84.177	200,443
Total expenditures of federal awards		$ 2,601,655

See notes to Schedule of Expenditures of Federal Awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Lighthouse For The Blind in New Orleans, Inc.
New Orleans, Louisiana

For the year ended December 31, 2011

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of The Lighthouse For The Blind in New Orleans, Inc. (the "Organization") and is presented on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the Organization has met the cost reimbursement of funding qualifications for the respective grant. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

b. Payments to Subrecipients

There were no payments to subrecipients for the year ended December 31, 2011.

Note 2 - FINDINGS OF NONCOMPLIANCE

There are no findings of noncompliance disclosed in the accompanying schedule of findings and questioned costs.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

The Lighthouse For The Blind in New Orleans, Inc.
New Orleans, Louisiana

For the year ended December 31, 2011

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes _X_ no
- Significant deficiency (ies) identified ___ yes _X_ none reported

Noncompliance material to financial statements noted? ___ yes _X_ no

b) Federal Awards

Internal control over major program:

- Material weakness(es) identified? ___ yes _X_ no
- Significant deficiency (ies) identified ___ yes _X_ none reported

Type of auditor's report issued on compliance for major programs: unqualified

- Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 ___ yes _X_ no

c) Identification of Major Programs:

CFDA Number	Name of Federal Program
84.126A	U.S. Department of Education - The State of Louisiana, Rehabilitation Services - Vocational Rehabilitation Grants to States

Section I - Summary of Auditor's Report (Continued)

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000
Auditee qualified as a low-risk auditee?	___ yes _X_ no

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, 2011 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, 2011 related to compliance and other matters.

Section III - Internal Control and Compliance Material to Federal Awards

Internal Control/Compliance

There were no findings noted during the audit for the year ended December 31, 2011 related to internal control and compliance material to federal awards.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

The Lighthouse For The Blind in New Orleans, Inc.
New Orleans, Louisiana

For the year ended December 31, 2011

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, 2010.

No significant deficiencies were noted during the audit of the financial statements for the year ended December 31, 2010.

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, 2010.

Section II - Internal Control and Compliance Material to Federal Awards

The Lighthouse For The Blind in New Orleans, Inc. did not expend Federal awards in excess of $500,000 during the year ended December 31, 2010 and therefore is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

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, 2010.

MANAGEMENT'S CORRECTIVE ACTION PLAN
ON CURRENT YEAR FINDINGS

The Lighthouse For The Blind in New Orleans, Inc.
New Orleans, Louisiana

For the year ended December 31, 2011

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, 2011 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, 2011 related to compliance and other matters.

Section II - Internal Control And Compliance Material to Federal Awards

There were no findings noted during the audit for the year ended December 31, 2011 related to internal control and compliance material to federal awards.

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, 2011.