

**Louisiana Art and Science Museum, Inc.**  
**Baton Rouge, Louisiana**  
**December 31, 2021**

## Table of Contents

Independent Auditor's Report	Page	3
Financial Statements		
Statement of Financial Position	Page	6
Statement of Activities	Page	7
Statement of Cash Flows	Page	8
Notes to Financial Statements	Page	9
Supplementary Information		
Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer	Page	21
Schedule of Changes in Net Assets Without Donor Restrictions by Components	Page	22
Schedule of Changes in Net Assets With Donor Restrictions by Components	Page	23
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	Page	24
Schedule of Current Year Audit Findings	Page	26
Schedule of Prior Year Findings	Page	27



**HAWTHORN  
WAYMOUTH  
& CARROLL, L.L.P.**  
Certified Public Accountants

Louis C. McKnight, III, CPA  
Charles R. Pevey, Jr., CPA  
David J. Broussard, CPA  
Brittany B. Thames, CPA  
Kevin M. Rodriguez, CPA

## **Independent Auditor's Report**

The Board of Trustees  
Louisiana Art and Science Museum, Inc.  
Baton Rouge, Louisiana

### **Report on the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Louisiana Art and Science Museum, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Louisiana Art and Science Museum, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Louisiana Art and Science Museum, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Louisiana Art and Science Museum, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Louisiana Art and Science Museum, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Louisiana Art and Science Museum, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of compensation, benefits, and other payments to agency head or chief executive officer, changes in net assets without donor restrictions by components, and changes in net assets with donor restrictions by components are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Report on Summarized Comparative Information**

We have previously audited Louisiana Art and Science Museum, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 28, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2022, on our consideration of Louisiana Art and Science Museum, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of Louisiana Art and Science Museum, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Louisiana Art and Science Museum, Inc.'s internal control over financial reporting and compliance.

*Hawthorn, Waymouth & Carroll, L.L.P.*

June 24, 2022

**Louisiana Art and Science Museum, Inc.**  
**Statement of Financial Position**  
**December 31, 2021**  
(with comparative totals as of December 31, 2020)

	<b>Assets</b>	
	<b><u>2021</u></b>	<b><u>2020</u></b>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,437,064	\$ 525,046
Accounts and grants receivable	20,294	10,359
Inventory	29,849	37,738
Prepaid expenses	2,705	32,523
Investments	499,090	289,846
Investments - Endowment	3,392,147	3,228,598
Furniture and equipment	1,709,482	1,702,173
Leasehold improvements	926,678	878,890
Accumulated depreciation and amortization	(2,197,391)	(2,085,200)
Beneficial interest in investments held by others	741,815	669,865
Museum collection	<u>-</u>	<u>-</u>
Total assets	<u>\$ 6,561,733</u>	<u>\$ 5,289,838</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 47,765	\$ 22,298
Accrued payroll and other liabilities	74,584	68,672
Deferred revenue	92,000	21,500
Note payable	<u>-</u>	<u>340,205</u>
Total liabilities	<u>214,349</u>	<u>452,675</u>
<b>Net Assets</b>		
Without donor restrictions	1,841,888	689,274
With donor restrictions	<u>4,505,496</u>	<u>4,147,889</u>
Total net assets	<u>6,347,384</u>	<u>4,837,163</u>
Total liabilities and net assets	<u>\$ 6,561,733</u>	<u>\$ 5,289,838</u>

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

**Louisiana Art and Science Museum, Inc.**  
**Statement of Activities**  
**Year Ended December 31, 2021**  
(with comparative totals for the year ended December 31, 2020)

	<b>Without Donor <u>Restrictions</u></b>	<b>With Donor <u>Restrictions</u></b>	<b>2021 <u>Total</u></b>	<b>2020 <u>Total</u></b>
<b>Revenues, Gains &amp; Other Support</b>				
Government Appropriations				
East Baton Rouge City-Parish	\$ 816,610	\$ -	\$ 816,610	\$ 816,610
Admissions	155,420	-	155,420	119,880
Memberships	68,942	-	68,942	64,416
Contributions	550,302	113,500	663,802	222,738
Grants	126,607	-	126,607	153,338
Net investment income	62,797	414,033	476,830	473,936
Other revenue	176,099	-	176,099	170,098
Gain on extinguishment of debt	664,277	-	664,277	-
Net assets released from restrictions	<u>169,926</u>	<u>(169,926)</u>	<u>-</u>	<u>-</u>
Total revenues, gains & other support	<u>2,790,980</u>	<u>357,607</u>	<u>3,148,587</u>	<u>2,021,016</u>
<b>Expenses</b>				
Programs				
Museum	719,731	-	719,731	710,812
Planetarium	550,926	-	550,926	590,854
Supporting services				
Fundraising	167,754	-	167,754	211,106
General & administrative	<u>199,955</u>	<u>-</u>	<u>199,955</u>	<u>176,788</u>
Total expenses	<u>1,638,366</u>	<u>-</u>	<u>1,638,366</u>	<u>1,689,560</u>
<b>Increase in Net Assets</b>	1,152,614	357,607	1,510,221	331,456
<b>Net Assets</b>				
Beginning of year	<u>689,274</u>	<u>4,147,889</u>	<u>4,837,163</u>	<u>4,505,707</u>
End of year	<u>\$ 1,841,888</u>	<u>\$ 4,505,496</u>	<u>\$ 6,347,384</u>	<u>\$ 4,837,163</u>

