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Report On
The Audit Of
The Financial Statements Of
The Lighthouse For The Blind
In New Orleans, Inc.
December 31, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 5/11/05

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INDEPENDENT AUDITOR'S REPORT

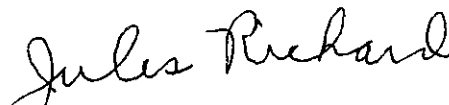
Board of Directors
The Lighthouse for the Blind in New Orleans, Inc.

I have audited the accompanying Statement of Financial Position of The Lighthouse for the Blind in New Orleans, Inc. (a nonprofit organization) as of December 31, 2004 and the related statements of activities, functional expenses and change in cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audits. *Information for the year ended December 31, 2003 is presented for comparative purposes only and was extracted from the financial statements presented by fund for that year, on which an unqualified opinion dated March 5, 2004 was expressed.*

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the statements applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. These standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my 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, 2004 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*, I have also issued my report dated March 11, 2005, on my consideration of the Lighthouse for the Blind in New Orleans, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.


Jules Richard
Certified Public Accountant

March 11, 2005

THE LIGHTHOUSE FOR THE BLIND IN NEW ORLEANS, INC.
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2004
 (with Comparative Totals for 2003)

<u>ASSETS</u>	<u>2003</u>	<u>2004</u>
CURRENT		
Cash	\$ 750,383	\$ 490,241
Accounts Receivable (Net of Allowance for Doubtful Accounts of \$22,565 in 2004 & \$22,565 in 2003)	623,850	853,918
Capital Fund Drive Receivable	-	223,680
Merchandise Inventory	902,325	1,065,309
Prepaid Expenses	81,374	97,725
Total Current Assets	<u>2,357,932</u>	<u>2,730,873</u>
INVESTMENTS		
Money Market Account	67,930	23,320
Marketable Securities	1,109,475	1,277,151
Real Estate	38,461	38,461
Total Investments	<u>1,215,866</u>	<u>1,338,932</u>
PROPERTY, PLANT AND EQUIPMENT		
Land	119,802	119,802
Building and Improvements	1,332,983	1,880,322
Machinery and Equipment	1,968,671	1,953,779
Furniture and Fixtures	189,656	245,167
Computer Equipment	377,886	331,008
Vehicles	33,523	72,936
	<u>4,022,521</u>	<u>4,603,014</u>
Less: Accumulated Depreciation and Amortization	<u>2,734,729</u>	<u>2,983,203</u>
Net Property, Plant and Equipment	<u>1,287,792</u>	<u>1,619,811</u>
TOTAL ASSETS	<u>\$ 4,861,590</u>	<u>\$ 5,689,616</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts Payable	491,001	824,186
Accrued Expenses	277,102	274,591
Payroll and Sales Tax	11,177	15,810
Note Payable-Bank	-	310,000
Total Current Liabilities	<u>779,280</u>	<u>1,424,587</u>
NET ASSETS		
Unrestricted	3,893,604	3,991,376
Temporarily Restricted	188,706	273,653
Permanently Restricted	-	-
Total Net Assets	<u>4,082,310</u>	<u>4,265,029</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,861,590</u>	<u>\$ 5,689,616</u>

The accompanying notes are an integral part of these financial statements.

THE LIGHTHOUSE FOR THE BLIND IN NEW ORLEANS, INC.
 STATEMENTS OF ACTIVITIES
 YEAR ENDED DECEMBER 31, 2004
 (With Comparative Totals for 2003)

