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LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

JUNE 30, 2005

LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA

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JUNE 30, 2005

CAMERON, HINES & HARTT
(A Professional Accounting Corporation)
Certified Public Accountants
104 Regency Place
West Monroe, Louisiana 71291

Mailing Address:
P. O. Box 2474
West Monroe, LA 71294-2474

Phone (318) 323-1717
Fax (318) 322-5121

INDEPENDENT AUDITORS' REPORT

Board of Directors of
Louisiana Center for the Blind, Inc.
Ruston, Louisiana

We have audited the accompanying statement of financial position of Louisiana Center for the Blind, Inc. (a non-profit organization) as of June 30, 2005, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Louisiana Center for the Blind, Inc. as of June 30, 2005, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2005, on our consideration of Louisiana Center for the Blind Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of Louisiana Center for the Blind, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects, in relation to the financial statements take as a whole.

Cameron, Hines & Hartt (APAC)

West Monroe, Louisiana
December 22, 2005

LOUISIANA CENTER FOR THE BLIND, INC.

STATEMENT OF FINANCIAL POSITION
June 30, 2005

ASSETS

Current Assets	
Cash and cash equivalents	$ 2,035,743
Accounts receivable	157,524
Investments in annuities	2,041,438
Short term investments	767,777
Total current assets	$ 5,002,482
Fixed Assets	
Land	$ 57,074
Building and improvements	2,138,830
Machinery and equipments	433,377
Furniture	85,109
Vehicles	70,606
	$ 2,784,996
Less accumulated depreciation and amortization	(1,861,893)
	$ 923,103
Total assets	$ 5,925,585

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	$ 228,339
Payroll related payables	850
Compensating absences	138,679
Total current liabilities	$ 367,868
Net Assets	
Unrestricted	$ 5,557,717
Temporarily restricted	
Permanently restricted	
Total net assets	$ 5,557,717
Total liabilities and net assets	$ 5,925,585

The accompanying notes are an integral part of this financial statement.

LOUISIANA CENTER FOR THE BLIND, INC.

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2005

UNRESTRICTED NET ASSETS	
Unrestricted revenues and gains	
Contributions	$ 439,517
Federal financial assistance	414,569
Louisiana financial assistance	500,000
Private grant revenue	37,894
Program service fees	692,092
Investment return	201,022
Fund-raising income-Bingo	1,588,598
Other	102,354
Total unrestricted revenues, gains, and other support	$ 3,976,046
Expenses	
Program services	
Training program	$ 2,139,118
Buddy program	13,727
Step program	25,025
Supporting services	
Management and general	260,609
Fund-raising	1,383,592
Total expenses	$ 3,822,071
Increased in unrestricted net assets	$ 153,975
NET ASSETS AT BEGINNING OF YEAR	5,403,742
NET ASSETS AT END OF YEAR	$ 5,557,717

The accompanying notes are an integral part of this financial statement.

LOUISIANA CENTER FOR THE BLIND, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2005

	Program Services			Supporting Services		
	Training Program	Buddy Program	STEP Program	Management & General	Bingo-Fund-raising	Total
Compensation and related expense						
Compensation	$ 551,534	$	$ 1,692	$ 57,668	$ 48,323	$ 659,217
Payroll taxes	57,150			933	13,795	71,878
Fringe Benefits	88,181			13,281		101,462
Total compensation and related expense	$ 696,865	$ 0	$ 1,692	$ 71,882	$ 62,118	$ 832,557
Other Expense						
Conference and training	27,192	495	2,177	3,323		33,187
Depreciation and amortization	132,090		55			132,145
Dues & reference materials				4,548		4,548
Insurance						
Property and casualty	67,879			15,800		83,679
Vehicles	20,530					20,530
Workers' compensation	4,936			549		5,485
Occupancy						
Electricity, gas, water and sewer	43,351	661	898	1,837		46,747
Maintenance	137,897	482	402	14,513		153,294
Rent					81,100	81,100
Postage and shipping	4,449			1,194		5,643
Printing	4,295	261	87	3,918		8,561
Prizes					1,138,660	1,138,660
Professional fees	4,759	311	1,103	81,327		87,500
Recreational activities	23,719	939	1,046			25,704
Service and charges & investment fees				8,891	256	9,147
Specific assistance	825,257					831,257
Supplies						
Fund-raising Bingo					98,868	98,868
Cleaning	38,196					38,196
Education	31,157	851	1,212			33,220
Office	1,958		69	5,488		7,515
Other	664	1,616	1,002	2,097	252	5,631
Shop	5,655					5,655
Telephone	13,793			1,387		15,180
Transportation						
Fuel and tickets	6,402	46		9,829		16,277
Repairs and other	13,638	38		1,375		15,051
Travel - lodging & meals	3,101			14,223		17,324
Work experience allowance (stipends)		8,000	15,200			23,200
Other	25,335	27	82	18,428	2,338	46,210
Total expenses	$ 2,139,118	$ 13,727	$ 25,025	$ 260,609	$ 1,383,592	$ 3,822,071

