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**LOUISIANA MUSEUM FOUNDATION**

**FINANCIAL STATEMENTS**

**JUNE 30, 2018**

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**LOUISIANA MUSEUM FOUNDATION**

**FINANCIAL STATEMENTS**

**JUNE 30, 2018**

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Louisiana Museum Foundation  
New Orleans, Louisiana

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

We have audited the accompanying financial statements of the Louisiana Museum Foundation (the Foundation), which comprise the statements of financial position as of June 30, 2018 and 2017, the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the financial position of the Louisiana Museum Foundation as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

**Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits, and other Payments to or on behalf of the Agency Head on page 17 and the schedule of functional expenses for the year ended June 30, 2018 on page 18, both for the year ended June 30, 2018, 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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2018, on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

*Postlethwaite & Netterville*

New Orleans, Louisiana  
December 20, 2018

**LOUISIANA MUSEUM FOUNDATION**  
**NEW ORLEANS, LOUISIANA**

**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2018 AND 2017**

	<b><u>ASSETS</u></b>	
	<b><u>2018</u></b>	<b><u>2017</u></b>
Cash and cash equivalents	\$ 585,139	\$ 736,777
Investments	2,648,410	2,362,894
Unconditional promises to give	271,000	11,851
Prepaid expenses and other assets	8,026	19,442
Furniture and office equipment, net	3,715	6,565
	<b><u>3,516,290</u></b>	<b><u>3,137,529</u></b>
	<b><u>TOTAL ASSETS</u></b>	
	<b><u>LIABILITIES AND NET ASSETS</u></b>	
Accounts payable and accrued liabilities	\$ 60,780	\$ 27,712
	<b><u>60,780</u></b>	<b><u>27,712</u></b>
	<b><u>TOTAL LIABILITIES</u></b>	
Unrestricted		
Undesignated	365,254	470,862
Designated for endowment purposes	586,087	535,820
Designated for reserve purposes	153,729	153,729
Designated for records retention project	4,137	4,137
	<b><u>1,109,207</u></b>	<b><u>1,164,548</u></b>
	<b><u>TOTAL UNRESTRICTED NET ASSETS</u></b>	
Temporarily restricted	<b><u>2,346,303</u></b>	<b><u>1,945,269</u></b>
	<b><u>3,455,510</u></b>	<b><u>3,109,817</u></b>
	<b><u>TOTAL NET ASSETS</u></b>	
	<b><u>\$ 3,516,290</u></b>	<b><u>\$ 3,137,529</u></b>
	<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	

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

**LOUISIANA MUSEUM FOUNDATION**  
**NEW ORLEANS, LOUISIANA**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b><u>REVENUES</u></b>			
Memberships and contributions	\$ 150,345	\$ 399,137	\$ 549,482
Grants	-	50,551	50,551
Program management fees	36,456	-	36,456
Gala	126,217	-	126,217
Facility use contributions	-	164,188	164,188
Net unrealized gain on investments	22,979	69,719	92,698
Net realized gain on investments	19,748	59,916	79,664
Interest and dividends	24,870	44,462	69,332
	<u>380,615</u>	<u>787,973</u>	<u>1,168,588</u>
<b>Total revenues</b>	<b>380,615</b>	<b>787,973</b>	<b>1,168,588</b>
<b>Net assets released from restrictions</b>	<b>386,939</b>	<b>(386,939)</b>	<b>-</b>
	<u>767,554</u>	<u>401,034</u>	<u>1,168,588</u>
<b>Total revenues and support</b>	<b>767,554</b>	<b>401,034</b>	<b>1,168,588</b>
<b><u>EXPENSES</u></b>			
Program expenses	720,775	-	720,775
Fundraising	18,830	-	18,830
General and administrative expenses	83,290	-	83,290
	<u>822,895</u>	<u>-</u>	<u>822,895</u>
<b>Total expenses</b>	<b>822,895</b>	<b>-</b>	<b>822,895</b>
<b>Change in net assets</b>	<b>(55,341)</b>	<b>401,034</b>	<b>345,693</b>
<b>Net assets, beginning of year</b>	<b>1,164,548</b>	<b>1,945,269</b>	<b>3,109,817</b>
<b>Net assets, end of year</b>	<b>\$ 1,109,207</b>	<b>\$ 2,346,303</b>	<b>\$ 3,455,510</b>