	<u>2003</u>	<u>2004</u>
<u>UNRESTRICTED NET ASSETS</u>		
OPERATING REVENUE - NOTE I	\$ 9,008,898	\$ 9,445,377
OPERATING EXPENSES - PAGE 4	<u>8,232,463</u>	<u>9,738,513</u>
Contribution from Operations	<u>776,435</u>	<u>(293,136)</u>
PUBLIC SUPPORT AND REVENUE		
State of Louisiana Budget Appropriation	26,223	506,484
Improvement Purchase by the Capital Drive	-	557,039
Restrictions Satisfied by Payment	<u>8,391</u>	<u>7,755</u>
Total Net Assets Released From Restrictions	34,614	1,071,278
OTHER PUBLIC SUPPORT		
Grant Income	62,103	82,729
General Contributions	146,004	109,771
Special Gifts	164,822	5,166
Other Income	<u>14,328</u>	<u>6,005</u>
Total Other Public Support	387,257	203,671
Total Public Support (Including Other Public Support) and Revenue	<u>421,871</u>	<u>1,274,949</u>
SUPPORTING SERVICES - PAGE 5		
General and Administrative	783,787	860,135
Fund Raising	<u>83,283</u>	<u>168,061</u>
	<u>867,070</u>	<u>1,028,196</u>
INVESTMENT REVENUE AND LEGACY INCOME		
Investment Income	275,332	105,617
Legacy Income	561,432	22,356
Oil and Gas Income	10,129	7,632
Rental	<u>9,040</u>	<u>8,550</u>
	<u>855,933</u>	<u>144,155</u>
Increase (Decrease) in Unrestricted Net Assets	<u>1,187,169</u>	<u>97,772</u>
<u>TEMPORARILY RESTRICTED NET ASSETS</u>		
State of Louisiana Budget Appropriation	125,000	500,000
Support from the Ivy Brown Fund	46,227	10,112
Support for Blind Enrichment Program	9,519	10,928
Capital Fund Drive	-	635,185
Net Assets Released from Restriction		
Restriction Satisfied by Payment	<u>(34,614)</u>	<u>(1,071,278)</u>
Increase (Decrease) in Temporarily Restricted Net Assets	<u>146,132</u>	<u>84,947</u>
INCREASE (DECREASE) IN NET ASSETS	1,333,301	182,719
NET ASSETS AT BEGINNING OF YEAR	<u>2,749,009</u>	<u>4,082,310</u>
NET ASSETS AT END OF YEAR	<u>\$ 4,082,310</u>	<u>\$ 4,265,029</u>

The accompanying notes are an integral part of these financial statements.

THE LIGHTHOUSE FOR THE BLIND IN NEW ORLEANS, INC.
 STATEMENT OF FUNCTIONAL (OPERATING) EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Workshop</u> <u>Dept. Costs</u>	<u>Special</u> <u>Services</u>	<u>Total</u>
Materials	\$ 6,440,318	\$ 128,196	\$ 6,568,514
Labor	843,598	612,306	1,455,904
Freight	280,774	-	280,774
Commissions	198,318	609	198,927
Payroll Taxes	130,487	41,929	172,416
Insurance - Employees	131,705	37,617	169,322
Utilities	95,770	8,257	104,027
Stationery and Supplies	46,430	35,516	81,946
Legal, Audit and Consulting	1,014	74,434	75,448
General Insurance	60,991	10,760	71,751
Travel	11,239	29,323	40,562
Advertising and Promotion	1,151	31,177	32,328
Low Vision Devices for Clients	-	31,704	31,704
Repairs - Equipment	27,530	789	28,319
Building Repairs	22,388	-	22,388
Telephone	6,081	15,550	21,631
Equipment Rental	3,070	13,290	16,360
Trash Disposal	10,409	598	11,007
Vehicle Operation/Repair	2,264	3,975	6,239
Computer Services	2,072	1,898	3,970
Bank Fees	28	3,593	3,621
Copier Maintenance	1,052	2,534	3,586
Postage	1,436	1,526	2,962
Dues/Subscriptions	-	2,043	2,043
Food/Entertainment	346	1,330	1,676
Staff Training	120	1,095	1,215
Miscellaneous	(90)	2,703	2,613
Total Expenses Before Depreciation and Amortization	<u>8,318,501</u>	<u>1,092,752</u>	<u>9,411,253</u>
Depreciation and Amortization	<u>274,178</u>	<u>53,082</u>	<u>327,260</u>
Total Expenses	<u>\$ 8,592,679</u>	<u>\$ 1,145,834</u>	<u>\$ 9,738,513</u>

The accompanying notes are an integral part of these financial statements.

