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INDUSTRIES FOR THE BLIND AND VISUALLY IMPAIRED
FINANCIAL STATEMENTS
SEPTEMBER 30, 1995 AND 1994

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8-28-96

HALL & THOMAS, INC.
CERTIFIED PUBLIC ACCOUNTANTS

AUDIT REPORTS

HALL & THOMAS, INC.
CERTIFIED PUBLIC ACCOUNTANTS

HALL & THOMAS, INC.

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Certified Public Accountants

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4919 Jamestown Ave.
Suite 204
Baton Rouge, La. 70808

P. O. Box 80151
Baton Rouge, La. 70898
(504) 927-1884

INDEPENDENT AUDITOR'S REPORT

TERRY R. HALL, CPA

DARRYL D. THOMAS, CPA

To the Board of Directors
Industries For The Blind and Visually Impaired
Delhi, Louisiana

We have audited the accompanying balance sheet of Industries For The Blind and Visually Impaired, (a nonprofit corporation), as of September 30, 1995 and 1994, and the related statements of profit and loss, changes in fund balance, and cash flows for the years then ended. These financial statements are the responsibility of Industries For The Blind and Visually Impaired's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Organizations." Those standards and OMB Circular A-133 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 audits provide 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 Industries For The Blind and Visually Impaired, as of September 30, 1995 and 1994, and the results of operations and the changes in fund balance and cash flows for the years then ended in conformity with generally accepted accounting principles.

As discussed in Note 7 to the financial statements, the Organization has delinquent payroll taxes which are being levied by Internal Revenue Service that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to this matter is also

Receipt Acknowledged 7.
Legislative Auditor

By _____

Baton Rouge, Louisiana
June 14, 1996

Hall & Thomas, Inc.
Certified Public Accountants

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TERRY R. HALL, CPA

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Baton Rouge, La. 70898
(504) 927-1884

DARRYL D. THOMAS, CPA

**COMBINED INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors
Industries For The Blind and Visually Impaired
Delhi, Louisiana

We have audited the financial statements of Industries For The Blind and Visually Impaired, (a nonprofit organization), for the years ended September 30, 1995 and 1994.

We conducted our audits in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." Those standards and OMB Circular A-133 require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audits of the financial statements of Industries For The Blind and Visually Impaired for the years ended September 30, 1995 and 1994, we considered the internal control structure in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

During the years ended September 30, 1995 and 1994, Industries For The Blind and Visually Impaired, expended 100% of the federal financial assistance under one major federal financial assistance program. As required by OMB Circular A-133, our consideration of the internal control structure also included:

Tests of controls to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements and general requirements that are applicable to the Agency's major federal financial assistance program, which is identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

The management of Industries For The Blind and Visually Impaired, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

INTERNAL ACCOUNTING CONTROLS

- o Cash
- o Project equity
- o Support, receivables, and cash receipts
- o Payroll and related liabilities
- o Property and equipment
- o Expenditures for goods and services and accounts payable
- o Debt and other liabilities

ADMINISTRATIVE CONTROLS

- o Governmental financial assistance programs
 - o General requirements
 - o Civil rights
 - o Allowable costs/cost principles
 - o Drug-free workplace
 - o Political activity
 - o Administrative requirements
 - o Specific requirements
 - o Types of services allowed and not allowed
 - o Eligibility
 - o Cost allocation
 - o Special requirements relating to recipients of HUD funds

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements or to administer federal financial assistance programs in accordance with applicable laws and regulations. The reportable condition was noted:

- o The small size of the accounting and administrative staff makes, it is difficult for Industries For The Blind and Visually Impaired, to attain a complete separation of duties as well as independent check and review over every transaction.
- o The accounting system and personnel is not adequate to properly maintain the accounting system to provide accurate monthly financial statements.
- o Property and equipment is not properly maintained in the detailed ledger and reconciled to the general ledger.
- o Accounts receivable and accounts payable subsidiary ledgers are not properly reconciled to the general ledger.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited or that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe the reportable condition described above is a material weakness.

The reportable condition presented above as well as other matters involving the internal control structure and its operation have been discussed more fully in the Findings and Recommendations section of this report.

This report is intended for the information of the board of directors, management and the Louisiana Department of Social Services. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Hall & Thomas, Inc.
Certified Public Accountants

Baton Rouge, Louisiana
June 14, 1996

HALL & THOMAS, INC.