The accompanying notes are an integral part of this financial statement.

LOUISIANA CENTER FOR THE BLIND, INC.

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2005

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	$ 153,975
Adjustments to reconcile increase in net assets to cash provided by operating activities:	
Depreciation and amortization	132,145
Noncash contributions	(9,330)
Unrealized gains on investments	(60,937)
Loss on obsolete and scrapped equipment	1,332
(Increase) Decrease in operating assets	
Accounts receivable	217,572
Increase (Decrease) in operating liabilities	
Accounts payable	(28,532)
Payroll related payables	123
Compensating absences payable	98,977
Net cash provided by operating activities	$ 505,325
CASH FLOWS FROM INVESTING ACTIVITIES	
Short-term investments, net	$ 97,406
Purchase of annuities investment	(332,617)
Payments for property and equipment	(9,232)
Net cash used by investing activities	$ (244,443)
CASH FLOWS FROM FINANCING ACTIVITIES	
Net cash provided by financing activities	$
NET INCREASE (DECREASE IN CASH AND CASH EQUIVALENTS	$ 260,882
BEGINNING CASH AND CASH EQUIVALENTS	1,774,861
ENDING CASH AND CASH EQUIVALENTS	$ 2,035,743
SUPPLEMENTAL INFORMATION	
Interest paid	$ 0
Income taxes paid	$ 1,895

The accompanying notes are an integral part of this financial statement.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Louisiana Center For The Blind, Inc. (Organization) in Ruston, Louisiana operates a training facility for blind adults. The Organization works towards integrating the blind into the social and economic life of their community through training in the skills of blindness and by encouraging the development of positive attitudes about blindness. The Organization receives a fixed monthly fee for each student in the program from the student's home state.

The Organization is supported primarily through legislative state and federal grant programs, "bingo" fund-raising, and contributions by affiliate organizations, private companies, and individuals.

Contributed Services

During the year ended June 30, 2005, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and may perform a variety of tasks that assist the Organization at the residents' facilities, but these services do not meet the criteria for recognition as contributed services.

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.

Property and Equipment

It is the Organization's policy to capitalize property and equipment over $500. 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 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.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

(Cont'd)

Financial Statement Presentation

The Organization has adopted the Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements for Not-For-Profit Organizations. 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. As permitted by the statement, the Organization does not use fund accounting.

Support and Revenues

Certain revenues received under government grant programs are subject to audit by the providing agency. Contributions are considered to be available for unrestricted use unless specifically restricted by the grantor or the Board of Directors.

Accounts Receivable

The Organization has not recognized an allowance for uncollectible accounts for the current period. All accounts receivable are estimated to be collectible for the current period.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Contributions

Under SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other that a private foundation.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

(Cont'd)

Investments

Under SFAS No. 124 Accounting for Certain Investments Held by Not-For-Profit Organizations, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Compensated Absences

Employees of the Organization are entitled to paid vacations and sick days depending on the length of service to the Organization. Permanent full-time employees earn sick leave at the rate of one day per month of employment, given on the last day of the first full month of employment. Sick leave can be accrued up to one month or a total of 480 hours. Sick leave in excess of 480 hours will be lost. No pay is granted at termination for any earned sick leave.