THE LIGHTHOUSE FOR THE BLIND IN NEW ORLEANS, INC.
 STATEMENT OF FUNCTIONAL (SUPPORTING SERVICES) EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>General & Administrative</u>	<u>Fund Raising</u>	<u>Total</u>
Labor	\$ 597,525	\$ 65,470	\$ 662,995
Legal, Audit and Consulting	50,331	27,996	78,327
Insurance - Employees	49,644	5,511	55,155
Payroll Taxes	40,592	3,851	44,443
Capital Fundraising	-	37,038	37,038
Stationery and Supplies	22,870	1,517	24,387
Advertising and Promotion	4,577	15,200	19,777
General Insurance	15,745	7	15,752
Travel	13,278	33	13,311
Bank Fees	7,693	-	7,693
Utilities	4,939	2,348	7,287
Postage	4,882	2,215	7,097
Telephone	4,515	1,175	5,690
Food/Entertainment	4,752	373	5,125
Interest	3,915	-	3,915
Vehicle Operation/Repair	2,587	-	2,587
Equipment Rental	2,121	359	2,480
Staff Training	1,352	590	1,942
Computer Services	1,598	192	1,790
Dues/Subscriptions	715	767	1,482
Repairs - Equipment	1,340	-	1,340
Trash Disposal	853	293	1,146
Copier Maintenance	588	494	1,082
Bad Debt Expense	40	-	40
Miscellaneous	<u>5,072</u>	<u>72</u>	<u>5,144</u>
Total Expenses Before Depreciation and Amortization	841,524	165,501	1,007,025
Depreciation and Amortization	<u>18,611</u>	<u>2,560</u>	<u>21,171</u>
Total Expenses	<u>\$ 860,135</u>	<u>\$ 168,061</u>	<u>\$ 1,028,196</u>

THE LIGHTHOUSE FOR THE BLIND IN NEW ORLEANS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2004
(With Comparative Totals for 2003)

	<u>2003</u>	<u>2004</u>
Cash Flows from Operating Activities:		
Excess of Revenue (Expenses) Over Expense (Revenue)	\$ 1,333,301	\$ 182,719
Adjustment to Reconcile Excess of Revenues Over Expenses to Net Cash Provided by Operating Activities:		
Depreciation	343,125	348,331
Decrease (Increase) in Accounts Receivable	(231,943)	(230,068)
Decrease (Increase) in Capital Fund Drive Receivables	-	(223,680)
Decrease (Increase) in Inventories	35,468	(162,984)
Decrease (Increase) in Prepaid Expenses	(50,166)	(16,351)
Increase (Decrease) in Accounts Payable	(9,940)	333,185
Increase (Decrease) in Payroll and Sales Taxes	6,309	4,633
Increase (Decrease) in Accrued Liabilities	<u>91,965</u>	<u>(2,511)</u>
Net Cash Provided by (Used In) Operating Activities	<u>1,518,119</u>	<u>233,274</u>
Cash Flows from Investing Activities:		
Purchase of Property, Plant and Equipment	(269,224)	(680,350)
Proceeds from Sale of Investments	306,025	164,082
Purchases of Investments	(290,635)	(199,536)
Decrease (Increase) in Investment to Market Value	<u>(251,823)</u>	<u>(87,612)</u>
Net Cash Provided by (Used In) Investing Activities	<u>(505,657)</u>	<u>(803,416)</u>
Cash Flows from Financing Activities:		
Short-Term Borrowing	-	-
Increase (Payment) on Notes Payable	<u>(390,000)</u>	<u>310,000</u>
Net Cash Provided by (Used In) Financing Activities	<u>(390,000)</u>	<u>310,000</u>
Net Increase (Decrease) in Cash and Cash Equivalents	622,462	(260,142)
Cash and Cash Equivalents at Beginning of Year	<u>127,921</u>	<u>750,383</u>
Cash and Equivalents at End of Year	<u>\$ 750,383</u>	<u>\$ 490,241</u>

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements of The Lighthouse for the Blind in New Orleans, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

BASIS OF PRESENTATION

The Lighthouse for the Blind in New Orleans, Inc. follows the accounting procedures and practices for voluntary health and welfare organizations established by the American Institute of Certified Public Accountants through the Financial Accounting Standards Board. Therefore, financial statement presentation follows the recommendations of Statement of Financial Accounting Standards (SFAS) No.117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No.117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

REVENUE RECOGNITION

Revenue is recognized upon shipment/delivery of the product or completion of the service. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

DONATIONS

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

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donor assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

As part of the capital fund drive campaign this year, the Organization received pledges of \$255,110 from donors. These pledges are for the years 2005 to 2008. The pledges have been set up at \$223,680. The difference represents both a present value discount and an allowance for possible uncollectible pledges.

