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Financial Report

The Lighthouse For The Blind In New Orleans, Inc.

December 31, 2009

TABLE OF CONTENTS

The Lighthouse For The Blind in New Orleans, Inc.

December 31, 2009

FINANCIAL SECTION

Bourgeois Bennett

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, 2009, and the related statements of activities, functional (operating) 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 2008 financial statements, and in our report dated April 23, 2009, 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, 2009, 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.

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In accordance with Government Auditing Standards, we have also issued our report dated April 29, 2010 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 read in conjunction with this report in considering the results of our audit.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
April 29, 2010.

Exhibit A

STATEMENT OF FINANCIAL POSITION

The Lighthouse For The Blind in New Orleans, Inc.

December 31, 2009

(With comparative totals for 2008)

	2009	2008
Assets		
Cash and cash equivalents	$ 2,051,137	$ 803,014
Accounts receivable, net	589,373	636,479
Other receivables	5,118	2,261
Grants receivable	737,326	284,130
Capital Fund Drive receivable	1,077	21,379
Inventory	2,406,647	1,205,136
Prepaid expenses	118,930	112,707
Investments	2,003,258	1,704,008
Other assets, net	29,189	32,623
Property and equipment, net of accumulated depreciation	4,084,683	3,235,555
Total assets	$ 12,026,738	$ 8,037,292
Liabilities		
Accounts payable	$ 1,015,047	$ 239,547
Accrued expenses	381,789	453,684
Payroll and sales tax payable	61,420	31,289
Line of credit	-	2,996
Note payable - bank	657,912	1,152,562
Total liabilities	2,116,168	1,880,078
Net Assets		
Unrestricted	9,457,785	5,716,376
Temporarily restricted	452,785	440,838
Total net assets	9,910,570	6,157,214
Total liabilities and net assets	$ 12,026,738	$ 8,037,292

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, 2009

(With comparative totals for 2008)

	Unrestricted	Temporarily Restricted	2009 Totals	2008 Totals
Revenues				
Sales, net	$ 9,246,080	$ -	$ 9,246,080	$ 6,507,513
State of Louisiana Budget Appropriation	525,734	-	525,734	493,692
Contributions	744,602	4,973	749,575	335,052
Grants	991,649	-	991,649	305,581
Investment income (loss)	226,992	24,037	251,029	(298,023)
Capital Fund Drive	-	-	-	19,503
Other	16,130	-	16,130	33,247
Royalty income	36,638	-	36,638	11,970
Rental income	12,467	-	12,467	13,668
Auxiliary	4,800	-	4,800	6,265
Total support and revenues	11,805,092	29,010	11,834,102	7,428,468
Net Assets Released From Restrictions				
Expiration of time restrictions and program restrictions satisfied through payments	17,063	(17,063)	-	-
Total revenues, support and net assets released from restrictions	11,822,155	11,947	11,834,102	7,428,468
Expenses				
Program services	6,634,972	-	6,634,972	5,803,548
General and administrative	1,293,506	-	1,293,506	1,225,147
Fundraising	152,268	-	152,268	110,335
Total expenses	8,080,746	-	8,080,746	7,139,030
Change in Net Assets	3,741,409	11,947	3,753,356	289,438
Net Assets				
Beginning of year	5,716,376	440,838	6,157,214	5,867,776
End of year	$ 9,457,785	$ 452,785	$ 9,910,570	$ 6,157,214

See notes to financial statements.

Exhibit C

STATEMENT OF FUNCTIONAL (OPERATING) EXPENSES

The Lighthouse For The Blind in New Orleans, Inc.

For the year ended December 31, 2009

(With comparative totals for 2008)