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

**LOUISIANA MUSEUM FOUNDATION**  
**NEW ORLEANS, LOUISIANA**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b><u>REVENUES</u></b>			
Memberships and contributions	\$ 109,168	\$ 133,040	\$ 242,208
Grants	-	27,202	27,202
Program management fees	30,328	-	30,328
Gala	80,550	-	80,550
Facility use contributions	-	172,388	172,388
Net unrealized gain on investments	14,310	15,158	29,468
Net realized loss on investments	18,517	56,181	74,698
Interest and dividends	26,085	42,615	68,700
Settlement Revenue	438,323	-	438,323
<b>Total revenues</b>	<b>717,281</b>	<b>446,584</b>	<b>1,163,865</b>
<b>Net assets released from restrictions</b>	<b>388,618</b>	<b>(388,618)</b>	<b>-</b>
<b>Total revenues and support</b>	<b>1,105,899</b>	<b>57,966</b>	<b>1,163,865</b>
<b><u>EXPENSES</u></b>			
Program expenses	685,843	-	685,843
Fundraising	19,517	-	19,517
General and administrative expenses	102,123	-	102,123
Settlement Expense	65,747	-	65,747
<b>Total expenses</b>	<b>873,230</b>	<b>-</b>	<b>873,230</b>
<b>Change in net assets</b>	<b>232,669</b>	<b>57,966</b>	<b>290,635</b>
<b>Net assets, beginning of year</b>	<b>931,879</b>	<b>1,887,303</b>	<b>2,819,182</b>
<b>Net assets, end of year</b>	<b>\$ 1,164,548</b>	<b>\$ 1,945,269</b>	<b>\$ 3,109,817</b>

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

**LOUISIANA MUSEUM FOUNDATION**  
**NEW ORLEANS, LOUISIANA**

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 345,693	\$ 290,635
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	2,850	6,247
Realized and unrealized gains on investments	(172,362)	(104,166)
Decrease (increase) in unconditional promises to give	(259,149)	20,585
Decrease(increase) in prepaid expenses and other assets	11,416	(12,262)
Increase in accounts payable	33,068	456
	<b>(38,484)</b>	<b>201,495</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(325,000)	(266,041)
Sale of investments	211,846	345,200
	<b>(113,154)</b>	<b>79,159</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(151,638)</b>	<b>280,654</b>
Cash and cash equivalents, beginning of year	<b>736,777</b>	<b>456,123</b>
Cash and cash equivalents, end of year	<b>\$ 585,139</b>	<b>\$ 736,777</b>

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

**LOUISIANA MUSEUM FOUNDATION**  
**NEW ORLEANS, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**1. Nature of Organization and Summary of Significant Accounting Policies**

The Louisiana Museum Foundation (the Foundation) is a nonprofit corporation which was formed to support the Louisiana State Museum (the Museum), through fund administration, promotional activities, fund raising programs and events, and management assistance.

**Organization and Income Tax**

The Foundation is a nonprofit corporation organized under the laws of the State of Louisiana to provide support to the Louisiana State Museum. It is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC), and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the IRC. It is also exempt from Louisiana income tax under the authority of R.S. 47:121(5).

**Financial Statement Presentation**

Financial statement presentation follows the recommendations of the *Not-for-Profit Entities* Topic of the Accounting Standards Codification of the Financial Accounting Standards Board (ASC). Under the *Not-for-Profit Entities* Topic of the ASC, the Foundation classifies its net assets and revenues 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 and for program support for the Louisiana State Museum. The Board of Directors of the Foundation has designated a portion of its unrestricted net assets for specific use.

**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** – Contributions subject to donor-imposed restrictions and that are to be held in perpetuity by the Foundation. The Foundation does not have any permanently restricted net assets.