No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments.

PROPERTY, PLANT AND EQUIPMENT

It is the Organization's policy to capitalize property and equipment over \$1000. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over the useful life of the property, a summary of which follows:

<u>Assets</u>	<u>Useful Life</u>
Building and Improvements	10-50 Years
Furniture and Fixtures	10 Years
Machinery and Equipment	10 Years
Vehicles	4 Years
Computer Equipment	3-5 Years

Depreciation expense of \$348,331 in 2004 and \$343,125 in 2003 was charged to expense.

USE OF ESTIMATES

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

FUNCTIONAL EXPENSE ALLOCATION

Expenses are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

ADVERTISING

The Company's policy is to expense advertising costs as the costs are incurred.

NOTE B – CASH FLOW INFORMATION

For purposes of the statement of cash flows, The Lighthouse for the Blind in New Orleans, Inc. considers all highly liquid investments in the unrestricted fund with an initial maturity of three months or less to be cash equivalents.

The Lighthouse for the Blind in New Orleans, Inc. paid no income tax during both periods since the Organization is exempt from federal income taxes under Section 501 (c) 3 of the Internal Revenue Code.

Interest paid was as follows:

	<u>2004</u>	<u>2003</u>
Interest	<u>\$ 3,915</u>	<u>\$ 14,284</u>

NOTE C – INVENTORIES

Inventory of raw materials is valued at cost on the weighted moving average method. The retail stores inventory is valued at cost. The burden is an estimate of the direct labor on overhead cost related to a completed product. Such labor and burden costs are not material to the financial statements taken as a whole. 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. Details of merchandise inventory are as follows:

	<u>2004</u>	<u>2003</u>
Raw Material	\$ 800,561	\$ 620,777
Finished Goods	<u>264,748</u>	<u>281,548</u>
 Total	 <u>\$ 1,065,309</u>	 <u>\$ 902,325</u>

NOTE D – MAJOR CUSTOMER

Sales to one customer amounted to \$4,715,935 or 49.90 % of total operating revenue in 2004.

NOTE E – TEMPORARILY RESTRICTED ASSETS

Temporarily restricted assets are gifts that are restricted by the donor for a purpose or time period. The Lighthouse for the Blind in New Orleans, Inc. has the following separate restricted accounts. These accounts are listed below.

Temporarily Restricted Net Assets:

Restricted for:

	<u>2004</u>	<u>2003</u>
State of Louisiana Budget Appropriation	\$ 92,293	\$ 98,777
Unused Capital Fund Donations	78,146	-
Ivy Brown Fund	56,339	46,227
Enrichment of the Blind	<u>46,875</u>	<u>43,702</u>
Total	<u>\$ 273,653</u>	<u>\$ 188,706</u>

The Enrichment of the Blind fund gift was restricted for use only for the enhancement and improvement in the lives of blind persons involved within this organization.

In 2004, the Louisiana State Legislature appropriated \$500,000 from a state gaming fund reserved for health and human services work. The above balance will be spent in 2005.

Mrs. Ivy Brown willed part of her estate to The Lighthouse for the Blind in New Orleans, Inc. The will stated that the bequest will be kept in trust by the Greater New Orleans foundation for our benefit.

NOTE E – TEMPORARILY RESTRICTED ASSETS (Continued)

The capital fund consists of the \$635,185 in donations recorded this year less the \$557,039 cost of building improvements made in 2004.