	Program Services	General and Administrative	Fund Raising	2009 Totals	2008 Totals
Advertising and promotion	$ 100,140	$ 4,295	$ 210	$ 104,645	$ 59,150
Bad debt expense (recoveries)	-	(45,016)	-	(45,016)	37,126
Bank fees	-	26,404	-	26,404	24,103
Building and land rent	60,965	4,800	-	65,765	53,965
Commissions	942,414	170	-	942,584	589,536
Computer services	13,592	50,557	-	64,149	37,000
Copier maintenance	2,737	2,444	88	5,269	4,946
Depreciation and amortization	334,523	37,930	2,140	374,593	346,856
Dues and subscriptions	2,419	1,870	5,031	9,320	8,694
Equipment rental	9,320	1,498	870	11,688	12,355
Food and entertainment	8,401	10,690	93	19,184	15,284
Freight	544,701	-	-	544,701	447,739
General insurance	125,153	19,464	364	144,981	144,326
Insurance-employees	271,059	101,334	6,597	378,990	394,562
Interest	429	58,496	-	58,925	70,225
Legal, auditing and consulting	85,162	61,773	22,000	168,935	136,315
Low vision devices for clients	64,137	-	-	64,137	103,847
Miscellaneous	15,120	5,210	4,167	24,497	18,876
Payroll taxes	288,411	50,894	5,778	345,083	313,280
Postage	4,493	4,783	4,727	14,003	4,764
Repairs - building	74,073	1,734	-	75,807	26,106
Repairs - equipment	49,560	433	-	49,993	34,716
Salaries and labor	3,044,981	804,343	75,521	3,924,845	3,586,533
Staff training and recruiting	4,938	2,129	1,720	8,787	4,403
Stationery and supplies	201,895	27,295	20,253	249,443	192,651
Telephone	37,277	19,679	296	57,252	53,431
Trash disposal	20,198	7,138	673	28,009	24,757
Travel	94,967	13,715	1,408	110,090	129,122
Utilities	211,816	18,652	332	230,800	241,718
Vehicle operation and repair	22,091	792	-	22,883	22,644
Total expenses	$ 6,634,972	$ 1,293,506	$ 152,268	$ 8,080,746	$ 7,139,030

See notes to financial statements.

Exhibit D

STATEMENT OF CASH FLOWS

The Lighthouse For The Blind in New Orleans, Inc.

For the year ended December 31, 2009

(With comparative totals for 2008)

	2009	2008
Cash Flows From Operating Activities:		
Change in net assets	$ 3,753,356	$ 289,438
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Bad debt expense	-	37,126
Depreciation	371,159	345,139
Amortization of loan costs	3,434	1,717
Amortization of bond discount	1,453	1,681
Donation of investments	(24,500)	-
Realized loss on investments	35,213	17,417
Unrealized (gain) loss on investments	(233,974)	331,182
Write off (recovery) of obsolete inventory	(4,804)	15,015
Decrease (increase) in assets:		
Accounts receivable	47,106	44,990
Other receivables	(2,857)	(2,261)
Grants receivable	(64,485)	(284,130)
Capital Fund Drive receivable	20,302	131,028
Inventory	(1,196,707)	332,772
Prepaid expenses	(6,223)	35,762
Other assets	-	(34,340)
Increase (decrease) in liabilities:		
Accounts payable	255,140	(606,374)
Accrued expenses	(71,895)	74,502
Payroll and sales taxes payable	30,131	(6,823)
Revenues restricted for the acquisition of property and equipment:		
State grant	(769,032)	-
Total adjustments	(1,610,539)	434,403
Net cash provided by operating activities	2,142,817	723,841

Exhibit D
(Continued)

	2009	2008
Cash Flows From Investing Activities:		
Purchases of property and equipment	(699,927)	(652,911)
Proceeds from sale of investments	376,483	218,868
Purchases of investments	(453,925)	(591,888)
Net cash used in investing activities	(777,369)	(1,025,931)
Cash Flows From Financing Activities:		
Collections of state grant funds restricted for the acquisition of property and equipment	380,321	-
Payments on line of credit, net of new borrowings	(2,996)	(853,004)
Borrowing from bank	-	495,389
Payments on note payable - bank	(494,650)	(7,438)
Payments on note payable - others	-	(57,101)
Net cash used in financing activities	(117,325)	(422,154)
Net Increase (Decrease) in Cash and Cash Equivalents	1,248,123	(724,244)
Cash and Cash Equivalents		
Beginning of year	803,014	1,527,258
End of year	$ 2,051,137	$ 803,014

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

The Lighthouse For The Blind in New Orleans, Inc.

December 31, 2009

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 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).

b. Basis of Accounting

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

c. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. 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:

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Basis of Presentation (Continued)

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 at December 31, 2009 and 2008.