**Basis of Accounting**

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

**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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**LOUISIANA MUSEUM FOUNDATION**  
**NEW ORLEANS, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**1. Nature of Organization and Summary of Significant Accounting Policies (continued)**

**Cash and Cash Equivalents**

For the purposes of the statements of cash flows, the Foundation considers all highly liquid investments (including restricted assets) with an original maturity of three months or less to be cash equivalents.

**Promises to Give**

Contributions are recognized as assets and revenues 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. As of June 30, 2018 and 2017, management believes that all promises to give are fully collectible.

**Investments**

Investments of certificates of deposit are presented in the financial statements at cost which approximates fair market value. Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities and changes in net assets. Gains, losses, and investment income are accounted for as unrestricted, temporarily restricted, or permanently restricted based on restrictions, if any, imposed by donors.

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 fair market value. Realized and unrealized gains and losses are included in the statement of activities and changes in net assets.

**Furniture and Office Equipment**

Furniture and office equipment of the Foundation are recorded at cost and depreciated over the estimated useful life using the straight-line method. Additions, improvements, and expenditures greater than \$500 that significantly extend the useful life are capitalized. Estimated useful life of furniture and office equipment is five to seven years, except computer equipment which is three years.

**Compensated Absences**

During the year ended June 30, 2017, the Foundation implemented a compensated absences policy. Employees of the Foundation are entitled to paid vacation and paid sick days, depending on job classification, length of service, and other factors. The Foundation estimates the amount of compensation for future absences, and, accordingly, a liability has been recorded in the accompanying financial statements. The Foundation's policy is to recognize the costs of vested compensated absences when accrued.

**LOUISIANA MUSEUM FOUNDATION**  
**NEW ORLEANS, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**1. Nature of Organization and Summary of Significant Accounting Policies (continued)**

**Contribution 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 or permanently restricted net assets, depending on the nature of the restrictions. When the 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 and changes in net assets as net assets released from restrictions.

**Recent Accounting Pronouncements**

On August 18, 2016, FASB issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Under the ASU, the number of net asset classes is decreased from three to two; enhanced disclosures of underwater endowments are required; reporting of expenses by function and nature, as well as an analysis of expenses by both function and nature is required; and qualitative information in the notes to the financial statements on how it manages its liquid available resources and liquidity risks is required. This ASU is effective for fiscal years beginning after December 15, 2017. The Foundation is currently assessing the impact of this pronouncement on the financial statements.

In June 2018, the FASB issued ASU No. 2018-08 Not-for-Profit Entities (Topic 958), “Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made” to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This ASU is effective for fiscal years beginning after December 15, 2018. The Foundation is currently assessing the impact of this pronouncement on the financial statements.

In February 2016, FASB issued ASU No. 2016-02, Leases. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the statement of financial position as well as additional disclosures. This ASU is effective for fiscal years beginning after December 15, 2019. The Foundation is currently assessing the impact of this pronouncement on its financial statements.

**LOUISIANA MUSEUM FOUNDATION**  
**NEW ORLEANS, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**2. Furniture and Office Equipment**

Furniture and office equipment at June 30, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Furniture and office equipment, cost	\$ 91,656	\$ 91,656
Less: accumulated depreciation	<u>(87,941)</u>	<u>(85,091)</u>
Furniture and office equipment, net	<u>\$ 3,715</u>	<u>\$ 6,565</u>

Depreciation expense totaled \$2,850 and \$6,247 for the years ended June 30, 2018 and 2017, respectively.

**3. Investments**

Investments consist of the following at June 30th:

	<u>Fair Market</u> <u>Value</u>	<u>Cost</u>	<u>Excess of Market</u> <u>Over (Under)</u> <u>Cost Value</u>
<u>June 30, 2018</u>			
Certificates of deposit	\$ 325,000	\$ 325,000	
Mutual funds	<u>2,323,410</u>	<u>1,989,277</u>	
Total	<u>\$ 2,648,410</u>	<u>\$ 2,314,277</u>	<u>\$ 334,133</u>

<u>June 30, 2017</u>			
Certificates of deposit	\$ 200,000	\$ 200,000	
Mutual funds	<u>2,162,894</u>	<u>1,921,459</u>	
Total	<u>\$ 2,362,894</u>	<u>\$ 2,121,459</u>	<u>\$ 241,435</u>