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

**Louisiana Art and Science Museum, Inc.**  
**Statement of Cash Flows**  
**Year Ended December 31, 2021**  
(with comparative totals for the year ended December 31, 2020)

	<u>2021</u>	<u>2020</u>
<b>Cash Flows from Operating Activities</b>		
Increase in net assets	\$ 1,510,221	\$ 331,456
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Gain on extinguishment of debt	(664,277)	-
Realized/unrealized investment gains	(403,796)	(446,980)
Depreciation and amortization	112,191	140,513
(Increase) Decrease in assets:		
Accounts and grants receivable	(9,935)	47,271
Inventory	7,889	(7,897)
Prepaid expenses	29,818	6,999
Increase (Decrease) in liabilities:		
Accounts payable	25,467	(3,512)
Accrued payroll and other liabilities	5,912	(35,809)
Deferred revenue	<u>70,500</u>	<u>(47,900)</u>
Net cash provided by (used in) operating activities	<u>683,990</u>	<u>(15,859)</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	(55,097)	(1,099)
Proceeds from investment sales and maturities	1,153,418	1,172,018
Purchase of investments	<u>(1,194,365)</u>	<u>(1,170,973)</u>
Net cash used in investing activities	<u>(96,044)</u>	<u>(54)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from note payable	<u>324,072</u>	<u>340,205</u>
Net cash provided by financing activities	<u>324,072</u>	<u>340,205</u>
<b>Net Increase in Cash and Cash Equivalents</b>	912,018	324,292
<b>Cash and Cash Equivalents, beginning of year</b>	<u>525,046</u>	<u>200,754</u>
<b>Cash and Cash Equivalents, end of year</b>	<u>\$ 1,437,064</u>	<u>\$ 525,046</u>

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



**Louisiana Art and Science Museum, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021**  
(with summarized comparative financial information  
for the year ended December 31, 2020)

**Note 1-Summary of Significant Accounting Policies**

**A. Background and Purpose**

Louisiana Art and Science Museum, Inc. (the “Museum”) is a nonprofit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified as a public charity.

The Museum operates several projects and exhibits, such as the Irene W. Pennington Planetarium, Discovery Depot, and Science Station, devoted to the development of intellectual skills, creative abilities, and the acquisition of knowledge and inspiration of the present and future generations of Louisiana citizens. Revenues are derived primarily from contributed public and governmental support and admissions.

**B. Basis of Accounting and Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Museum’s financial statements for the year ended December 31, 2020 from which the summarized information was derived.

The Museum reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed on them by donors: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions include those net assets whose use by the Museum is not restricted by donors, even though their use may be limited in other respects, such as by contract or board designation. Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resource be maintained in perpetuity.

**C. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**D. Accounting Pronouncement Pending Adoption**

In February 2016, the FASB issued ASU 2016-02, *Leases*. This ASU affects any entity that enters into a lease, with some specified scope exemptions. The main difference between previous U.S. GAAP and this ASU is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous U.S. GAAP. The amendments in this ASU are effective for fiscal years beginning after December 15, 2021. The Museum has not yet implemented this ASU and is in the process of assessing the effect on the Museum’s financial statements.

**Louisiana Art and Science Museum, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021**  
(with summarized comparative financial information  
for the year ended December 31, 2020)

**Note 1-Summary of Significant Accounting Policies (Continued)**

**E. Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Museum considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents, except for cash equivalents subject to investment management direction.

**F. Contributed Support**

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Museum reports gifts of cash and other assets as restricted if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. 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. Donor-restricted contributions whose restrictions are met in the same reporting period as received are reported as support without donor restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated cash flows. The discounts on these amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts will be included in contribution revenue.

Management considers all promises to give and other receivables to be fully collectible, and accordingly, no allowance for uncollectible amounts is required.

**G. Contributed Facilities and Services**

The Museum occupies without charge certain premises located in government-provided buildings. The value of this contribution is not reflected in these statements since there is no clearly measurable basis of the rental value of the historical building.

A number of unpaid volunteers have made significant contributions of their time to develop the Museum's programs, principally in fundraising and educational programs. The value of this contributed time is not reflected in these statements because the Museum does not control the performance of these volunteers.

**H. Inventory**

Inventory is stated at the lower of cost or net realizable value determined by the first-in, first-out method.

**I. Investments**

Investments in debt and equity securities are stated at fair value. Donations of investments are recorded at fair value at the date of donation. Investment income, including gains and losses on investments and interest and dividends, is included in the statement of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

**Louisiana Art and Science Museum, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021**  
(with summarized comparative financial information  
for the year ended December 31, 2020)

**Note 1-Summary of Significant Accounting Policies (Continued)**

**J. Fair Value Measurements**

The Museum follows FASB ASC 820, *Fair Value Measurements and Disclosures*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e. the “exit price”) in an orderly transaction between market participants at the measurement date.

FASB ASC 820 establishes a hierarchical framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment.

