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Financial Report
Louisiana Museum Foundation
June 30, 2004

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Release Date 12-29-04

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Louisiana Museum Foundation New Orleans, Louisiana

June 30, 2004

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Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Louisiana Museum Foundation,
New Orleans, Louisiana.

We have audited the accompanying statement of financial position of Louisiana Museum Foundation (a nonprofit organization) as of June 30, 2004 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation'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 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 Louisiana Museum Foundation as of June 30, 2004, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated September 3, 2004 on our consideration of Louisiana Museum Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
September 3, 2004.

STATEMENT OF FINANCIAL POSITION**Louisiana Museum Foundation**
New Orleans, Louisiana

June 30, 2004

ASSETS

Cash and cash equivalents	\$ 688,879
Investments	1,689,948
Unconditional promises to give	72,333
Accounts receivable - contracts	9,696
Accrued interest	8,185
Miscellaneous receivables	750
Office equipment, net	11,148
Prepaid expenses	4,719
	<hr/>
Total assets	<u>\$ 2,485,658</u>

LIABILITIES

Accounts payable and accrued expenses	<u>\$ 13,166</u>
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NET ASSETS

Unrestricted:	
Undesignated	207,636
Designated for Endowment purposes	303,899
Designated for reserve purposes	191,667
	<hr/>
Total unrestricted net assets	703,202
Temporarily restricted	<u>1,769,290</u>
Total net assets	<u>2,472,492</u>
Total liabilities and net assets	<u>\$ 2,485,658</u>

See notes to financial statements.

STATEMENT OF ACTIVITIES**Louisiana Museum Foundation**
New Orleans, Louisiana

For the year ended June 30, 2004

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Contributions	\$ 117,550	\$ 266,849	\$ 384,399
Contracts for services	15,279	153,417	168,696
Grants	-	11,173	11,173
Rents	18,000	58,241	76,241
Royalties and sales	3,361		3,361
Interest	41,591	40,617	82,208
Net unrealized gains (losses) on investments	(20,572)	34,922	14,350
Realized loss on sale of investments	(51)	(82)	(133)
Miscellaneous	1,405		1,405
	<u>176,563</u>	<u>565,137</u>	<u>741,700</u>
Net Assets Released From Restrictions			
Satisfaction of use restrictions	<u>618,584</u>	<u>(618,584)</u>	<u>-</u>
	<u>795,147</u>	<u>(53,447)</u>	<u>741,700</u>
Expenses			
Program services	299,096		299,096
General and administration	<u>146,521</u>		<u>146,521</u>
	<u>445,617</u>		<u>445,617</u>
Changes in net assets	349,530	(53,447)	296,083
Net Assets			
Beginning of year	<u>353,672</u>	<u>1,822,737</u>	<u>2,176,409</u>
End of year	<u>\$ 703,202</u>	<u>\$ 1,769,290</u>	<u>\$ 2,472,492</u>

See notes to financial statements.

STATEMENT OF CASH FLOWS

Louisiana Museum Foundation
New Orleans, Louisiana

For the year ended June 30, 2004

Cash Flows From Operating Activities

Changes in net assets	\$ 296,083
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	5,520
Net unrealized gains on investments	(14,350)
Loss on sale of investments	133
Loss on disposition of office equipment	2,078
Decrease in unconditional promises to give	9,667
Increase in accounts receivable - contracts	(9,696)
Decrease in accrued interest	573
Decrease in miscellaneous receivables	23,684
Increase in prepaid expenses	(2,174)
Decrease in accounts payable	(15,596)
	<u>(161)</u>
Total adjustments	
Net cash provided by operating activities	<u>295,922</u>

Cash Flows From Investing Activities

Purchase of U.S. Government obligations	(244,516)
Maturities of U.S. Government obligations	355,000
Purchase of equity funds	(17,661)
Proceeds from sales of equity funds	6,367
Purchase of office equipment	(5,776)
	<u>93,414</u>
Net cash provided by investing activities	
	<u>93,414</u>

Net Increase in Cash and Cash Equivalents 389,336

Cash and Cash Equivalents

Beginning of year	<u>299,543</u>
End of year	<u>\$ 688,879</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Louisiana Museum Foundation

New Orleans, Louisiana

June 30, 2004

Note 1 - ORGANIZATION, NATURE OF ACTIVITIES AND INCOME TAXES

Louisiana Museum Foundation (the Foundation) is a nonprofit corporation organized under the laws of the State of Louisiana to support the Louisiana State Museum. It is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Financial Statement Presentation

Financial statement presentation follows the recommendations of the Statement of Financial Accounting Standards, (SFAS) No. 117, "Financial Statements of Not-For-Profit Organizations." Under SFAS No. 117, Louisiana Museum Foundation classifies its net assets, revenues, and expenses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets - Receives contributions and other revenues and expends funds for the general operation of the Foundation.