Certified Public Accountants

4919 Jamestown Ave.
Suite 204
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(504) 927-1884

TERRY R. HALL, CPA

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Industries For The Blind and Visually Impaired
Delhi, Louisiana

We have audited the financial statements of Industries For The Blind and Visually Impaired, (a nonprofit organization), as of and for the years ended September 30, 1995 and 1994, and have issued our report thereon dated June 14, 1996.

We conducted our audits in accordance with generally accepted auditing standards, and Government Auditing Standards, the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Industries For The Blind and Visually Impaired, is the responsibility of the Industries For The Blind and Visually Impaired's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Industries For The Blind and Visually Impaired's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, Industries For The Blind and Visually Impaired complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Industries For The Blind and Visually Impaired, had not complied, in all material respects, with those provisions.

This report is intended for the information of the board of directors, management, and the Louisiana Department of Social Services.

This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Hall & Thomas, Inc.
Certified Public Accountants

Baton Rouge, Louisiana
June 14, 1996

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DARRYL D. THOMAS, CPA

INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH GENERAL REQUIREMENTS APPLICABLE
TO MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS

To the Board of Directors
Industries For The Blind and Visually Impaired
Delhi, Louisiana

We have audited the financial statements of Industries For The Blind and Visually Impaired (a nonprofit organization), as of and for the years ended September 30, 1995 and 1994, and have issued our report thereon dated June 14, 1996.

We have applied procedures to test Industries For The Blind and Visually Impaired's compliance with the following requirements applicable to each of its major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance, for the years ended September 30, 1995 and 1994:

- o Civil rights
- o Allowable costs/ cost principles
- o Drug-free workplace
- o Political activity
- o Administrative requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Single Audits of Educational Institutions and Other Nonprofit Organizations." Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Industries For The Blind and Visually Impaired's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the first paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that Industries For The Blind and Visually Impaired, had not complied, in all material respects, with those requirements. Also, the results of our tests did not disclose any immaterial instances of noncompliance with those requirements.

This report is intended for the information of the board of directors, management, and the Louisiana Department of Social Services.

This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Hall & Thomas, Inc.
Certified Public Accountants

Baton Rouge, Louisiana
June 14, 1996

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Certified Public Accountants

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Suite 204
Baton Rouge, La. 70808

TERRY R. HALL, CPA

P.O. Box 80151
Baton Rouge, La. 70898
(504) 927-1884

DARRYL D. THOMAS, CPA

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE
TO MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

To the Board of Directors
Industries For The Blind and Visually Impaired
Delhi, Louisiana

We have audited the financial statements of Industries For The Blind and Visually Impaired (a nonprofit organization), as of and for the years ended September 30, 1995 and 1994, and have issued our report thereon dated June 14, 1996.

We have also audited Industries For The Blind and Visually Impaired's compliance with the requirements governing types of services allowed or unallowed; eligibility; cost allocation; and special requirements applicable to recipients of funds that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance, for the years ended September 30, 1995 and 1994. The management of Industries For The Blind and Visually Impaired, is responsible for the Organization's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Institutions of Higher Education and Other Nonprofit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audits to obtain reasonable assurance about whether material on compliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, Industries For The Blind and Visually Impaired, complied, on all material respects, with the requirements governing types of services allowed or unallowed; eligibility; cost allocation; monitoring subrecipients; and special requirements for recipients of

funds that are applicable to each of its major federal financial assistance programs for the years ended September 30, 1995 and 1994.

Hall & Thomas, Inc.