The Museum utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Museum determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level I: Quoted prices (unadjusted) in active markets which are accessible at the measurement date.
- Level II: Prices based on observable inputs corroborated by market data but no quoted active markets.
- Level III: Prices based on unobservable inputs, including situations where there is little, if any, market activity for the assets or liabilities. The inputs used in the determination of fair value require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investments.

**K. Property and Equipment**

Property and equipment are reported at historical cost, except those arising from donations which are recorded at fair value at the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets as follows:

Furniture and equipment	3-10 years
Leasehold improvements	10 years

The Museum’s policy is to capitalize betterments and renewals and to expense all maintenance and repairs when incurred.

Collections acquired by the Museum are not included in property and equipment. They are captioned on the statement of financial position with no dollar value, as they are not required to be capitalized. A further description of the collections is presented in Note 5.

**Louisiana Art and Science Museum, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021**  
(with summarized comparative financial information  
for the year ended December 31, 2020)

**Note 1-Summary of Significant Accounting Policies (Continued)**

**L. Revenue Recognition**

The Museum has multiple revenue streams that are accounted for as exchange transactions including admission fees, memberships, building use rental, store sales, and birthday parties. Because the Museum's performance obligations relate to contracts with a duration that do not exceed one year, the Museum has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a), *Revenue from Contracts with Customers*, and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. Revenues are recorded net of any sales taxes charged to customers.

*Admission fees* – the Museum charges stated admission fees, collects and recognizes revenue upon sale for access to the Museum's galleries, exhibitions and Planetarium.

*Memberships* – the Museum sells memberships of various categories that typically last for a one-year term. The Museum recognizes membership ratably over the membership term. Payment is received at the point of membership sale.

*Other* – revenue from building use rental, store sales, and birthday parties are recognized at a point in time upon sale to the customer. The Museum collects cash at point of sale or credit card receipts within a few days of the sale.

**M. Concentrations**

The Museum operates its activities exclusively in Baton Rouge, Louisiana. Although its programs are varied, it is dependent on the economic condition of the Baton Rouge area to support its activities.

**N. Income Taxes**

Louisiana Art and Science Museum, Inc. has been recognized by the Internal Revenue Service as a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes. Accordingly, no provision for income taxes on related income has been included in the financial statements. The Museum has been classified as an organization other than a private foundation.

Management has determined that there are no uncertain tax positions that would require recognition in the financial statements. If the Museum were to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax would be reported as income taxes. Management's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based on ongoing analysis of tax laws, regulations, and interpretations thereof as well as other factors.

*The remainder of this page is intentionally left blank.*

**Louisiana Art and Science Museum, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021**  
(with summarized comparative financial information  
for the year ended December 31, 2020)

**Note 1-Summary of Significant Accounting Policies (Continued)**

**O. Liquidity Management**

As of December 31, 2021, the following financial assets could be made readily available within one year of the date of the statement of financial position to meet general expenditures:

Cash and cash equivalents	\$	1,437,064
Receivables		20,294
Investments		<u>499,090</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>1,956,448</u>

As part of its liquidity management, the Museum has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due.

**P. Functional Allocation of Expenses**

The costs of providing the various programs, fund-raising and other activities have been summarized on a functional basis in Note 9 of the financial statements. Accordingly, certain costs have been allocated among the programs and fundraising activities benefitted based on time estimates of employees and various allocation methodologies.

**Q. Advertising**

The Museum uses advertising to promote its programs among the community it serves. The production costs of advertising are expensed as incurred. During 2021 and 2020, advertising costs totaled \$3,450 and \$9,109, respectively.

**Note 2-Fair Value Measurements**

Assets measured at fair value on a recurring basis are comprised of the following as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Investments	\$ 499,090	\$ 289,846
Investments - endowment	<u>3,392,147</u>	<u>3,228,598</u>
Total investments held by Museum	3,891,237	3,518,444
Beneficial interest in investments held by others	<u>741,815</u>	<u>669,865</u>
Total	<u>\$ 4,633,052</u>	<u>\$ 4,188,309</u>

**Louisiana Art and Science Museum, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021**  
(with summarized comparative financial information  
for the year ended December 31, 2020)

**Note 2-Fair Value Measurements (Continued)**

The following table summarizes investments, by level, within the fair value hierarchy as of December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Investments</b>				
Cash equivalent mutual funds	\$ 222,456	\$ -	\$ -	\$ 222,456
Equities				
Individual equities	1,680,618	-	-	1,680,618
Mutual funds	559,378	-	-	559,378
Fixed income				
Individual bonds	-	257,321	-	257,321
Mutual funds	594,378	-	-	594,378
Alternative investments				
Real estate investment trusts	282,664	-	-	282,664
Commodity specialty trading mutual funds	294,422	-	-	294,422
Total investments	3,633,916	257,321	-	3,891,237
Beneficial interest in investments held by others	-	741,815	-	741,815
Total investments by fair value level	<u>\$ 3,633,916</u>	<u>\$ 999,136</u>	<u>\$ -</u>	<u>\$ 4,633,052</u>