Temporarily Restricted Net Assets - Grants and other revenues specifically authorized by the grantor or donor to be used for a certain purpose or to benefit a specific accounting period.

Permanently Restricted Net Assets - Louisiana Museum Foundation does not have any permanently restricted net assets.

b. Basis of Accounting

The financial statements of the Louisiana Museum Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Cash Equivalents

The Foundation considers money market funds and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

d. Investments

The Foundation records donated securities at their fair market value at the date of donation. Investments are shown in the financial statements at approximate current market value. Realized and unrealized gains and losses are included in the statement of activities.

e. Promises to Give

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met. For the year ended June 30, 2004, all promises to give were recognized as assets and revenues. All promises are deemed by management to be collectible.

f. Contributions and Revenue Recognition

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 restricted net assets, depending on the nature of the restrictions. When 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.

g. Office Equipment

Office equipment of the Foundation is stated at cost which was \$32,972 at June 30, 2004. Depreciation is provided over five years by the double declining balance method. Accumulated depreciation at June 30, 2004 was \$21,824.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. 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.

Note 3 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at June 30, 2004 are as follows:

Bicentennial Celebration Pledges:	
The Lupin Foundation	\$33,333
McIlhenny Company	15,000
Tidewater, Inc.	4,000
Individual contribution:	
Darryl Berger	<u>20,000</u>
Total unconditional promises to give	<u>\$72,333</u>
Amount due in:	
Less than one year	\$57,333
One or two years	<u>15,000</u>
Total	<u>\$72,333</u>

These multi year promises were not discounted to present value at June 30, 2004 because management considers the discount to be insignificant.

Note 4 - CONCENTRATION OF CREDIT RISK

The Foundation maintains its cash balances at several financial institutions located in New Orleans, Louisiana. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. As of June 30, 2004, uninsured balances totaled approximately \$411,000.

Note 4 - CONCENTRATION OF CREDIT RISK (Continued)

The Foundation also maintains accounts with an investment brokerage firm. The accounts contain money market funds. The balances are insured by the Securities Investor Protection Corporation up to \$100,000. As of June 30, 2004, the uninsured balances totaled approximately \$94,000.

Note 5 - INVESTMENTS

Investments consist of the following:

	June 30, 2004		
	Market Value	Cost or Assigned Amount	
Equity funds	\$ 596,673	\$ 636,590	
U.S. Government obligations	1,093,275	1,110,718	
Total	\$1,689,948	\$1,747,308	
	Market Value	Cost or Assigned Amount	Excess of Cost Over Market Value
Balances at June 30, 2004	\$1,689,948	\$1,747,308	\$57,360
Balances at June 30, 2003	\$1,774,922	\$1,846,632	71,710
Net unrealized gain			\$14,350

Note 6 - TEMPORARILY RESTRICTED NET ASSETS

Changes in temporarily restricted net assets during the year were as follows:

Fund	Balance, June 30, 2003	Revenues	Expenses/ Reclassifications	Transfers	Balance, June 30, 2004
Acquisition and Conservation					
Peg Bolton Fund	\$ 1,980	\$ -	\$ -	\$ -	\$ 1,980
Louisiana State Museum					
Miscellaneous Educational and Special Projects Fund	25,040	125,082	125,082	-	25,040
Conservation and Acquisitions Fund	67,466	3,000	18,000	-	52,466
Fashion Group	2,438	-	-	-	2,438
Jazz Collection	1,594	6,565	1,369	-	6,790
Joint Budget					
Committee Fund	17,366	-	11,176	-	6,190
Louisiana Historical Center	4,207	-	-	-	4,207
Exhibits					
Music at the Mint	1,064	9,608	11,224	-	(552)
Mardi Gras Exhibit	10,710	-	10,710	-	-
Photography Collection	1,182	-	-	-	1,182
National History Day	2,677	2,500	4,551	-	626
Taylor Mardi Gras	17,854	-	3,972	-	13,882
Changing Exhibits	5,452	3,335	8,787	-	-
Other					
Cypress Sawmill Museum	37	-	-	-	37
Legacy Event	175,128	219,467	384,457	-	10,138
Museum Endowment Fund	1,258,580	105,539	-	-	1,364,119
Louisiana State Museum	179,176	28,241	-	-	207,417
Mardi Gras					
Promotional Account	8,691	25,000	32,409	-	1,282
Miscellaneous Non Louisiana					
State Museum Programs Fund	5,000	-	5,000	-	-
Publications	19,233	-	-	-	19,233
State Board Meetings	(34)	1,800	1,847	-	(81)
SOCOLA	7,896	-	-	-	7,896
Submarine Fund	10,000	-	-	-	10,000
Memberships for subsequent periods	-	35,000	-	-	35,000
Totals	\$ 1,822,737	\$ 565,137	\$ 618,584	\$ -	\$ 1,769,290