NOTE F – INVESTMENTS

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Real estate is carried at cost. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. The Organization's investments are summarized below:

<u>Description</u>	<u>Cost</u>	<u>Market Carrying Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Common Stock	\$ 826,682	\$ 1,014,596	\$ 187,914
Bonds	264,701	262,555	(2,146)
Money Market Account	23,320	23,320	-
Total	<u>\$ 1,114,703</u>	<u>\$ 1,300,471</u>	<u>\$ 185,768</u>
Real Estate	38,461	38,461	-
Total	<u>\$ 1,153,164</u>	<u>\$ 1,338,932</u>	<u>\$ 185,768</u>

Investment return is summarized as follows:

Interest and Dividend Income (Net)	\$ 30,289
Net Realized and Unrealized Gains (Losses)	<u>75,328</u>
Total Unrestricted Investment Income (Losses)	<u>\$ 105,617</u>

Expenses relating to investment revenues, including custodial fees and investment advisory fees, and fees due to sales of investment real estate, amounting to \$4,637 have been netted against investment revenues in the accompanying Statement of Activities.

NOTE G – NOTES PAYABLE

The Lighthouse for the Blind in New Orleans, Inc. has a line of credit loan with a bank for \$310,000 at an interest rate of 5.25%.

NOTE H – LEASE COMMITMENT

The Lighthouse for the Blind in New Orleans, Inc. has entered into a lease agreement with the city of New Orleans to lease land for parking. The lease is for \$4,800 per year and the lease period is for 26 years and 4 months starting June 1, 2004. This lease shall automatically be extended for 2 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. A lease expense of \$3,600 was paid in 2004.

THE LIGHTHOUSE FOR THE BLIND IN NEW ORLEANS, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2004

NOTE I – OPERATING REVENUE

Operating revenue consists of sales from the following operating departments:

	<u>2003</u>	<u>2004</u>
Sales - Paper Plates	\$ 2,272,580	\$ 4,199,993
Sales - Paper Towels	2,196,377	1,081,579
Sales - Paper Cups	1,047,492	829,960
Sales - Sewn Products	751,452	678,703
Sales - Switchboard Service	624,078	639,750
Sales - Mops	504,534	242,788
Sales - First Aid Kits	430,590	429,216
Sales - Jobber/Scrubber	322,563	284,962
Sales - Braille Transcription	256,560	164,057
Sales - Brooms	216,641	165,943
Sales - Warehouse	92,198	93,210
Sales - Plastics	40,232	87,998
Sales - IRS Mailroom/misc.	<u>33,017</u>	<u>19,530</u>
 Total Workshop Departments	 <u>\$ 8,788,314</u>	 <u>\$ 8,917,689</u>
 Sales - Services	 208,201	 276,535
Sales - Visual Aids Store	37,666	205,370
Sales - Arts/Crafts	55	-
Sales - Low Vision Clinic	-	34,200
Sales - Orientation/Mobility/Technology	<u>-</u>	<u>32,097</u>
 Total Special Services Sales	 <u>245,922</u>	 <u>548,202</u>
 Total Sales	 9,034,236	 9,465,891
 Less Sales Allowances and Discount	 <u>(25,338)</u>	 <u>(20,514)</u>
 Net Sales	 <u>\$ 9,008,898</u>	 <u>\$ 9,445,377</u>

JULES RICHARD, III

CERTIFIED PUBLIC ACCOUNTANT

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Trustees
The Lighthouse for the Blind in New Orleans, Inc.

I have audited the financial statements of The Lighthouse for the Blind in New Orleans, Inc. (a nonprofit organization) as of and for the year ended December 31, 2004 and have issued my report thereon dated March 11, 2005. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

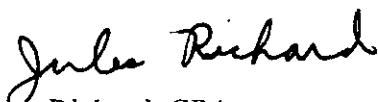
As part of obtaining reasonable assurance about whether The Lighthouse for the Blind in New Orleans, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have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

Internal Control Over Financial Reporting

In planning and performing my audit, I considered The Lighthouse for the Blind in New Orleans, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weakness. A material

weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk of misstatements in amounts that would be material in relation to the financial being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Jules Richard".

Jules Richard, CPA
Metairie, Louisiana
March 11, 2005