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

f. Revenue Recognition

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

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Revenue Recognition (Continued)

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 at December 31, 2009 and 2008 was $33,192 and $78,192, respectively.

h. 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

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Investments

Investments in common stocks and bonds are stated a fair value, based on quoted market prices for the investments. Realized and unrealized gains and losses are included in the change of net assets in the accompanying Statement of Activities. Purchased real estate is carried at cost which approximates the market value and donated real estate held for investment is recorded at fair value on the date of donation.

j. Allocated Expenses

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

k. Donated Services of Volunteers

A substantial number of volunteers have donated significant amounts of their time in the conduct of the Organization's program services. However, no amounts have been included in the financial statements for donated services since no objective basis is available to measure the value of such services.

l. Advertising

The Organization expenses advertising costs as they are incurred. Advertising costs totaled $104,645 and $59,150 for the years ended December 31, 2009 and 2008, respectively.

m. New Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board ("FASB") issued FASB ASC 105, *Generally Accepted Accounting Principles,* which establishes the FASB Accounting Standards Codification (FASB ASC), as the sole source of authoritative generally accepted accounting principles ("GAAP"). Pursuant to the provisions of Topic 105, the Organization has updated references to GAAP in its financial statements issued for the year ended December 31, 2009. The adoption of Topic 105 did not impact the Organization's Statement of Financial Position or Statement of Activities.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Organization adopted the provisions of FASB ASC 820, *Fair Value Measurements and Disclosures* (previously SFAS No. 157), effective January 1, 2008. Topic 820 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles, and enhances disclosures about fair value measurements. The effect of the adoption of Topic 820 had no impact on the Organization's Statement of Financial Position or Statement of Activities.

Effective January 1, 2009, the Organization adopted FASB ASC 740 (formerly, FASB Interpretation No. 48), *Accounting for Uncertainty in Income Taxes.* This accounting standard provides 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 be sustained on examination. The adoption of this standard had no material effect on the Organization's financial position, results of operations, or cash flows. The Organization is no longer subject to tax examinations by taxing authorities for years ended before 2006.

n) 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 29, 2010, which is the date the financial statements were available to be issued.

Note 3 - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash and cash equivalents accounts at several financial institutions where they are insured by the Federal Deposit Insurance Corporation up to $250,000 per bank at December 31, 2009. At December 31, 2009, the Organization had approximately $267,000 in uninsured cash balances.

Note 4 - 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 at December 31, 2009 and 2008 are as follows:

	2009	2008
Unused Capital Fund Donations	$ 343,174	$ 349,035
Ivy Brown Fund	62,354	56,124
Enrichment of the Blind	38,825	24,856
Auxiliary Fund	8,432	10,823
Totals	$ 452,785	$ 440,838

The capital fund consists of the $349,035 balance at January 1, 2009 plus $874 of investment income recorded in 2009, less the $6,735 cost of improvements during 2009.

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.

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

Note 5 - INVENTORY

Inventory of raw materials is valued at the lower of cost using a weighted moving average method which approximates the first-in, first-out method or market. The retail stores inventory is 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. Such labor and burden costs are not material to the financial statements taken as a whole. Details of inventory are as follows:

Note 5 - INVENTORY (continued)

	2009	2008
Raw material	$ 1,212,611	$ 833,006
Finished goods	1,204,247	387,145
Allowance for obsolete inventory	(10,211)	(15,015)
Total	$ 2,406,647	$ 1,205,136

Note 6 - INVESTMENTS

The Organization's investments at December 31, 2009 and 2008 are summarized below:

	2009		
	Cost	Market	Unrealized Gain
Common stocks and pooled investment account	$ 803,126	$ 1,012,938	$ 209,812
Equity traded funds	126,094	143,728	17,634
Bonds	402,293	412,226	9,933
Certificates of deposit	358,261	358,261	-
Money market account	13,144	13,144	-
	1,702,918	1,940,297	237,379
Other real estate	62,961	62,961	-
Totals	$ 1,765,879	$ 2,003,258	$ 237,379

Exhibit E
(Continued)

Note 6 - **INVESTMENTS (Continued)**

	2008		
	Cost	Market	Unrealized Gain
Common stocks and pooled investment account	$ 833,303	$ 835,199	$ 1,896
Bonds	351,141	352,650	1,509
Certificate of deposit	350,000	350,000	-
Money market account	127,698	127,698	-
	1,662,142	1,665,547	3,405
Other real estate	38,461	38,461	-
Totals	$ 1,700,603	$ 1,704,008	$ 3,405

	Cost	Market Value	Excess of Market Value Over Cost
Balances at December 31, 2009	$ 1,765,879	$ 2,003,258	$ 237,379
Balances at December 31, 2008	$ 1,700,603	$ 1,704,008	3,405
Increase in unrealized appreciation			$ 233,974

Note 6 - INVESTMENTS (Continued)

	Cost	Market Value	Excess of Market Value Over Cost
Balances at December 31, 2008	$ 1,700,603	$ 1,704,008	$ 3,405
Balances at December 31, 2007	$ 1,346,681	$ 1,681,268	334,587
Decrease in unrealized appreciation			$ (331,182)

Investment return at December 31, 2009 and 2008 is summarized as follows:

	2009	2008
Interest and dividend income, net	$ 52,268	$ 50,576
Net realized and unrealized gains (losses)	198,761	(348,599)
Total investment income (loss)	$ 251,029	$ (298,023)

Expenses relating to investment revenues, including custodial fees and investment advisory fees, amounting to $6,960 and $7,723, at December 31, 2009 and 2008, respectively, have been netted against investment revenues in the accompanying Statement of Activities.

