

MARITIME MUSEUM LOUISIANA

**Financial Statements
with Supplemental Information**

December 31, 2022

(With Independent Accountants' Compilation Report Thereon)

MARITIME MUSEUM LOUISIANA

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American Society of Certified Public Accountants
Society of Louisiana CPAs

Independent Accountants' Compilation Report

**To the Board of Directors
Maritime Museum Louisiana
Mandeville, Louisiana**

Management is responsible for the accompanying financial statements of the governmental activities, of the Maritime Museum Louisiana (the Museum), as of and for the year ended December 31, 2022, and related notes to the financial statements, which collectively comprise the Museum's basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

The accompanying schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the representation of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any form of assurance on such information.

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June 30, 2022

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MARITIME MUSEUM LOUISIANA

Statement of Financial Position

December 31, 2022

(See Independent Accountants' Compilation Report)

Assets

Cash & cash equivalents:		
Unrestricted	\$	104,181
Restricted		<u>91,945</u>
Total cash & cash equivalents		196,126
Accounts receivable, net		127,663
Prepaid expenses		11,793
Inventory		22,951
Property & equipment, net		<u>1,333,212</u>
Total assets	\$	<u><u>1,691,745</u></u>

Liabilities & Net Assets

Liabilities:

Accounts payable	\$	6,538
Accrued expenses		4,086
Payroll tax payable		5,877
Sales tax payable		626
Deposits		5,050
Accrued interest		11,736
Deferred revenue		46,154
Long-term debt, net of current portion		<u>225,000</u>
Total liabilities		305,067

Net Assets:

Without donor restriction		1,294,733
With donor restriction		<u>91,945</u>
Total net assets		<u>1,386,678</u>
Total liabilities & net assets	\$	<u><u>1,691,745</u></u>

See accompanying notes to the financial statements.

MARITIME MUSEUM LOUISIANA

Statement of Activities

For the Year Ended December 31, 2022

(See Independent Accountants' Compilation Report)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support & Revenues:			
Wooden boat festival	\$ 290,765	-	290,765
Facility event room rental	153,184	-	153,184
Wooden boat building classes	8,200	-	8,200
Gift shop sales	16,091	-	16,091
Museum admission fees and membership dues	24,588	-	24,588
Contributions	21,590	510	22,100
Fundraising income	66,953	-	66,953
Research and educational programs	1,500	-	1,500
Grant income	-	55,226	55,226
State appropriations	-	53,846	53,846
Other income	4,440	-	4,440
Net assets released from restrictions	<u>49,296</u>	<u>(49,296)</u>	<u>-</u>
Total support & revenues	<u>636,607</u>	<u>60,286</u>	<u>696,893</u>
Expenses:			
Program services	482,881	-	482,881
Support services:			
Management and general	64,191	-	64,191
Fundraising	<u>166,433</u>	<u>-</u>	<u>166,433</u>
Total supporting services	<u>230,624</u>	<u>-</u>	<u>230,624</u>
Total expenses	<u>713,504</u>	<u>-</u>	<u>713,504</u>
Change in net assets	(76,897)	60,286	(16,611)
Net assets - beginning of year	<u>1,371,630</u>	<u>31,659</u>	<u>1,403,289</u>
Net assets - end of year	<u><u>\$ 1,294,733</u></u>	<u><u>91,945</u></u>	<u><u>1,386,678</u></u>

See accompanying notes to the financial statements.