Certified Public Accountants

Baton Rouge, Louisiana
June 14, 1996

FINANCIAL STATEMENTS

HALL & THOMAS, INC.
CERTIFIED PUBLIC ACCOUNTANTS

**INDUSTRIES FOR THE BLIND AND VISUALLY IMPAIRED
BALANCE SHEET
AS OF SEPTEMBER 30, 1995 AND 1994**

<u>ASSETS</u>	<u>1995</u>	<u>1994</u>
Current Assets:		
Cash	\$ ---	\$31,446
Accounts receivable	27,734	31,821
Inventory	173,811	88,345
Deposits on equipment	25,000	73,750
Prepaid expenses	20,332	96
	-----	-----
Total current assets	246,877	225,458
Property and equipment, net of accumulated depreciation of \$86,998 and \$36,294	628,497	573,973
Deposits	8,160	7,900
	-----	-----
Total Assets	883,534	807,331
	-----	-----
 <u>LIABILITIES AND FUND BALANCE</u>		
Current Liabilities:		
Bank overdraft	29,903	---
Current portion of long term debt	93,047	10,925
Accounts payable	201,033	66,576
Accounts payable, other	3,138	177
Accrued wages	1,000	24,952
Accrued payroll taxes	143,433	18,009
Accrued interest	672	1,875
	-----	-----
Total Current Liabilities	472,226	122,514
Noncurrent Liabilities:		
Notes Payable	8,695	12,166
Notes Payable - Officer	20,326	29,107
Mortgage Payable	175,000	175,000
	-----	-----
Total Noncurrent Liabilities	204,021	216,273
Total Liabilities	676,247	338,787
Fund balance	207,287	468,544
	-----	-----
Total Liabilities and Fund Balance	\$883,534	\$807,331
	-----	-----

The accompanying notes are an integral part of these financial statements

**INDUSTRIES FOR THE BLIND AND VISUALLY IMPAIRED
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED SEPTEMBER 30, 1995 AND 1994**

	1995	1994
REVENUES:		
Federal Grants	\$ ----	\$635,734
State of Louisiana contracts	798,496	879,737
Private Contracts	74,184	82,743
Transportation	8,430	5,072
Contributions	2,250	38,604
Other income	22,635	10,789
	<hr/>	<hr/>
TOTAL REVENUES	905,995	1,652,679
EXPENSES:		
Program Services	496,831	579,226
Management and General	670,421	607,414
	<hr/>	<hr/>
TOTAL EXPENSES	1,167,252	1,186,640
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(261,257)	466,039
Loss on equipment deposit	---	76,767
	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES AFTER DEPOSIT LOSS	(261,257)	389,272
FUND BALANCE AT BEGINNING OF YEAR	468,544	77,700
Adjustments to beginning fund balance	---	1,572
	<hr/>	<hr/>
FUND BALANCE AFTER ADJUSTMENT	468,544	79,272
FUND BALANCE AT END OF YEAR	\$207,287	\$468,544

The accompanying notes are an integral part of these financial statements

INDUSTRIES FOR THE BLIND AND VISUALLY IMPAIRED
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED SEPTEMBER 30, 1995 AND 1994

	1995			1994		
	PROGRAM SERVICES	MANAGEMENT & GENERAL	TOTAL EXPENSES	PROGRAM SERVICES	MANAGEMENT & GENERAL	TOTAL EXPENSES
Client expenses	157,097	---	157,097	230,540	---	230,540
Salaries & wages	266,332	325,518	591,850	234,276	286,338	520,614
Payroll taxes	20,259	24,762	45,021	23,579	28,819	52,398
Accounting and legal	---	6,801	6,801	---	1,275	1,275
Advertisement	---	1,489	1,489	---	14,906	14,906
Auto expenses	---	2,664	2,664	---	8,172	8,172
Contributions	---	390	390	---	656	656
Consulting fees	6,153	---	6,153	15,605	---	15,605
Depreciation	---	50,704	50,704	---	27,702	27,702
Equipment rental	---	11,172	11,172	---	10,292	10,292
Insurance	---	38,818	38,818	---	28,906	28,906
Interest and penalties	---	53,452	53,452	---	27,677	27,677
Licenses and fees	---	947	947	---	5,740	5,740
Manufacturing expense	334	---	334	25,180	---	25,180
Office expense	---	30,387	30,387	---	19,539	19,539
Rent	---	16,488	16,488	---	25,717	25,717
Repairs and maintenance	6,432	8,931	15,363	12,550	16,817	29,367
Telephone	---	25,140	25,140	---	31,028	31,028
Training	1,825	2,139	3,964	4,273	4,759	9,032
Travel	38,399	46,932	85,331	33,223	40,606	73,829
Utilities	---	23,687	23,687	---	28,465	28,465
Total Expenses	496,831	670,421	1,167,252	579,226	607,414	1,186,640