Note 7 - FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value, and expands disclosure about fair value. Fair value concepts are applied in recording investments. Topic 820 establishes a fair value hierarchy which has three levels based on the reliability of the inputs 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.

Note 7 - FAIR VALUE MEASUREMENTS (Continued)

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 bond obligations, common stocks, money market funds, mutual funds, publicly traded fixed income, equity funds and equity traded funds which are within Level 1 of the fair value hierarchy. A 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 7 - FAIR VALUE MEASUREMENTS (Continued)

Assets measured at fair value at December 31, 2009 are comprised of and determined as follows:

		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 and pooled investment account	$ 1,012,938	$ 975,019	$ 37,919	
Equity traded funds	143,728	143,728		
Bonds	412,226	412,226		
Certificates of deposit	358,261	358,261		
Money market funds	13,144	13,144		
Other real estate	62,961			$ 62,961
Total investments	$ 2,003,258	$ 1,902,378	$ 37,919	$ 62,961

At December 31, 2009, there were no assets measured at fair value on a non-recurring basis.

The table below sets forth a summary of changes in fair value of the Organization's Level 3 assets for the year ended December 31, 2009.

	Other Real Estate
Balance, at beginning of year	$ 38,461
Donations	24,500
Balance, at end of year	$ 62,961

Note 8 - PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2009 and 2008 is as follows:

	2009	2008
Land	$ 119,802	$ 119,802
Construction in progress	1,217,182	159,207
Buildings and improvements	1,940,416	2,001,590
Machinery and equipment	4,083,263	3,982,209
Computer equipment	579,086	524,969
Furniture and equipment	215,976	214,397
Vehicles	97,590	97,590
	8,253,315	7,099,764
Less accumulated depreciation	(4,168,632)	(3,864,209)
Totals	$ 4,084,683	$ 3,235,555

Depreciation expense for the years ended December 31, 2009 and 2008 was $371,159 and $345,139, respectively.

Note 9 - 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 at December 31, 2009 and 2008:

	2009	2008
Deferred loan costs		
Costs	$ 34,340	$ 34,340
Accumulated amortization	(5,151)	(1,717)
	$ 29,189	$ 32,623

Amortization expense for the years ended December 31, 2009 and 2008 was $3,434 and $1,717, respectively.

Note 10 - LINE OF CREDIT

The Organization had a line of credit with a local bank with a borrowing limit of $900,000, secured with investments maintained by the Organization. The interest rate on the line of credit was 3.66% as of December 31, 2008. The balance outstanding at December 31, 2008 was $2,996. The line of credit matured on July 11, 2009 and was not renewed.

Note 11 - NOTES PAYABLE

The Organization has a note payable to a local finance corporation secured by machinery and equipment. The $1,160,000 note dated October 4, 2008 matures on October 4, 2018. The note is payable in equal monthly installments of $12,349, including interest at 5.08%. The balance of the note at December 31, 2009 and 2008 was $657,912 and $1,152,562, respectively.

The future payments on notes payable are summarized as follows:

Year Ending December 31,	
2010	$ 117,476
2011	123,585
2012	130,011
2013	136,772
2014	143,884
Thereafter	6,184
Total	$ 657,912

Note 12 - 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, 2009 and 2008 was $4,800.

Note 12 - LEASE COMMITMENT (Continued)

The Organization leases a building in Mississippi with monthly lease payments of $5,080. The lease agreement expires on October 31, 2011. Lease expense of for the years ended December 31, 2009 and 2008 was $60,965 and $49,165, respectively.

Future lease commitments are as follows:

Year Ending December 31,	Amounts
2010	$ 65,765
2011	55,604
2012	4,800
2013	4,800
2014	4,800
Thereafter	75,600
Total	$ 211,369

Note 13 - 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, 2009 and 2008 are as follows.