MARITIME MUSEUM LOUISIANA

Statement of Cash Flows

For the Year Ended December 31, 2022

(See Independent Accountants' Compilation Report)

Cash flows from operating activities:		
Change in net assets	\$	(16,611)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:		
Depreciation		74,835
Noncash contributions		(3,500)
(Increases) decreases in assets:		
Accounts receivable		(122,224)
Inventory		(6,924)
Increases (decreases) in liabilities:		
Accounts payable		3,553
Accrued expenses		1,569
Payroll tax payable		(1,830)
Sales tax payable		119
Deposits		(3,435)
Accrued interest		5,407
Deferred revenue		4,378
Net cash used by operating activities		(64,663)
Cash flows from investing activities:		
Purchase of property & equipment		(10,848)
Net cash used by investing activities		(10,848)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt		75,000
Net cash provided by financing activities		75,000
Net decrease in cash & cash equivalents		(511)
Cash & cash equivalents, beginning of year		196,637
Cash & cash equivalents, end of year	\$	196,126

See accompanying notes to the financial statements.

MARITIME MUSEUM LOUISIANA

Statement of Functional Expenses

For the Year Ended December 31, 2022

(See Independent Accountants' Compilation Report)

	Program Services					Supporting Services			Total
	Wooden Boat Festival	Museum & Exhibits	Wooden Boat Building Classes	Maritime Research & Education	Lighthouse Restoration	Total Program Services	Management & General	Fundraising	
Salaries	\$ 7,836	37,661	27,821	6,000	2,784	82,102	30,533	65,645	178,280
Payroll taxes & employee benefits	625	2,940	2,170	475	225	6,435	2,390	5,132	13,957
Total salaries & related benefits	8,461	40,601	29,991	6,475	3,009	88,537	32,923	70,777	192,237
Merchandise purchases	12,938	-	4,576	-	-	17,514	-	210	17,724
Volunteer support	1,900	277	-	1,679	-	3,856	-	-	3,856
Printing and graphic design	1,836	478	-	-	-	2,314	-	1,533	3,847
Security	13,812	-	-	-	-	13,812	-	517	14,329
Materials and supplies	15,960	166	187	564	561	17,438	-	2,566	20,004
Contract labor	12,647	-	-	1,530	-	14,177	-	16,751	30,928
Repairs and maintenance	-	55,810	-	-	-	55,810	-	-	55,810
Office expense	-	28,286	-	-	-	28,286	-	-	28,286
Postage and delivery	-	1,748	-	-	-	1,748	-	-	1,748
Insurance	10,000	20,000	-	-	-	30,000	16,301	10,000	56,301
Professional fees	31,201	19,861	-	705	-	51,767	-	14,143	65,910
Advertising	23,552	3,464	-	139	-	27,155	-	1,802	28,957
Dues and subscriptions	-	3,325	-	-	-	3,325	-	-	3,325
Bank charges	-	4,681	-	-	-	4,681	-	4,678	9,359
Travel	-	-	-	110	-	110	-	190	300
Utilities	-	29,822	-	-	-	29,822	-	19,880	49,702
Taxes and licenses	-	-	-	-	-	-	-	468	468
Miscellaneous expenses	180	33	-	160	-	373	-	6,400	6,773
Rent expense	32,883	-	-	-	-	32,883	-	9,034	41,917
Interest	6,888	-	-	-	-	6,888	-	-	6,888
Total expenses before depreciation	172,258	208,552	34,754	11,362	3,570	430,496	49,224	158,949	638,669
Depreciation	14,967	7,484	11,225	11,225	7,484	52,385	14,967	7,484	74,835
Total expenses	\$ 187,225	216,036	45,979	22,587	11,054	482,881	64,191	166,433	713,504

See accompanying notes to the financial statements.

MARITIME MUSEUM LOUISIANA

Notes to the Financial Statements

December 31, 2022

(See Independent Accountants' Compilation Report)

(1) Summary of Significant Accounting Policies

(a) Nature of Activities

The Maritime Museum Louisiana (the Museum), formerly known as the Lake Pontchartrain Basin Maritime Museum, Inc., was created as a not-for-profit corporation in July 1991 to operate an educational maritime museum which preserves the marine, naval, and maritime history, and cultural heritage of the Lake Pontchartrain Basin. The largest single source of income is from the annual Wooden Boat Festival held each fall on the Tchefuncte River.