Net unrealized gain for the year ended June 30, 2018	<u>\$ 92,698</u>
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**LOUISIANA MUSEUM FOUNDATION**  
**NEW ORLEANS, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**4. Temporarily Restricted Net Assets**

Changes in temporarily restricted net assets during the year ended June 30, 2018 were as follows:

Fund	Balance June 30, 2017	Revenues	Expenses	Transfers	Balance June 30, 2018
<b>Collections, Acquisitions and Conservation</b>					
LSM Collections Fund	\$ 2,877	\$ 1,000	\$ 2,000	\$ -	\$ 1,877
New Orleans Branch Mint Coin Collection	875	-	-	-	875
Map Collection	250	-	-	-	250
Socola Painting	5,715	-	-	-	5,715
Photography Collection	2,487	-	-	-	2,487
Colonial Documents Fund	-	125	20	-	105
Textiles and Costumes Collection	1,298	3,500	598	-	4,200
Visual Arts	782	-	-	-	782
Decorative Arts	2,195	-	-	-	2,195
Louisiana Historical Center	1,959	-	-	-	1,959
Scheffler Collection Fund	-	3,000	300	870	3,570
<b>Exhibits</b>					
LGBT Programming Fund	-	18,500	1,850	-	16,650
Traveling Exhibits	6	-	-	(6)	-
Washington Mardi Gras	10,000	-	-	-	10,000
Small Permanent Exhibits	2,603	-	-	-	2,603
Big Apple Big Easy	870	-	-	(870)	-
Women's Krewe Exhibit Fund	1,898	-	1,000	-	898
Exhibits Department Fund	67	-	-	-	67
<b>Educational Programming / Public Outreach</b>					
Louisiana State Museum Miscellaneous Educational and Special Project	431	-	-	-	431
LSM Marketing	8,417	-	5,820	-	2,597
K-12 Education Fund	1,749	-	1,171	-	578
Created Equal Gilder Lehrman Grant	50	-	-	-	50
Patrick F Taylor Grant Fund	13,183	-	13,183	-	-
Reading Room Attendant Fund	22,095	-	17,514	-	4,581
<b>Bequests</b>					
Welch Cartoon Bequest	9,800	-	-	-	9,800
<b>New Orleans Jazz Museum</b>					
Heritage Community Partnership Grant	-	3,500	-	-	3,500
IMLS Jazz Collection Digitization Grant*	-	36,806	37,826	-	(1,020)
Jazz Museum and Blue Room Fund	16,000	-	1,500	(13,000)	1,500
Jazz Curator Fund	10,922	-	6,129	-	4,793
Downriver Festival	2,700	5,090	8,241	5,000	4,549
Jazz Collection	8,562	-	4,276	-	4,286
MA TM Program Partners	7,024	24,634	28,479	5	3,184
NOJM Community	33,909	59,480	68,595	4,000	28,794
NOJM Education	10,000	-	2,500	-	7,500
NOJM Exhibits	-	100	9,100	9,000	-
Ruth U. Fertel Jazz Museum	-	250,000	-	-	250,000
<b>Other</b>					
Museum Endowment Fund	1,607,460	168,458	17,656	-	1,758,262
Louisiana State Museum	105,340	180,781	90,945	(5,000)	190,176
Joint Budget 2015 - 2016	1,560	-	1,000	-	560
Joint Budget 2016 - 2017	18,160	-	11,730	-	6,430
Peg Bolton Fund	1,790	-	-	-	1,790
Baton Rouge Museum	1,522	9,000	8,216	(2,306)	-
Natchitoches Fund	9,945	-	4,484	-	5,461
Regional Museums Fund	16,816	2,133	20,269	2,306	986
Historian Fund	67	-	-	-	67
LSM All Purpose	3,885	21,861	22,537	6	3,215
MA TM- Program Partners	-	5	-	(5)	-
<b>Totals</b>	<b>\$ 1,945,269</b>	<b>\$ 787,973</b>	<b>\$ 386,939</b>	<b>\$ - **</b>	<b>\$ 2,346,303</b>