The accompanying notes are an integral part of these financial statements

**INDUSTRIES FOR THE BLIND AND VISUALLY IMPAIRED
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 1995 AND 1994**

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	<u>1995</u>	<u>1994</u>
Excess (deficiency) of revenues over expenses	(\$261,257)	\$389,272
Adjustments to reconcile excess receipts over expenditures to net cash provided by operating activities:		
Depreciation	50,704	30,202
Changes in working capital asset and liability accounts:		
Decrease (increase) in accounts receivable	4,087	33,462
Decrease (increase) in inventory	(85,466)	(88,345)
Decrease (increase) in other asset	28,514	(59,690)
Increase (decrease) in accounts payable	137,418	65,993
Increase (decrease) in accrued wages	(23,952)	24,952
Increase (decrease) in payroll tax liabilities	125,424	5,772
Increase (decrease) in accrued interest	(1,203)	(79)
Net cash provided by operating activities	(25,731)	401,539
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of equipment	(105,228)	(553,875)
 <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from loans	105,313	118,215
Principal payments on debt	(35,703)	(14,289)
Net cash provided by financing activities	69,610	103,926
 NET INCREASE IN CASH	(61,349)	(48,410)
 CASH, BEGINNING OF THE YEAR	31,446	16,964
 CASH, END OF THE YEAR	<u>(\$29,903)</u>	<u>(\$31,446)</u>

The accompanying notes are an integral part of these financial statements

INDUSTRIES FOR THE BLIND AND VISUALLY IMPAIRED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 1995 AND 1994

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Industries For The Blind and Visually Impaired is a non-profit corporation offering vocational rehabilitation training skills for blind and visually impaired individuals. The organization is funded primarily by state contracts and grants, as well as, private contributions and donations.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with general accepted accounting principles.

Revenues and expenses are recognized and reported in the financial statements when awarded, earned and incurred.

Contributed and donated equipment, materials, and services are recorded when received at fair market value.

Property and Equipment

The organization records purchases of property and equipment at cost. Donations of property and equipment are recorded at fair market value. Depreciation is calculated on the straight line method over the estimated useful lives of the respective assets.

NOTE 2 - ACCOUNTS RECEIVABLES

Accounts receivable, other, primarily consist of fund due for the Louisiana Department of Social Services and contract service provide for other customers.

NOTE 3 - EQUIPMENT DEPOSIT

The organization placed a deposits of \$101,766.66 with Bodolay Pratt Package Machinery Company on March 29, 1994 for the purchase of two MD12 Pouch Machines costing \$330,008.00. This equipment has never been delivered due the bankruptcy of this company. We recognize a loss of \$76,767 based on a current settlement of \$25,000.

NOTE 4 - INCOME TAXES

No provision for income taxes have been included in the financial statements since the organization is a non-profit corporation.

INDUSTRIES FOR THE BLIND AND VISUALLY IMPAIRED
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED SEPTEMBER 30, 1995 AND 1994

NOTE 5 - NOTES PAYABLE

	1995		1994	
	<u>Short-Term</u>	<u>Long-Term</u>	<u>Short-Term</u>	<u>Long-Term</u>
Capital Bank, 10.5% interest, due in one installment 9/17/95.*	\$ 24,600	\$ -0-	\$ 5,925	\$ -0-
Delta Enterprise, 12.00% Interest payable monthly, due May 1996.**	50,000	-0-	-0-	-0-
Daisy Foundation, no interest, due on demand.	10,000	-0-	5,000	-0-
Ford Motor Credit, 36 monthly payments of \$775, due November 1996.***	5,627	8,695	-0-	12,166
Zachery McDowell, 15.94% interest, due July 1996.	<u>\$ 2,820</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
	<u>\$ 93,047</u>	<u>\$ 8,695</u>	<u>\$ 10,925</u>	<u>\$ 12,166</u>

* Secured by equipment and vehicle.

** Secured by accounts receivable and inventory.

*** Secured by vehicle.

NOTE 6 - MORTGAGE PAYABLE

The Organization has a 15 year mortgage note on its Baton Rouge facility with the City of Baton Rouge at 0% interest, payable in one installment May, 2009. However, as long as the Organization comply with the loan agreement the City of Baton Rouge will forgive this note at the end of 15 years.

NOTE 7 - GOING CONCERN

At the time of the report, the Organization is faced with a payroll tax liability of approximately \$97,000. Internal Revenue Service has levied against the revenues from the Louisiana Department of Social Services which raises substantial doubt about its ability to continue as a going concern. However, management is in the process of securing

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DARRYL D. THOMAS, CPA

**INDEPENDENT AUDITOR'S REPORT ON
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**

To the Board of Directors
Industries For The Blind and Visually Impaired
Delhi, Louisiana

We have audited the financial statements of Industries For The Blind and Visually Impaired, (a nonprofit corporation), for the years ended September 30, 1995 and 1994, and have issued our report thereon dated June 14, 1996. 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 audits.