Note 7 - LOUISIANA STATE MUSEUM FUND

Donations are made to the Louisiana Museum Foundation by groups or individuals who use the Museum's facilities. By legislation, the Foundation is to designate these funds for use by the Louisiana State Museum for endowment, educational, acquisitions, publications, conservation, and building function support purposes. Expenditures of monies from the fund are subject to the approval of the Joint Legislative Committee on the Budget, State of Louisiana.

Note 8 - MUSEUM ENDOWMENT FUND

The Museum Endowment Fund was created by the Board to accumulate \$3,000,000 for museum support. Revenue and other support for the fund consist of contributions, investment income, and transfers of excess funds from other restricted funds as the Board authorizes. The Board has placed the following restrictions on the usage of these funds:

1. Expenditures are limited to acquisitions, conservation, exhibitions, public program, and publication.
2. No expenditures are to be made until the fund reaches \$3,000,000. Annually, thereafter, 50% of investment income can be spent; the other 50% is to be added to corpus.
3. Corpus is never to be touched except for emergencies.
4. Expenditures will require approval by the Louisiana Museum Foundation Board of Directors.

Note 8 - MUSEUM ENDOWMENT FUND (Continued)

Activity in the Museum Endowment Fund for the portion that is classified as temporarily restricted for the year ended June 30, 2004 was as follows:

Balance, July 1, 2003	\$1,258,580
Interest income	40,617
Rental income:	
Coin Vault gift shop	18,000
Mardi Gras gift shop	12,000
Net unrealized gains on investments	<u>34,922</u>
Balance, June 30, 2004	<u>\$1,364,119</u>

Activity in the Museum Endowment Fund for that portion that is classified as board designated for endowment purposes for the year ended June 30, 2004 was as follows:

Balance, July 1, 2003	\$136,217
Contribution income:	
Bicentennial Gala	150,000
Interest income	9,508
Net unrealized gains on investments	<u>8,174</u>
Balance, June 30, 2004	<u>\$303,899</u>

The total balance in the Museum Endowment Fund as of June 30, 2004 was \$1,668,018.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

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

To the Board of Directors,
Louisiana Museum Foundation,
New Orleans, Louisiana.

We have audited the financial statements of Louisiana Museum Foundation, (a nonprofit organization) as of and for the year ended June 30, 2004, and have issued our report thereon dated September 3, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether Louisiana Museum Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Louisiana Museum Foundation'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 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 assisted functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended for the information 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 those specified parties. Under Louisiana Revised Statute 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,
September 3, 2004.

SCHEDULE OF FINDINGS

Louisiana Museum Foundation

For the year ended June 30, 2004

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
- Reportable condition(s) 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

Louisiana Museum Foundation did not receive any Federal awards during the year ended June 30, 2004.

Section II - Financial Statement Findings

No financial statement findings were noted during the audit of the financial statements for the year ended June 30, 2004.

Section III - Federal Award Findings and Questioned Cost

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

Louisiana Museum Foundation

For the year ended June 30, 2004

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 June 30, 2003.

No reportable conditions were reported during the audit of the financial statements for the year ended June 30, 2003.

Compliance

No compliance findings material to the financial statements were noted during the audit of the financial statements for the year ended June 30, 2003.

Section II - Internal Control and Compliance Material To Federal Awards

Louisiana Museum Foundation did not receive any Federal awards during the year ended June 30, 2003.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2003.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Louisiana Museum Foundation

For the year ended June 30, 2004

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 June 30, 2004.

No reportable conditions were reported during the audit of the financial statements for the year ended June 30, 2004.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended June 30, 2004.

Section II - Internal Control and Compliance Material To Federal Awards

Louisiana Museum Foundation did not receive any Federal awards during the year ended June 30, 2004.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2004.