\* Negative balance is due to a brief timing lapse between receipt of funds from the grantor and close of books

\*\* When applicable, a balance in transfers is related to reclassifications/circumstances resulting in the net of transfers in to (out of) unrestricted funds

**LOUISIANA MUSEUM FOUNDATION**  
**NEW ORLEANS, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**4. Temporarily Restricted Net Assets (continued)**

Changes in temporarily restricted net assets during the year ended June 30, 2017 were as follows:

Fund	Balance June 30, 2016	Revenues	Expenses	Transfers	Balance June 30, 2017
Collections, Acquisitions and Conservation					
LSM Collections Fund	\$ 4,055	\$ -	\$ 1,178	\$ -	\$ 2,877
New Orleans Branch Mint Coin Collection	875	-	-	-	875
Map Collection	250	-	-	-	250
Socola Painting	5,715	-	-	-	5,715
Photography Collection	2,487	-	-	-	2,487
Colonial Documents	8,676	-	8,676	-	-
Textiles and Costumes Collection	848	500	50	-	1,298
Colonial Documents National Endowment for the Humanities	-	1,282	1,282	-	-
Visual Arts	782	-	-	-	782
Decorative Arts	2,195	-	-	-	2,195
Louisiana Historical Center	1,477	536	54	-	1,959
Louisiana Endowment for the Humanities Grant	169	1,020	100	(1,089)	-
Exhibits					
Hurricane Exhibit Community Contributions	651	-	651	-	-
Traveling Exhibits	6	-	-	-	6
Washington Mardi Gras	10,000	-	-	-	10,000
Small Permanent Exhibits	2,603	-	-	-	2,603
Big Apple Big Easy	870	-	-	-	870
Women's Krewe's Exhibit Fund	13,500	10,750	22,352	-	1,898
Battle of New Orleans Community Exhibit	568	-	568	-	-
Exhibits Department Fund	-	75	8	-	67
Educational Programming / Public Outreach					
Louisiana State Museum Miscellaneous Educational and Special Project	431	-	-	-	431
K-12 Education Fund	1,749	-	-	-	1,749
Created Equal Gilder Lehrman Grant	1,200	-	1,150	-	50
Patrick F Taylor Grant Fund	7,185	10,900	4,902	-	13,183
Reading Room Attendant Fund	35,040	-	12,945	-	22,095
Bequests					
Noma Eyrich Gross Cabildo	6,272	-	6,272	-	-
Welch Cartoon Bequest	9,800	-	-	-	9,800
New Orleans Jazz Museum					
Jazz Museum and Blue Room Fund	22,337	55,747	28,175	(33,909)	16,000
Jazz Curator Fund	-	12,700	2,153	375	10,922
Downriver Festival	-	3,000	300	-	2,700
Jazz Collection	10,638	1,950	3,652	(374)	8,562
MATM Program Partners	-	13,901	19,148	12,271	7,024
NOJM Community	-	-	-	33,909	33,909
NOJM Education	-	10,000	-	-	10,000
Other					
Museum Endowment Fund	1,510,171	113,373	16,084	-	1,607,460
Louisiana State Museum	102,106	172,388	19,154	(150,000)	105,340
Joint Budget 2013	991	-	991	-	-
Joint Budget 2014A	1,356	-	1,356	-	-
Joint Budget 2014B	1,811	-	1,811	-	-
Joint Budget 2015-2016	40,427	-	34,450	(4,417)	1,560
Joint Budget 2016-2017	-	-	136,257	154,417	18,160
Peg Bolton Fund	1,790	-	-	-	1,790
Baton Rouge Museum	-	1,691	169	-	1,522
Natchitoches Fund	7,727	10,405	8,187	-	9,945
Regional Museums Fund	21,639	6,495	12,407	1,089	16,816
Historian Fund	-	75	8	-	67
LSM All Purpose	42,746	16,931	55,792	-	3,885
LSM Marketing	6,160	2,865	608	-	8,417
<b>Totals</b>	<b>\$ 1,887,303</b>	<b>\$ 446,584</b>	<b>\$ 400,890</b>	<b>\$ 12,272 **</b>	<b>\$ 1,945,269</b>