The following table summarizes investments, by level, within the fair value hierarchy as of December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Investments</b>				
Cash equivalent mutual funds	\$ 147,573	\$ -	\$ -	\$ 147,573
Equities				
Individual equities	1,507,614	-	-	1,507,614
Mutual funds	419,616	-	-	419,616
Fixed income				
Individual bonds	-	332,378	-	332,378
Mutual funds	610,245	-	-	610,245
Alternative investments				
Real estate investment trusts	235,833	-	-	235,833
Commodity specialty trading mutual funds	265,185	-	-	265,185
Total investments	3,186,066	332,378	-	3,518,444
Beneficial interest in investments held by others	-	669,865	-	669,865
Total investments by fair value level	<u>\$ 3,186,066</u>	<u>\$ 1,002,243</u>	<u>\$ -</u>	<u>\$ 4,188,309</u>

Generally, for all investments and assets held in trust, fair value is determined by reference to quoted market prices and other relevant information generated by market transactions. For certain investments, fair value is determined by the present value of future cash inflows.

**Louisiana Art and Science Museum, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021**  
(with summarized comparative financial information  
for the year ended December 31, 2020)

**Note 2-Fair Value Measurements (Continued)**

Investment activity for the years ended December 31, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Interest and dividend income	\$ 115,623	\$ 60,158
Realized/unrealized investment gains	403,796	446,980
Investment management fees	<u>(42,589)</u>	<u>(33,202)</u>
Net investment income	<u>\$ 476,830</u>	<u>\$ 473,936</u>

**Note 3-Endowment Funds**

The Museum's endowment consists of two funds to support its Planetarium operations and equipment replacement. These funds are donor-restricted. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Museum has adopted investment policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding for the Planetarium while maintaining the purchasing power of the endowment assets over the long-term. Accordingly, the investment policy seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risks. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. Although the Museum expects its endowment assets, over time, to produce an average rate of return in excess of 5% annually, actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk. The donors of the Museum's endowment funds approved appropriation for distributions of 5% of the fund's fair value at year end preceding the year in which the distribution is planned with all investment income and appreciation restricted to the endowment fund. This spending policy approved by the donors does not require the preservation of fair value of their original or subsequent gifts to the funds. Endowment fund net asset composition at December 31, 2021 and 2020 were as follows:

	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
	<u>With Donor</u>		<u>With Donor</u>	
	<u>Restrictions</u>	<u>Total</u>	<u>Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	<u>\$ 3,392,147</u>	<u>\$ 3,392,147</u>	<u>\$ 3,228,598</u>	<u>\$ 3,228,598</u>

*The remainder of this page is intentionally left blank.*

**Louisiana Art and Science Museum, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021**  
(with summarized comparative financial information  
for the year ended December 31, 2020)

**Note 3-Endowment Funds** (Continued)

Changes in endowment fund net assets during the years ended December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Endowment net assets, beginning of year	\$ 3,228,598	\$ 2,984,591
Contributions	-	-
Investment returns	342,083	413,933
Amounts appropriated for expenditures	<u>(178,534)</u>	<u>(169,926)</u>
Endowment net assets, end of year	<u>\$ 3,392,147</u>	<u>\$ 3,228,598</u>

**Note 4-Beneficial Interest in Investments Held by Others**

In the statement of financial position at December 31, 2021 and 2020, the aggregate transfers to a recipient organization, for which Louisiana Art and Science Museum, Inc. is specified as the beneficiary, amounted to \$741,815 and \$669,865, respectively, and is recorded as a beneficial interest in the investments held by the Baton Rouge Area Foundation. Variance power was not granted to the recipient organization. Amounts are distributed to the Museum quarterly based on 5% of the current market value of the investment account.

**Note 5-Museum Collection**

Louisiana Art and Science Museum, Inc. has approximately 4,000 objects in its permanent collection. The collection is varied with holdings in the areas of fine art, crafts, ethnographic artifacts, and natural science. Objects for the collection are received mainly through donations of the objects and through private donations for the purchase of objects. Some objects are purchased with funds from other earned and unearned revenue sources. Due to the nature of record-keeping and cataloging of the collection, and the intangible value of the objects, it is not feasible to place a dollar value on the collection.

The Museum's stewardship policy is to acquire objects with intrinsic values within the scope of its long-range goals. The Museum strives to provide proper conservation measures to protect the objects for posterity and exhibition. If objects are sold, those funds may only be used for future acquisitions to the collection.

**Note 6-Note Payable**

The Museum received a loan from a bank dated April 2020 in the amount of \$340,205 and another loan dated February 2021 in the amount of \$324,072 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loans were accounted for under FASB 470. During the year ended December 31, 2021, the Museum applied for and was granted forgiveness for both loans in the amount of \$664,277. Upon forgiveness, the Museum accounted for derecognition of the liabilities in accordance with FASB ASC 405-20. A gain was recorded on extinguishment of debt in the period of forgiveness.