The Museum is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

(b) Basis of Accounting

The financial statements of the Museum have been prepared on the accrual basis of accounting and accordingly revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

(c) Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-210-50-3, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-210-50-3, The Museum is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets with donor restrictions - The part of net assets of a not-for-profit entity that is subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

Net assets without donor restrictions - The part of net assets of a not-for-profit entity that is not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

(d) Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

(e) Cash and Cash Equivalents

The Museum considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

MARITIME MUSEUM LOUISIANA

Notes to the Financial Statements

December 31, 2022

(See Independent Accountants' Compilation Report)

(f) Accounts and Grants Receivable

Accounts receivable consist of amounts due for tuition in the wooden boat building classes and facility event room rental services. The Museum routinely reviews its accounts receivable balances and makes provision for doubtful accounts as necessary. Grants receivable consists of grant reimbursements. There were no grants receivable as of December 31, 2022. Management monitors the receivables and assesses the collectability of accounts on a monthly basis. Management has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed. There were no bad debts during the year ended December 31, 2022.

(g) Inventory

The Museum gift shop inventory consists of items purchased for resale and is carried at cost.

(h) Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 whose useful lives extend beyond a one-year period and betterments which naturally add to the value of related assets or materially extend the useful lives of assets are capitalized. Property and equipment are stated at historical cost or estimated fair value at the date of donation.

Depreciation is provided on the straight-line basis over the following estimated useful lives of the assets:

Buildings and improvements	39 Years
Museum exhibits	5-10 Years
Furniture and equipment	5-7 Years
Bulkhead and dock	15 Years
Land and improvements	7-10 Years
Sign	5 Years

(i) Collections of Art

Many of the works of art on exhibit at the Museum are on loan from private parties and, thus, are not recorded in the financial statements of the Museum. Collections, which include works of art, historic treasures, and assets of similar nature, that are donated without restrictions to the Museum are recorded as in-kind revenue on the statements of activities and changes in net assets. Collections are not depreciated, rather they are reviewed each year for the impairment and value is decreased if deemed necessary. The Museum does not believe impairment is necessary as of December 31, 2022. Collections of the Museum are (a) held for exhibition to the public, for educational purposes or for research in furtherance of public services and not financial gain, and (b) are protected, cared for, and preserved.

MARITIME MUSEUM LOUISIANA

Notes to the Financial Statements

December 31, 2022

(See Independent Accountants' Compilation Report)

(j) **Public Support and Revenue**

Grants and other contributions of cash and other assets are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

(k) **Functional Expense Allocation**

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function 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 overall support and direction of the Museum.

(l) **Advertising Expense**

The Museum uses advertising to promote its programs among the audiences it serves. During 2022, advertising costs, which are expensed as incurred, totaled \$28,956.

(m) **Income Tax Status**

The Museum is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Museum qualifies for the charitable contribution deduction under the Section 170(b)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Museum's evaluation as of December 31, 2022 revealed no tax positions that would have a material impact on the financial statements. The 2019 through 2021 tax years remain subject to examination by the IRS. The Museum does not believe that any reasonably possible changes will occur withing the next twelve months that will have a material impact on the financial statements.

(n) **Operations**

The Museum has entered into grant agreements and reimbursement contracts with various local, state, and federal governmental entities. Noncompliance with the terms of these agreements and contracts could have a significant adverse effect on the operations of the Museum.

(o) **Donated Assets and Services**

The Museum records noncash donations as contributions at their estimated fair value at the date of donation. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills are provided by individuals possessing these skills and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received.

MARITIME MUSEUM LOUISIANA

Notes to the Financial Statements

December 31, 2022

(See Independent Accountants' Compilation Report)

The Museum also receives donated services from unpaid volunteers who perform a variety of tasks that support the Museum's activities. However, no amounts have been reflected in the financial statements as these services do not meet the criteria for revenue recognition under GAAP.