\*\* When applicable, a balance in transfers is related to reclassifications/circumstances resulting in the net of transfers in to (out of) unrestricted funds

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NOTES TO FINANCIAL STATEMENTS

5. Fair Value Measurements

The Foundation follows the provisions of the *Fair Value Measurements and Disclosures* Topic of the FASB Accounting Standards Codification. Accordingly, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The *Fair Value Measurements and Disclosures* Topic of the FASB Accounting Standards Codification establishes a fair value hierarchy for inputs used in measuring fair market value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities as of the reporting date. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, as of the reporting date.

Level 3 - Valuations based on inputs that are unobservable and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, 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 Foundation's measurements of fair value are made on a recurring basis, and their valuation techniques for assets recorded at fair value are as follows:

Mutual Funds - The fair value of mutual funds is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers.

Certificates of Deposit – Fair value approximates cost basis.

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**NOTES TO FINANCIAL STATEMENTS**

**5. Fair Value Measurements (continued)**

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2018:

	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>	<b><u>Total</u></b>
Certificates of Deposit	\$ 325,000	\$ -	\$ -	\$ 325,000
Mutual Funds				
Bonds	526,412	-	-	526,412
Equities	1,474,321	-	-	1,474,321
Other	322,677	-	-	322,677
<b>Total</b>	<b><u>\$ 2,648,410</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,648,410</u></b>

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2017:

	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>	<b><u>Total</u></b>
Certificates of Deposit	\$ 200,000	\$ -	\$ -	\$ 200,000
Mutual Funds				
Bonds	531,937	-	-	531,937
Equities	1,274,935	-	-	1,274,935
Other	356,022	-	-	356,022
<b>Total</b>	<b><u>\$ 2,362,894</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,362,894</u></b>

At June 30, 2018 and 2017 there were no assets measured at fair value on a non-recurring basis.

**6. Concentration of Credit Risk**

The Foundation has concentrated its credit risk for cash by maintaining deposits in financial institutions in New Orleans, Louisiana, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Foundation has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

**7. Louisiana State Museum Fund and Joint Budget Funds**

Per the Louisiana Civil Code, donations are made to the Foundation by groups or individuals who use the Museum's facilities for special functions. The Foundation must designate these funds for use by the Louisiana State Museum for endowment, educational, acquisitions, publications, conservation, and building function support purposes.

**LOUISIANA MUSEUM FOUNDATION**  
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**NOTES TO FINANCIAL STATEMENTS**

**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 transfer of excess funds from other temporarily restricted or unrestricted funds as the Board authorizes.

1. Expenditures of investment income earned from the temporarily restricted portion of the corpus are limited to acquisitions, conservation, exhibitions, public programs, and publications.
2. No expenditures are to be made until the temporarily restricted portion of the fund reaches a corpus balance of \$3,000,000. Annually, thereafter, 50% of investments income may be spent; the other 50% is to be added to corpus.
3. The temporarily restricted portion of the corpus is never to be touched except for emergencies.
4. Emergency expenditures of the temporarily restricted portion of the corpus will require 100% approval of the members of the Louisiana Museum Foundation Board of Directors present at a board meeting with a quorum of members in attendance.

Investment expenses, fees, and charges related to the endowment totaled \$23,612 and \$20,679 for the years ended June 30, 2018 and 2017, respectively.

Activity in the Museum Endowment Fund was as follows:

	<b>Temporarily Restricted</b>	<b>Unrestricted</b>	<b>Total</b>
<b><u>Balance, June 30, 2016</u></b>	<b><u>\$ 1,510,172</u></b>	<b><u>\$ 497,744</u></b>	<b><u>\$ 2,007,916</u></b>
Interest and dividends	42,615	14,046	56,661
Net unrealized gain on investments	15,158	9,526	24,684
Net realized gain on investments	56,181	18,517	74,698
Fees and expenses	(16,666)	(4,013)	(20,679)
<b><u>Balance, June 30, 2017</u></b>	<b><u>1,607,460</u></b>	<b><u>535,820</u></b>	<b><u>2,143,280</u></b>
Interest and dividends	43,019	14,179	57,198
Net unrealized gain on investments	69,278	22,833	92,111
Net realized gain on investments	56,688	18,684	75,372
Fees and expenses	(18,183)	(5,429)	(23,612)
<b><u>Balance, June 30, 2018</u></b>	<b><u>\$ 1,758,262</u></b>	<b><u>\$ 586,087</u></b>	<b><u>\$ 2,344,349</u></b>