**Louisiana Art and Science Museum, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021**  
(with summarized comparative financial information  
for the year ended December 31, 2020)

**Note 7-Net Assets with Donor Restrictions**

The composition of the Museum's net assets with donor restrictions at December 31, 2021 and 2020 was as follows:

	<u>2021</u>	<u>2020</u>
Pennington Planetarium operations endowment	\$ 2,826,779	\$ 2,690,488
McMains Planetarium equipment endowment	<u>565,368</u>	<u>538,110</u>
	<u>3,392,147</u>	<u>3,228,598</u>
Beneficial Interest in Baton Rouge Area Foundation Agency endowments:		
Science Education	696,850	629,312
Adalie' Brent Memorial	<u>44,965</u>	<u>40,553</u>
	<u>741,815</u>	<u>669,865</u>
Museum operations		
The Seed Gallery Exhibit	20,000	-
Ascension Parish School Programs	25,500	-
Pop-Up BASF Kids' Lab Programming	13,000	-
BASF Family Month	<u>5,000</u>	<u>-</u>
	<u>63,500</u>	<u>-</u>
Planetarium operations	<u>178,534</u>	<u>169,926</u>
Dome lighting	<u>50,000</u>	<u>-</u>
LA Artist Collection Acquisition	<u>79,500</u>	<u>79,500</u>
Total net assets with donor restrictions	<u>\$ 4,505,496</u>	<u>\$ 4,147,889</u>

*The remainder of this page is intentionally left blank.*

**Louisiana Art and Science Museum, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021**  
(with summarized comparative financial information  
for the year ended December 31, 2020)

**Note 8-Other Revenue**

Other revenue is detailed as follows for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Fundraising events (net of expenses of \$21,373 and \$924 for 2021 and 2020, respectively)	\$ 120,163	\$ 103,814
Workshops, programs & events, less expenses	174	9,446
Building use rental	1,000	11,928
Museum Shop - Sales	73,153	56,032
Museum Shop - Cost of sales	(39,396)	(23,691)
	<u>33,757</u>	<u>32,341</u>
Birthday party revenue	4,994	4,002
Birthday party expenses	(766)	(1,433)
	<u>4,228</u>	<u>2,569</u>
Miscellaneous	16,777	10,000
Other revenue	<u>\$ 176,099</u>	<u>\$ 170,098</u>

**Note 9-Functional Expenses**

The costs of providing programs and other activities are summarized on a functional basis as follows:

	<u>Programs</u>		<u>Supporting Services</u>		<u>2021 Total</u>	<u>2020 Total</u>
	<u>Museum</u>	<u>Plane- tarium</u>	<u>Fund- raising</u>	<u>General and Admin- istrative</u>		
Salaries, wages, and benefits	\$ 491,349	\$ 333,662	\$ 106,970	\$ 135,260	\$ 1,067,241	\$ 1,156,793
Administration	14,572	7,371	5,380	5,516	32,839	30,546
Art acquisition	-	-	-	-	-	-
Communications and development	27,115	12,366	10,050	12,450	61,981	26,497
Curatorial	20,565	7	2	7	20,581	27,891
Educational	3,471	56	-	-	3,527	3,597
Facilities and utilities	100,290	67,802	42,136	38,821	249,049	183,963
Financial	11,028	5,597	1,865	3,667	22,157	24,574
Insurance	21,572	3,915	1,304	4,086	30,877	37,004
Planetarium Show	-	33,377	-	-	33,377	49,292
Public programming	4,088	263	47	148	4,546	7,664
Depreciation and amortization	25,681	86,510	-	-	112,191	140,513
Other	-	-	-	-	-	1,226
	<u>\$ 719,731</u>	<u>\$ 550,926</u>	<u>\$ 167,754</u>	<u>\$ 199,955</u>	<u>\$ 1,638,366</u>	<u>\$ 1,689,560</u>

**Louisiana Art and Science Museum, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021**  
(with summarized comparative financial information  
for the year ended December 31, 2020)

**Note 10-Concentration of Credit Risk**

At various times during the years ended December 31, 2021 and 2020, cash on deposit with one banking institution exceeded the amount insured by the Federal Deposit Insurance Corporation. Management monitors the financial condition of the financial institution on a regular basis, along with their balances in cash to minimize this potential risk.

**Note 11-Retirement Plan**

The Museum maintains a 401(k) qualified retirement plan which covers substantially all full-time employees. Under current provisions of the Plan, which are subject to change, the Museum matches 100% of each eligible employee's contributions, not to exceed 3% of compensation. The Museum's contributions to the Plan totaled \$14,696 and \$11,368 for the years ended December 31, 2021 and 2020, respectively.

**Note 12-Subsequent Events**

The Museum evaluated all subsequent events through June 24, 2022, the date the financial statements were available to be issued. As a result, management noted no subsequent events that required adjustment to, or disclosure in, these financial statements.

## **Supplementary Information**

**Louisiana Art and Science Museum, Inc.  
 Schedule of Compensation, Benefits and Other  
 Payments to Agency Head or Chief Executive Officer  
 Year Ended December 31, 2021**

**Agency Head Name: Serena M. Pandos, President and Executive Director**

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 132,220
Benefits - insurance	7,409
Benefits - retirement	4,500
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-

**Louisiana Art and Science Museum, Inc.**  
**Schedule of Changes in Net Assets**  
**Without Donor Restrictions by Components**  
**Year Ended December 31, 2021**

	<b>Balance</b>			<b>Fund</b>	<b>Balance</b>
	<b><u>12/31/20</u></b>	<b><u>Additions</u></b>	<b><u>Deductions</u></b>	<b><u>Transfers</u></b>	<b><u>12/31/21</u></b>
<b>Undesignated</b>	\$ 689,274	\$ 2,790,980	\$ (1,638,366)	\$ -	\$ 1,841,888