(2) Statement of Cash Flows and Supplementary Disclosure

Supplemental disclosures of cash flow information:

Cash paid for interest	<u>\$ 1,479</u>
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Non-Cash Investing and Financing Activities

During the year ended December 31, 2022, the Museum received noncash contributions of property and equipment of \$3,500.

(3) Liquidity and Availability of Financial Assets

The Museum strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit, money market funds and other short-term investments.

The following table reflects the Museum's financial assets as of December 31, 2022, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor restrictions.

Financial assets, and year end	\$ 323,789
Less those unavailable for general expenditure within one year due to:	
Funds set aside for donor restricted purposes	<u>(91,945)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 231,844</u>

The Museum's financial assets have been reduced by amounts not available for general use because of donor imposed restrictions within one year of the balance sheet date.

(4) Donated Materials, Facilities, and Services

The Museum receives donated items, services, and facilities from the public and sponsors who assist in fundraising and the Wooden Boat Festival. In accordance with FASB ASC 958-605-50-1, *Accounting for Contributions Received and Contributions Made*, these amounts have been recorded in the statements of activities as contributions and assets or expenses.

MARITIME MUSEUM LOUISIANA

Notes to the Financial Statements

December 31, 2022

(See Independent Accountants' Compilation Report)

The value of donated items was \$3,500 for the year ended December 31, 2022 and is recorded as property and equipment.

The Museum did not receive any donated facilities for the year ended December 31, 2022.

The Museum did not receive any donated services for the year ended December 31, 2022.

(5) Property and Equipment

As of December 31, 2022, property and equipment consisted of the following:

Land and improvements	\$ 22,968
Furniture and equipment	195,178
Buildings and improvements	2,791,858
Museum exhibits	510,543
Bulkhead and dock	91,726
Sign	<u>11,775</u>
	3,624,048
Less: Accumulated depreciation	<u>(2,290,836)</u>
Property and equipment, net	\$ <u>1,333,212</u>

Depreciation expense for the year ended December 31, 2022 was \$74,835.

(6) Deferred Revenue

In May of 2022 the Louisiana Legislature signed into effect Act No. 170, which sends appropriations to state agencies based on their agency type. The Museum was eligible for a \$100,000 state appropriation. Per state law the Museum will recognize the full amount of the appropriation at the date the act was signed into effect as deferred revenue and will recognize \$7,692 as revenue each month until the end of the appropriation on June 30, 2023.

(7) Debt

Economic Injury Disaster Loan

On June 19, 2021, the Museum received loan proceeds in the amount of \$150,000 under the Small Business Administration's Economic Injury Disaster Loan program. On April 12, 2022, this loan was modified to increase the note amount from \$150,000 to \$225,000. This program provided low interest fixed rate loans to help businesses overcome the effects of the COVID-19 global pandemic by providing working capital to meet operating expenses of the borrowers. The loan bears interest at 2.75% and is due in monthly installments of \$994 beginning December 2022 through June 2050 and is secured by property of the Museum.

MARITIME MUSEUM LOUISIANA

Notes to the Financial Statements

December 31, 2022

(See Independent Accountants' Compilation Report)

A summary of future maturities of this loan for next five years and thereafter are as follows:

<u>Years Ending</u>	<u>Amount</u>
2023	\$ -
2024	5,764
2025	5,974
2026	6,140
2027	6,312
Thereafter	<u>200,810</u>
	<u>\$ 225,000</u>

(8) Commitments and Contingencies

Management Agreement for Museum Building

The land on which the Museum is built is owned by the Town of Madisonville (the Town). On May 31, 1996, the Town and the Museum entered into a management agreement allowing the Museum to establish, occupy, administer, manage, supervise, maintain, and exercise operational control and custody over the museum building once construction was complete. The term of this agreement is for 99 years and expires on May 31, 2095. The Museum assumes the obligations of the day-to-day operations and upkeep of the buildings in lieu of other considerations to the Town (i.e. rent expense). In addition, the agreement states that the building contents and all furniture, fixtures, equipment, supplies, vessels, exhibits, artifacts, objects of art, paintings and all other movable things acquired by or donated to the Museum are the property of the Museum.