**LOUISIANA MUSEUM FOUNDATION**  
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**NOTES TO FINANCIAL STATEMENTS**

**9. Accounting for Uncertain Tax Positions**

The Foundation follows the provisions of the *Accounting for Uncertainty in Income Taxes* Topic of the FASB Accounting Standards Codification. All tax returns have been appropriately filed by the Foundation. The Foundation recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. The Foundation's tax filings are subject to audit by various taxing authorities. Management evaluated the Foundation's tax position and concluded that the Foundation has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. The Foundation's 2018 tax return has not been filed as of the report date.

**10. Gain on Settlement**

During the year ending June 30, 2017, the Foundation settled a claim filed with the Deepwater Horizon Court-Supervised Settlement Program for approximately \$438,000, which is recorded in Settlement Revenue in the accompanying statement of activities and changes in net assets. Additionally, during the year ending June 30, 2017, the Foundation paid approximately \$66,000 in fees to an accounting firm to assist with the application and processing of this settlement. These fees are included in general and administrative expenses on the statement of activities and changes in net assets.

**11. Subsequent Events**

Management has evaluated events through the date that the financial statements were available to be issued, December 20, 2018, noting no events requiring disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

**LOUISIANA MUSEUM FOUNDATION**  
**NEW ORLEANS, LOUISIANA**

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER**  
**PAYMENTS TO OR ON BEHALF OF THE AGENCY HEAD**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Agency Head Name: Susan Maclay, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits - Insurance	-
Benefits - Retirement	-

R.S. 24:513 (A) (3) requires reporting of the total compensation, reimbursements, and benefits paid to the agency head or chief executive officer. This law was further amended by Act 462 of the 2015 Regular Session which clarified that nongovernmental or not for profit local auditees are required to report only the compensation, reimbursements, and benefits paid to the agency head or chief executive officer paid from public funds.

The Foundation is not required to report the total compensation, reimbursements, and benefits paid to the agency head as these costs are supported by private funds.

**LOUISIANA MUSEUM FOUNDATION**  
**NEW ORLEANS, LOUISIANA**

**SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Program Services</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total</b>
Salaries	\$ 175,182	\$ 63,681	\$ 17,523	\$ 256,386
Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	1,865	983	-	2,848
Payroll taxes	12,837	4,279	1,307	18,423
Accounting	8,700	2,900	-	11,600
Investment management fees	23,612	-	-	23,612
Payroll services	1,043	514	-	1,557
Office expenses	6,740	4,864	-	11,604
Information technology	1,769	821	-	2,590
Occupancy	4,638	2,544	-	7,182
Conferences, conventions, and meetings	389	345	-	734
Depreciation	1,510	1,340	-	2,850
Insurance	1,789	830	-	2,619
Exhibits Expense	143,762	-	-	143,762
Other Program Support	31,103	-	-	31,103
Collections, Acquisitions, and Conservations	76,693	-	-	76,693
Education Programming / Public Outreach	223,670	-	-	223,670
Grants Management	5,353	-	-	5,353
Miscellaneous Expense	120	189	-	309
	<b>\$ 720,775</b>	<b>\$ 83,290</b>	<b>\$ 18,830</b>	<b>\$ 822,895</b>

**INDEPENDENT AUDITORS' 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**

Board of Directors  
Louisiana Museum Foundation  
New Orleans, 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 the Louisiana Museum Foundation (the Foundation) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 20, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Foundation's internal control over financial reporting (internal control) to determine the auditing 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 the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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 may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Foundation’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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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 Foundation’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 Foundation’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Postlethwaite & Netterville*

New Orleans, Louisiana  
December 20, 2018