Permanent full-time employees may earn up to 10 days per year of annual leave at the rate of one day (8 hours) per month of employment. Five (5) of the 10 annual leave days must be taken during a period specified by the Executive Director and the remaining 5 annual leave days may be taken with the approval of the Director. Employees terminating their employment, whether voluntarily or involuntarily, will not be paid for accrued annual leave.

The Organization accrued compensated absences in the amount of $138,679 for the year ended June 30, 2005.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 2 - CASH AND CASH EQUIVALENTS

At year end, the book balance of the Organization's deposits was $2,035,743. The following is a summary of specific account information by custodial institution.

Credit Risk

	Book Balance	Account Balance	Average Interest Rate
Cash on hand	$ 1,501	$	
First National Bank, Ruston, LA			
Operating account	$ 159,995	$ 237,720	
Federated funds account	311,188	311,188	1.88%
"Contribution" money market	1,133,458	1,133,458	.84%
"Buddy" operating account	150,074	152,682	
"Step" operating account	159,580	161,870	
Subtotal	$ 1,914,295	$ 1,996,918	
Community Trust Bank, Ruston, LA			
"Bingo" operating account	$ 33,354	$ 57,219	
Charles Schwab Institutional			
Schwab One Account	$ 86,592	$ 86,592	10.20%
Total cash and cash equivalent	$ 2,035,743		

The Organization has secured its deposits with FDIC insurance and pledged securities, when applicable, at each financial institution.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2005 consists of the following:

Various state agencies for tuition	$ 69,946
Louisiana Department of Education	19,275
Louisiana Rehabilitation Services	36,688
National Federation of the Blind	27,394
Other	4,221
	$ 157,524

The receivables represent tuition, grant and support revenues related to services provided before June 30, 2005.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 4 - INVESTMENT AND ANNUITIES

The Organization has short-term investments in a number of annuity contracts with (AIG) Annuity Insurance Company. As of June 30, 2005 the amount of the investments and related information follows:

	Cost	Stated Interest Rate	Maturity Date	Interest Paid
Non Qualified Annuity	$ 130,961	3.65%	Aug. 29, 2005	Quarterly
Non Qualified Annuity	327,401	3.65%	Aug. 29, 2005	Quarterly
Non Qualified Annuity	245,091	3.25%	Feb. 20, 2006	Quarterly
Non Qualified Annuity	183,818	3.25%	Feb. 20, 2006	Quarterly
Non Qualified Annuity	245,091	3.25%	Feb. 20, 2006	Quarterly
Non Qualified Annuity	327,401	3.65%	Aug. 29, 2005	Quarterly
Non Qualified Annuity	187,351	3.31%	Sept. 11, 2005	Annually
Non Qualified Annuity	187,363	2.65%	Sept. 11, 2005	Annually
Non Qualified Annuity	206,961	2.40%	Sept. 11, 2005	Annually
	$ 2,041,438			

The cost of the annuities plus accrued interest as of June 30, 2005 approximates the fair market value of the securities. Total interest earned for the current fiscal year ended June 30, 2005 was $82,617.

NOTE 5 - SHORT TERM INVESTMENTS

The Organization has short term investments in equities, mutual funds, fixed income funds, and unit trusts. Investments are summarized as follows:

Investment Type	Cost	Fair Market Value	Unrealized Appreciation (Depreciation)	Weighted Rate of Return
Charles Schwab Investments				
Equities	$ 133,497	$ 159,045	25,548	5.21%
Mutual Funds	322,904	416,883	93,979	8.41%
Fixed Income Funds				
U.S. Treasury Note	30,827	31,794	968	3.14%
Unit Trust Funds	107,491	132,863	25,372	8.04%
U.S. Government Sec.	17,735	17,862	127	.71%
	$ 612,454	$ 758,447	$ 145,994	
American Funds Service Co. Mutual Funds	$ 9,330	$ 9,330	$ 0	
	$ 621,784	$ 767,777	$ 145,994	

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 5 - SHORT TERM INVESTMENTS (Cont'd)

Investments in Ameristock Mutual Fund, Inc. (10%), Causeway Int'l Value Fund (5.2%), First Eagle Overseas Fund (7.5%), Marsico Focus Fund (8.8%), Matthews Asian Growth and Income Fund (7.6%), and ISHRS - RUSS 2 Index Fund (6.3%) exceeded (5%) five percent of the investment portfolio.