Management Agreement of the Tchefuncte River Range Rear Light Property

The Tchefuncte River Range Rear Light Property (the Property) is owned by the Town. On May 24, 2000, the Town and the Museum entered into a management agreement allowing the Museum to restore, develop, preserve, manage, and administer the Property, including its use as a tourist attraction. The term of this agreement is for 99 years and expires on May 24, 2099. The Museum assumes the obligation to maintain and exercise operation control and custody over the Property before and after the restoration of the lighthouse in lieu of other considerations to the Town. In addition, the agreement states that the Museum shall retain title to and possession of all contents, fixtures, equipment, supplies, vessels, boats, exhibits, artifacts, objects of art, paintings, and all other movable things acquired by or donated to the Museum for the use and benefit of the property during the period of the agreement.

(9) Concentration of Credit Risk

The Museum maintains its cash balances at several financial institutions located in Southeast Louisiana. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. There were no uninsured portion of cash balances as of December 31, 2022.

MARITIME MUSEUM LOUISIANA

Notes to the Financial Statements

December 31, 2022

(See Independent Accountants' Compilation Report)

None of the Museum's sources of revenue presented itself as a concentration risk for the year ended December 31, 2022.

(10) Grants from Governmental Agencies

Grants from governmental agencies include the following for the year ended December 31, 2022:

Funds in the amount of \$500 was awarded under a grant agreement with the National Philanthropic Fund for the year ended December 31, 2022. The grant funds are to be used for operations.

Funds in the amount of \$10,000 was awarded under contract with Louisiana Endowment for the Humanities. The grant funds are to be used for building repairs from Hurricane Ida damage.

Funds in the amount of \$20,000 was received under contract with the State of Louisiana Department of Culture, Recreation, and Tourism as a part of the Louisiana Festivals and Recovery Grant Program for the year ended December 31, 2022. The grant funds are to be used for marketing for the wooden boat festival.

Funds in the amount of \$9,315 was received in the fiscal year ended December 31, 2022, under a contract with the Louisiana Attractions Support Grant. The grant funds are to be used for advertising for the museum.

Funds in the amount of \$15,411 was received in the fiscal year ended December 31, 2022, under two contracts with FEMA. The grant funds are to be used for the repairs to the cottage and museum dock from Hurricane Ida damage.

(11) Accrued Unpaid Leave

The Museum's full-time employees accrue annual leave as follows:

Year 0-0.5	5 days/year
Year 1-5	15 days/year
Year 6+	20 days/year

Annual leave is not cumulative and normally must be taken in the year earned. Exceptions for carrying over annual leave are limited to five days and require the approval of the Executive Director. Days accumulated beyond five days without prior approval will not be paid or carried over. Sick leave is earned by regular full-time employees at the rate of five days per year. In the event of resignation or termination, there is no payment for unused sick leave.

The Museum has no accrued unpaid leave as of December 31, 2022.

MARITIME MUSEUM LOUISIANA

Notes to the Financial Statements

December 31, 2022

(See Independent Accountants' Compilation Report)

(12) Related Party Transactions

During the year ended December 31, 2022, there were no related party transactions.

(13) Evaluation of Subsequent Events

The Museum has evaluated subsequent events through June 30, 2022, the date which the financial statements were available to be issued.

MARITIME MUSEUM LOUISIANA

**Schedule of Compensation, Benefits, and Other
Payments to Agency Head**

For the Year Ended December 31, 2022

(See Independent Accountants' Compilation Report)

Agency Head Name: James MacPherson, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 48,000
Reimbursements	64
	<u>48,064</u>

MARITIME MUSEUM LOUISIANA

Schedule of Findings

For the Year Ended December 31, 2022

Not applicable.

MARITIME MUSEUM LOUISIANA

Status of Prior Year Findings

For the Year Ended December 31, 2022

Not applicable.