**Louisiana Art and Science Museum, Inc.**  
**Schedule of Changes in Net Assets**  
**With Donor Restrictions by Components**  
**Year Ended December 31, 2021**

	<b>Balance</b>			<b>Fund</b>	<b>Balance</b>
	<b><u>12/31/20</u></b>	<b><u>Additions</u></b>	<b><u>Deductions</u></b>	<b><u>Transfers</u></b>	<b><u>12/31/21</u></b>
<b>With Donor Restrictions</b>					
Planetarium endowments	\$ 3,228,598	\$ 342,083	\$ -	\$ (178,534)	\$ 3,392,147
Beneficial interest in investments held by others	669,865	71,950	-	-	741,815
Museum operations	-	63,500	-	-	63,500
Planetarium operations	169,926	-	(169,926)	178,534	178,534
Dome lighting	-	50,000	-	-	50,000
Louisiana Artists Collection Acquisitions	<u>79,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,500</u>
 Totals	 <u>\$ 4,147,889</u>	 <u>\$ 527,533</u>	 <u>\$ (169,926)</u>	 <u>\$ -</u>	 <u>\$ 4,505,496</u>



**HAWTHORN  
WAYMOUTH  
& CARROLL, L.L.P.**  
Certified Public Accountants

Louis C. McKnight, III, CPA  
Charles R. Pevey, Jr., CPA  
David J. Broussard, CPA  
Brittany B. Thames, CPA  
Kevin M. Rodriguez, CPA

**Independent Auditor's 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***

The Board of Trustees  
Louisiana Art and Science Museum, Inc.  
Baton Rouge, Louisiana

We have audited, in accordance with the 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, the financial statements of Louisiana Art and Science Museum, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 24, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Louisiana Art and Science Museum, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Louisiana Art and Science Museum, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Louisiana Art and Science Museum, Inc.'s internal control.

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 *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Louisiana Art and Science Museum, Inc.'s financial statements are free from 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 financial statements. 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*.



## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hawthorn, Waymouth & Carroll, L.L.P.*

June 24, 2022

**Louisiana Art and Science Museum, Inc.**  
**Schedule of Current Year Audit Findings**  
**Year Ended December 31, 2021**

Part I. Summary of Audit Results

- 1) An unmodified opinion has been expressed on the financial statements of Louisiana Art and Science Museum, Inc. as of and for the year ended December 31, 2021, and the related notes to the financial statements.
- 2) No deficiencies in internal control over financial reporting that we consider to be material weaknesses were identified.
- 3) No instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* were identified.
- 4) A single audit in accordance with *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* was not required.
- 5) A management letter was not issued.

Part II. Findings Related to an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

No findings were noted.

**Louisiana Art and Science Museum, Inc.**  
**Schedule of Prior Year Findings**  
**Year Ended December 31, 2021**

Part I. Findings Related to an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

No findings were noted.

Part II. Management Letter

No management letter was issued for the year ended December 31, 2020.

**Louisiana Art and Science Museum, Inc.**  
**Statewide Agreed-Upon Procedures Report**  
**December 31, 2021**



**Independent Accountant's Report  
on Applying Statewide Agreed-upon Procedures**

To the Board of Trustees of Louisiana Art and Science Museum, Inc. and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. Louisiana Art and Science Museum, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

Louisiana Art and Science Museum, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows. The procedures are stated first, followed by the results of the procedures presented in italics.

***Written Policies and Procedures***

---

1. Obtained and inspected the entity's written policies and procedures and observed whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

*No exceptions were found as a result of this procedure.*

b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

*No exceptions were found as a result of this procedure.*

c) ***Disbursements***, including processing, reviewing, and approving.

*No exceptions were found as a result of this procedure.*

d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions.

*No exceptions were found as a result of this procedure.*

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

*No exceptions were found as a result of this procedure.*

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

*No exceptions were found as a result of this procedure.*

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage.

*No exceptions were found as a result of this procedure.*

- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

*No exceptions were found as a result of this procedure.*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

*The Louisiana Code of Ethics is not applicable to this entity.*

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

*Debt Service policies and procedures are not applicable to this entity.*

- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

*The entity's written policies and procedures for Information Technology Disaster Recovery/Business Continuity do not specifically address criteria (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.*

- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

*Louisiana R.S. 42:342-344 is not applicable to this entity.*

### ***Board or Finance Committee***

---

2. Obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

*No exceptions were found as a result of this procedure.*

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

*No exceptions were found as a result of this procedure.*

- c) For governmental entities, obtained the prior year audit report and observed the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observed that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

*The entity does not report on the governmental accounting model; therefore, this procedure is not applicable.*

### ***Bank Reconciliations***

---

3. Obtained a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Asked management to identify the entity's main operating account. Selected the entity's main operating account and randomly selected four additional accounts (or all accounts if less than 5). Randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for each selected account, and observed that:

- a) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date.