We conducted our audits in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audits 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 audits provide a reasonable basis for our opinion.

Our audits were made for the purpose of forming an opinion on the basic financial statements of Industries For The Blind and Visually Impaired taken as a whole. The information in the schedule of federal financial assistance has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Hall & Thomas, Inc.
Certified Public Accountants

Baton Rouge, Louisiana
June 14, 1996

INDUSTRIES FOR THE BLIND AND VISUALLY IMPAIRED
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEARS ENDED SEPTEMBER 30, 1995 AND 1994

<u>FEDERAL GRANTOR</u>	<u>FEDERAL CFDA NUMBER</u>	<u>CONTRACT TYPE</u>	<u>REVENUE RECEIVED</u>	<u>EXPENDITURES</u>
SEPTEMBER 30, 1995				
Department of Education	84.126A	Equipment	\$ -0-	\$ -0-
SEPTEMBER 30, 1994				
Department of Education	84.126A	Equipment	\$ 635,734	\$ 635,734

The accompanying notes are an integral part of the financial statements

INDUSTRIES FOR THE BLIND AND VISUALLY IMPAIRED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 1995 AND 1994

FINDINGS AND RECOMMENDATIONS

FINDING

In an organization of this size, segregation of duties and independent check and review over accounting and administrative procedures is an inherent problem as well as impractical.

Recommendation

Duties and responsibilities should be evaluated continuously as the organization expands, to reallocate job functions, where necessary, in order to attain the most appropriate internal control and check for the organization.

Management's Response

We concur with the auditor's finding and recommendation. We will monitor and enhance the separation of duties as the organization grows.

FINDING

The organization did not pay its payroll taxes from employee salaries and wages on a timely basis.

Recommendation

The organization should develop procedures that will insure timely payment of payroll taxes. Such procedures will allow the organization to avoid assessments of penalty and interest for late payment of payroll taxes.

Management's Response

The payroll taxes were not paid timely due to cash flow problems. However, we are currently making payroll tax deposit on a timely basis.

FINDING

The organization's audits for the year ended September 30, 1995 and 1994 were not performed on a timely basis.

This is a failure to comply with reporting standards required by the federal grant programs and State of Louisiana contract agreements, administered by the organization.

Recommendation

The organization should institute procedures to insure that annual audits under the grant program are complied with.

INDUSTRIES FOR THE BLIND AND VISUALLY IMPAIRED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 1995 AND 1994

FINDINGS AND RECOMMENDATIONS

Management's Response

We are currently moving toward bringing our audit requirements up to date. We are in the process of engaging our present auditor to perform the September 30, 1996 audit.

In 1994 and 1995, we had several changes in accounting personnel which delayed the processing of our accounting data. We are presently making changes with the intent of accelerating our ability to adhere to all reporting requirements.

FINDING

The organization's tax returns, Form 990, Return of Organization Exempt From Income Tax have not been filed for the years 1994, and 1995. This is a failure to comply with financial standards related to federal taxes.

Recommendation

Form 990 should be completed and filed immediately.

Management's Response

Due to the changes in accounting personnel, the filing of these returns were over looked. We are engaging our present auditor to prepare returns for the years they are auditing.

FINDING

The accounting system and personnel is not adequate to properly provide accurate monthly financial statements.

Recommendation

Consideration should be given to hiring a consultant to design, implement and maintain a financial management system which will facilitate timely and accurate financial statements.

Management's Response

We concur with the auditor's finding and recommendation. We plan to hire a accounting consultant to install a new computerized system and review our accounting records on a monthly basis.

INDUSTRIES FOR THE BLIND AND VISUALLY IMPAIRED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 1995 AND 1994

FINDINGS AND RECOMMENDATIONS

FINDING

The system used as a detailed property and equipment ledger is not properly maintained and reconciled to the general ledger.

Recommendation

All property and equipment should be recorded in a detailed ledger system when acquired. The total listing should be reconciled to the general on a monthly basis.

Management's Response

The accountant will began to maintain and reconcile the detailed ledger of property and equipment to the general ledger on a monthly basis.

FINDING

The accounts receivable and accounts payable subsidiary ledgers are not properly reconciled to the general ledger on a monthly basis.

Recommendation

The new financial management system should have subsidiary ledgers, which interface with the general ledger. These ledgers should be reconciled to the general on a monthly basis.

Management's Response

This will be a consideration in acquiring our new system. We will began to reconcile the subsidiary ledgers to the general ledger on a monthly basis.