	2009	2008
Operating revenue	$ 27,844,540	$ 18,052,910
Less cost of finished goods sold	(18,598,460)	(11,545,397)
Sales, net	$ 9,246,080	$ 6,507,513

Note 14 - 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, 2009 and 2008 are as follows:

	2009	2008
Approximate Sales	$ 17,700,000	$ 10,800,000
Percentage of Operating Revenue	64%	60%

Approximate accounts receivable balances as a percentage of total accounts receivable for the Organization's major customer at December 31, 2009 and 2008 are as follows:

	2009	2008
Approximate accounts receivable	$ 298,000	$ 301,000
Percentage of total accounts receivable	50%	47%

Note 15 - RENTAL INCOME

The Organization entered into a rental income agreement with a non-profit organization to sub-lease warehouse space located in Mississippi. The lease agreement was on a month-to-month basis until May 1, 2008 when the tenant abandoned the rental agreement. Rental income from this lease for the year ended December 31, 2008 was $4,000.

The Organization entered into a rental income agreement with a communications company to rent space utilized by the company's telecommunication equipment. The lease expired on May 28, 2009. Monthly rental payments were $788. The lease was renewed effective May 28, 2009 for an additional 5-year term with revised monthly rental payments of $827. Rental income from this lease was $9,726 and $9,450 for the years ended December 31, 2009 and 2008, respectively.

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 approximately $218

Note 15 - RENTAL INCOME (Continued)

through November 2009 and $240 thereafter. Rental income from this lease was $2,741 and $218 for the years ended December 31, 2009 and 2008, respectively.

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

Year Ending December 31,	
2010	$ 12,804
2011	12,804
2012	12,804
2013	12,804
2014	6,536
Total	$ 57,752

Note 16 - EMPLOYEE BENEFIT PLAN

The Organization sponsors a profit-sharing 403(b) plan, which covers substantially all employees. The plan allows the Organization to make discretionary contributions by matching a percentage of employee contributions limited by Federal tax law. Total employee matching expense for the years ended December 31, 2009 and 2008 was $92,921 and $92,825, respectively.

Note 17 - COMMITMENTS

On May 27, 2009, the Organization entered into a contract for the construction of additional warehouse space at its New Orleans facility totaling approximately $1,260,000. At December 31, 2009, the Organization incurred construction in progress related to the project of approximately $1,140,000.

Note 18 - RISK AND UNCERTAINTIES

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 - CASH FLOW INFORMATION

	2009	2008
Cash paid for interest	$ 58,925	$ 70,225
Non cash portion of new borrowings used to pay off note payable	$ -	$ 495,389
Trade accounts payable for property and equipment purchases	$ 520,360	$ -

SPECIAL REPORTS BY CERTIFIED PUBLIC ACCOUNTANTS

Bourgeois Bennett

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 and for the year ended December 31, 2009 and have issued our report thereon dated April 29, 2010. 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

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 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 significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 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, and the Legislative Auditor for the State of Louisiana 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 29, 2010 .

SCHEDULE OF FINDINGS AND RESPONSES

The Lighthouse For The Blind In New Orleans, Inc.

For the year ended December 31, 2009

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 that are not considered to be material weakness	___ yes	X none reported
Noncompliance material to financial statements noted?	___ yes	X no

b) Federal Awards

The Lighthouse For The Blind in New Orleans, Inc. did not receive federal awards in excess of $500,000 during the year ended December 31, 2009 and, therefore, is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Government, and Non-Profit Organizations.

Section II - Financial Statement Findings

No financial statement findings were noted during the audit of the financial statements for the year ended December 31, 2009.

Section III - Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

The Lighthouse For The Blind In New Orleans, Inc.

For the year ended December 31, 2009

Section I - Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were noted during the audit of the financial statements for the year ended December 31, 2008.

No reportable conditions were reported during the audit of the financial statements for the year ended December 31, 2008.

Compliance

No compliance findings material to the financial statements were noted during the audit of the financial statements for the year ended December 31, 2008.

Section II - Internal Control and Compliance Material To Federal Awards

The Lighthouse For The Blind in New Orleans, Inc. did not receive federal awards in excess of $500,000 during the year ended December 31, 2008 and, therefore, was exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Government, 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, 2008.

MANAGEMENT'S CORRECTIVE ACTION PLAN

The Lighthouse For The Blind In New Orleans, Inc.

For the year ended December 31, 2009

Section I - Internal Control and Compliance Material to the 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, 2009.

No significant deficiencies were reported during the audit for the financial statements for the year ended December 31, 2009.

Compliance and Other Matters

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2009.

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, 2009 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, 2009.