*No exceptions were found as a result of this procedure.*

- b) Bank reconciliations included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation;

*The bank reconciliations did not include evidence of review by a member of management/board member who does not handle cash, post ledgers, or issue checks.*

- c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

*No exceptions were found as a result of this procedure.*

*Collections (excluding electronic funds transfers)*

---

4. Obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly selected 5 deposit sites (or all deposit sites if less than 5).

*No exceptions were found as a result of this procedure.*

5. For each deposit site selected, obtained a listing of collection locations and management's representation that the listing is complete. Randomly selected one collection location for each deposit site, obtained and inspected written policies and procedures relating to employee job duties at each collection location, and observed that job duties are properly segregated at each collection location such that:

- a) Employees responsible for cash collections do not share cash drawers/registers.

*No exceptions were found as a result of this procedure.*

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation to the deposit.

*No exceptions were found as a result of this procedure.*

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

*No exceptions were found as a result of this procedure.*

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

*No exceptions were found as a result of this procedure.*

6. Obtained from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observed the bond or insurance policy for theft was enforced during the fiscal period.

*No exceptions were found as a result of this procedure.*

7. Randomly selected two deposit dates for each of the bank accounts selected for procedure #3 under "Bank Reconciliations" above. Obtained supporting documentation for each of the deposits and:

- a) Observed that receipts are sequentially pre-numbered.

*No exceptions were found as a result of this procedure.*

- b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

*No exceptions were found as a result of this procedure.*

- c) Traced the deposit slip total to the actual deposit per the bank statement.



*No exceptions were found as a result of this procedure.*

- d) Observed the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

*Deposits were not made within one business day of receipt at the collection location.*

- e) Traced the actual deposit per the bank statement to the general ledger.

*No exceptions were found as a result of this procedure.*

**Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)**

- 8. Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly selected 5 locations (or all locations if less than 5).

*No exceptions were found as a result of this procedure.*

- 9. For each location selected under #8 above, obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to employee job duties, and observed that job duties were properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

*No exceptions were found as a result of this procedure.*

- b) At least two employees are involved in processing and approving payments to vendors.

*No exceptions were found as a result of this procedure.*

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

*There is no evidence that the employee responsible for processing payments is prohibited from adding/modifying vendor files.*

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

*No exceptions were found as a result of this procedure.*

- 10. For each location selected under #8 above, obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population was complete. Randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction, and:

- a) Observed whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

*No exceptions were found as a result of this procedure.*

- b) Observed whether the disbursement documentation included evidence of segregation of duties tested under #9, as applicable.

*Three of the five disbursements selected had no evidence of segregation of duties tested under #9.*

***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

---

- 11. Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtained management's representation that the listing was complete.

*No exceptions were found as a result of this procedure.*

- 12. Using the listing prepared by management, randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly selected one monthly statement or combined statement for each card, obtained supporting documentation, and:

- a) Observed whether there is evidence that the monthly statement or combined statement and supporting documentation were reviewed and approved, in writing (or electronically approved), by someone other than the authorized cardholder.

*Three of the five monthly statements selected were not reviewed and approved, in writing, by someone other than the authorized cardholder.*

- b) Observed that finance charges and late fees were not assessed on the selected statements.

*No exceptions were found as a result of this procedure.*

- 13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions. For each transaction, observed it is supported by (1) an original itemized receipt that identified precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

*Four transactions selected were not supported by an original itemized receipt that identified precisely what was purchased and one transaction did not have written documentation of the business/public purpose.*

***Travel and Travel-Related Expense Reimbursements (excluding card transactions)***

---

- 14. Obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger was complete. Randomly selected 5 reimbursements, obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, observed the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

*No exceptions were found as a result of this procedure.*

- b) If reimbursed using actual costs, observed the reimbursement is supported by an original itemized receipt that identified precisely what was purchased.

*No exceptions were found as a result of this procedure.*

- c) Observed each reimbursement is supported by documentation of the business/public purpose (for meal charges, observed that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

*No exceptions were found as a result of this procedure.*

- d) Observed each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*No exceptions were found as a result of this procedure.*

### ***Contracts***

---

- 15. Obtained from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtained management's representation that the listing is complete. Randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observed whether the contract was bid in accordance with the Louisiana Public Bid Law, if required by law.

*No exceptions were found as a result of this procedure.*

- b) Observed whether the contract was approved by the governing body/board, if required by policy or law.

*No exceptions were found as a result of this procedure.*

- c) If the contract was amended, observed the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms.

*No exceptions were found as a result of this procedure.*

- d) Randomly selected one payment from the fiscal period for each of the 5 contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed the invoice and related payment agreed to the terms and conditions of the contract.

*No exceptions were found as a result of this procedure.*

### ***Payroll and Personnel***

---

- 16. Obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected 5 employees or officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.

*No exceptions were found as a result of this procedure.*

- 17. Randomly selected one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtained attendance records and leave documentation for the pay period, and:

- a) Observed all selected employees or officials documented their daily attendance and leave.

*No exceptions were found as a result of this procedure.*

- b) Observed whether supervisors approved the attendance and leave of the selected employees or officials.

*No exceptions were found as a result of this procedure.*

- c) Observed any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

*No exceptions were found as a result of this procedure.*

- d) Observed the rate paid to the employees or officials agreed to the authorized salary/pay rate found within the personnel file.