Short-term investments are stated at fair value as of June 30, 2005 in the amount of $767,777.

All short term investments were unrestricted. Investment costs for the fiscal year ended June 30, 2005 were $7,623.

The following schedule summarizes the unrestricted investment return and its classification in the statement of activities for the current fiscal year:

Dividend income	$	13,098
Interest income		94,650
Net realized and unrealized gains		89,897
Capital gain distributions		3,377
Total investment return	$	201,022

NOTE 6 - PROPERTY AND EQUIPMENT

All expenditures for land, buildings and equipment in excess of $500 are capitalized. Certain assets, such as computer software are amortized for three years. Depreciation is computed by the straight-line method, beginning in the month of acquisition, based on the following estimated useful lives:

Instructional buildings and apt. complex	20 years
Student activity center	15 years
Leasehold improvements	10 years
Furniture and fixtures	7 years
Office equipment	5 years
Transportation equipment	5 years

Depreciation and amortization expense for the year ended June 30, 2005 was $132,145. Depreciation expense is reported as program and supporting services and unrestricted net assets in the statement of activities.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 6 - PROPERTY AND EQUIPMENT (Cont'd)

Property and equipment stated at cost consists of the following at June 30, 2005:

Land	$ 57,074
Vehicles	70,606
Buildings and improvements	2,138,830
Machinery and equipment	433,377
Furniture and fixtures	85,109
	$ 2,784,996
Accumulated depreciation and amortization	(1,861,893)
Total	$ 923,103

NOTE 7 - FEDERAL FINANCIAL ASSISTANCE

The Organization has been awarded various grants from the federal government to provide education services to residents. The grant is considered to be an exchange transaction. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Grant activity for the years ended June 30, 2005 was as follows:

Department of Education Office of Special Educational Services Purpose: Specialized personnel for rehabilitation long-term training of individuals who are blind or have vision impairment.	$ 7,964
Department of Education Office of Special Education Services Purpose: Special projects and demonstrations for providing Vocational Rehabilitation Services to individuals with severe disabilities.	29,254
State of Louisiana, Department of Social Services Louisiana Rehabilitation Services Purpose: To provide independent living services, training, and support to older blind individuals.	257,352
State of Louisiana, Department of Education Purpose: Statewide critical shortages in personnel.	119,999
Total federal grants	$ 414,569

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 7 - FEDERAL FINANCIAL ASSISTANCE (Cont'd)

Any of the funding sources may, at its discretion, request reimbursement for expenses or return of funds, or both, as a result of non-compliance by the Louisiana Center for the Blind, with the terms of the grants.

NOTE 8 - CONCENTRATION OF CREDIT RISK

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist of money market accounts. The Organization places its temporary cash and money market accounts with creditworthy, high-quality financial institutions and brokerage firms. The Organization's cash management policies limit its exposure to concentrations of credit risk by maintaining primary cash accounts at financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC).

NOTE 9 - EMPLOYEE BENEFIT PLAN

The Organization maintains a defined contribution salary deferral plan, qualified under Internal Revenue Code 403(b), for the benefit of its eligible employees. Under the plan, the Organization contributes one and one-half percent of each eligible employee's salary and also matches dollar for dollar up to another one and one-half percent of each eligible employee's salary. Retirement contributions by the Organization during the period June 30, 2005 was $15,441.

CAMERON, HINES & HARTT
(A Professional Accounting Corporation)
Certified Public Accountants
104 Regency Place
West Monroe, Louisiana 71291

Mailing Address:
P. O. Box 2474
West Monroe, LA 71294-2474

Phone (318) 323-1717
Fax (318) 322-5121

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

To the Board of Directors
Louisiana Center for the Blind, Inc.
Ruston, Louisiana

We have audited the financial statements of Louisiana Center for the Blind, Inc. as of and for the year ended June 30, 2005 and have issued our report thereon dated December 22, 2005. 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 Louisiana Center for the Blind, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our 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 weaknesses. 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 that misstatements caused by errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain matters that we reported to the management of Louisiana Center for the Blind, Inc., in a separate letter dated December 22, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana Center for the Blind, Inc.'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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, the Legislative Auditor of the State of Louisiana, 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Cameron, Hines & Hartt (APAC)

West Monroe, Louisiana
December 22, 2005

LOUISIANA CENTER FOR THE BLIND, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2005

	Federal CFDA Number	Agency or Pass Through Number	Fiscal Period	Program or Award Amount	Federal Expenditures
United States Department of Education					
Rehabilitation Long-Term Training (5Year)	84.129P	H129P990002	9/1/03 to 8/31/04	$ 99,106	$ 29,253
Special Projects & Demonstration Services Individuals with Disabilities	84.235J	H235J000004	6/1/00 to 6/1/04	925,000	11,660
Special Projects & Demonstrations to Individuals with Severe Disabilities	84.235J	H235J030017	7/1/03 to 6/30/04	49,675	250
Total United States Department of Education				1,073,781	41,163
Pass Through Louisiana Rehabilitation Services:					
Independent Living Services for Older Individuals Who are Blind	84.177B	619681	11/1/2004 to 10/31/05	241,500	211,014
Independent Living Services for Older Individuals Who are Blind	84.177B	H177B020018D	11/1/2003 to 10/31/04	250,000	46,338
Total Louisiana Rehabilitation Services				491,500	257,352
Pass Through Louisiana Department of Education:					
Special Education Grants to States Statewide Critical Shortages in Personnel	84.027A	H037A030033	7/1/04 to 6/30/05	60,000	58,525
Total Louisiana Department of Education				60,000	58,525
TOTAL FEDERAL AWARDS				$ 1,625,281	$ 357,040

The accompanying notes are an integral part of this financial statement.

LOUISIANA CENTER FOR THE BLIND, INC.
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2005

1. General

The Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Louisiana Center for the Blind, Inc. All federal award programs received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule.

2. Basis of Accounting

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

CAMERON, HINES & HARTT

(A Professional Accounting Corporation)

Certified Public Accountants

104 Regency Place
West Monroe, Louisiana 71291

Mailing Address:
P. O. Box 2474
West Monroe, LA 71294-2474

Phone (318) 323-1717
Fax (318) 322-5121
E-Mail: chhcpas@bellsouth.net

Board of Directors
Louisiana Center for the Blind
Ruston, LA.

In planning and performing our audit of the financial statements of Louisiana Center for the Blind for the year ended June 30, 2005, we considered the Center's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control. However, we noted certain matters involving internal control 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 that, in our judgment, could adversely affect the Center's ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements.

Separation of Duties

The size of the Center's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remains involved in the financial affairs of the Center to provide oversight and independent review functions.

Cash Receipts & Bank Reconciliations

It was noted that an employee other than the bookkeeper receives and records all receipts in a receipts ledger and also reconciles all bank accounts. When the checks and receipts are recorded they are returned to the bookkeeper without an endorsement on the checks. The bookkeeper then endorses the checks and makes the deposit daily. It is recommended that the person who reconciles the bank statements also stamp all checks received "for deposit only" before giving them to the bookkeeper to deposit. After the bookkeeper has made the deposit, the original deposit receipt should be agreed to the cash receipts ledger. A copy of the deposit receipt should be made and given to the bookkeeper.

Conclusion

A material weakness is a reportable 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 that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Conclusion (continued)

Our consideration of internal control would not necessarily disclose all matters in internal control 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, none of the reportable conditions described above is believed to be a material weakness.

This report is intended solely for the information and use of the Board of Directors and management, and others within the Center and is not intended to be and should not be used by anyone other than these specified parties.

Cameron, Hines & Hartt (APAC)

West Monroe, Louisiana
December 22, 2005