*No exceptions were found as a result of this procedure.*

- 18. Obtained a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly selected two employees or officials, obtained related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agreed the hours to the employee or officials' cumulative leave records, agreed the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agreed the termination payment to entity policy.

*No exceptions were found as a result of this procedure.*

- 19. Obtained management's representation that employer and employee portions of third-party payroll related amounts have been paid, and any associated forms have been filed, by required deadlines.

*No exceptions were found as a result of this procedure.*

### ***Ethics***

---

*These procedures are not applicable to the entity.*

- 20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtained ethics documentation from management, and:

- a) Observed whether the documentation demonstrated each employee/official completed one hour of ethics training during the fiscal period.

- b) Observed whether the entity maintained documentation which demonstrated each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

### ***Debt Service***

---

*These procedures are not applicable to the entity.*

- 21. Obtained a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Selected all debt instruments on the listing, obtained supporting documentation, and observed State Bond Commission approval was obtained for each debt instrument issued.

- 22. Obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants.

### ***Fraud Notice***

---

23. Obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*No exceptions were found as a result of this procedure.*

24. Observed the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

*No exceptions were found as a result of this procedure.*

### ***Information Technology Disaster Recovery/Business Continuity***

---

25. Performed the following procedures, verbally discussed the results with management, and reported "We performed the procedure and discussed the results with management.":

- a) Obtained and inspected the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquired of personnel responsible for backing up critical data) and observed that such backup occurred within the past week. If backups are stored on a physical medium, observed evidence that backups are encrypted before being transported.

*We performed the procedure and discussed the results with management.*

- b) Obtained and inspected the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquired of personnel responsible for testing/verifying backup restoration) and observed evidence that the test/verification was successfully performed within the past 3 months.

*We performed the procedure and discussed the results with management.*

- c) Obtained a listing of the entity's computers currently in used and their related locations, and management's representation that the listing is complete. Randomly selected 5 computers and observed while management demonstrated that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

*We performed the procedure and discussed the results with management.*

### ***Sexual Harassment***

---

*These procedures are not applicable to the entity.*

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtained sexual harassment training documentation from management, and observed the documentation demonstrated each employee/official completed at least one hour of sexual harassment training during the calendar year.

27. Observed that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

28. Obtained the entity's annual sexual harassment report for the current fiscal period, observed that the report was dated on or before February 1, and observed it included the applicable requirements of R.S. 42:344:
- a) Number and percentage of public servants in the agency who have completed the training requirements;
  - b) Number of sexual harassment complaints received by the agency;
  - c) Number of complaints which resulted in a finding that sexual harassment occurred;
  - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action;  
and
  - e) Amount of time it took to resolve each complaint.

We were engaged by Louisiana Art and Science Museum, Inc. to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Louisiana Art and Science Museum, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

*Hawthorn, Waymouth & Carroll, L.L.P.*

June 24, 2022

June 28, 2022

Legislative Auditor

Re: Response to Summary of Exceptions Noted  
Louisiana Art & Science Museum, Inc  
Year Ended December 31, 2021

We have reviewed the Exceptions noted with regards to the Statewide Agreed-upon Procedures for the Louisiana Art & Science Museum, Inc. for the Year Ended December 31, 2021.

With regards to all exception to proscribed policies and procedures we take seriously these findings and have taken the following actions to address any deficiencies:

**Information Technology Disaster Recovery/ Business Continuity**– Exceptions noted in the forgoing areas are presently being updated and written into the entity’s Disaster Recovery Plan/ Emergency Preparedness Manual of Policies and Procedures.

Written updates will specifically identify contact information for CMA Technologies, the entity’s new IT handler, hired in 2021, for ensuring the storage of backups in a separate physical location isolated from the network; periodic testing /verification that backups can be restored; and use of antivirus software on all systems.

Additionally, updates are presently being made, as needed, on the identification of new personnel; new processes; and any new tools needed to recover operations after a critical event shall be included.

**Bank Reconciliations**– Exceptions noted in the forgoing areas are presently being addressed by requesting a member of management/ board (who does not handle cash, post ledgers, or issue checks, and who is familiar with bank reconciliations), to review and provide monthly evidence of review, in addition to the president & executive director’s review.

Additionally, for clarity and continuity, the entity’s Financial Administration Manual shall be updated to reflect this new administrative procedure.

**Collections**—Exceptions noted in the forgoing areas are presently being addressed to ensure an adequate number of staff members are scheduled and trained to conduct deposits within one business day of receipt at the collection location.

**Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)**— Exceptions noted in the forgoing areas are presently being addressed by researching the availability of automated reports in QuickBooks, or the development of new reports that will alert management or enable management the periodic review of changes or additions to the entity's vendor log.

Additionally, demonstrated evidence of segregation of duties is being re-enforced with the hiring of new personnel.

**Credit Cards/Debit Cards/Fuel Cards/P-Cards)**— Exceptions noted in the forgoing areas are presently being addressed to ensure a member of management, other than the authorized card holder, will demonstrate evidence of review.

Additionally, transactions are being supported by an original itemized receipt that identifies precisely what was purchased with written documentation of the business/ public purpose with the hiring of new personnel.

Sincerely,



Serena M. Pandos  
President & Executive Director