

**NEW ORLEANS AFRICAN AMERICAN MUSEUM  
OF ARTS, CULTURE, AND HISTORY**

**FINANCIAL STATEMENT AND  
ACCOUNTANT'S COMPILATION REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2016**



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**ACCOUNTANT'S COMPILATION REPORT**

To the Board of Directors  
**New Orleans African American Museum**  
**Of Arts, Culture, and History**  
New Orleans, Louisiana

I have compiled the accompanying statement of financial position of **New Orleans African American Museum Of Arts, Culture, and History** (a nonprofit organization) as of December 31, 2016, and the related statements of activities and cash flow for the year then ended. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

A handwritten signature in black ink, appearing to read 'VGR CPA', is written over a light blue horizontal line.

**VGR, CPA**  
New Orleans, Louisiana

April 30, 2020

**NEW ORLEANS AFRICAN AMERICAN MUSEUM  
OF ARTS, CULTURE, AND HISTORY**  
STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2016

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ASSETS

Assets:

Cash and equivalents (NOTES 2 and 6)	\$	88,664
Grants receivable (NOTE 6)		10,000
Receivable Other		718,420
Inventory		
Prepaid expenses		10,000
Art Collection (Note 9)		61,475
Property, plant and equipment net of accumulated depreciation and amortization of \$1,091,577 (NOTES 2 and 7)		<u>5,495,825</u>
Total assets		<u>\$ 6,384,384</u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable (NOTE 12)	\$	198,025
Notes Payable (NOTE 8)		<u>3,000,396</u>
Total liabilities		<u>3,198,421</u>

Net Assets (NOTE 2):

Unrestricted -		<u>3,185,963</u>
Total net assets		<u>3,185,963</u>

Total liabilities and net assets		<u>\$ 6,384,384</u>
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The accompanying notes are an integral part of these financial statements.

**NEW ORLEANS AFRICAN AMERICAN MUSEUM  
OF ARTS, CULTURE, AND HISTORY**  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016

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<u>Revenues and Other Support</u>	
Grants and contracts	\$ 96,548
Contributions	18,651
Sales Tax Credit Income	718,420
Other income	<u>27,754</u>
Total revenues and other support	<u>861,373</u>
<u>Expenses</u>	
Support Services	93,751
Program Services	223,384
Fundraising	<u>-0-</u>
Total expenses	<u>317,135</u>
Change in net assets	544,238
Net assets, beginning of year	<u>2,641,725</u>
Net assets, end of year	\$ <u>3,185,963</u>

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

**NEW ORLEANS AFRICAN AMERICAN MUSEUM  
OF ARTS, CULTURE, AND HISTORY**  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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Cash Flows from Operating Activities:

Change in net assets	\$ 544,238
Adjustments to reconcile change in net assets to net cash provide by operating activities:	
Depreciation expense	151,740
Increase/Decrease in:	
Increase in grants receivable	(10,000)
Increase in other receivable	(718,420)
Increase in accounts payable	26,549
Decrease in Inventory	4,383
Increase in prepaid expenses	(10,000)
Net cash used in operating activities	(11,510)

Cash Flows from Investing Activities:

Purchase of fixed assets	(252,096)
Net cash used in investing activities	(252,096)

Cash Flows from Financing Activities:

Increase in Note payable	261,169
Net cash used in investing activities	261,169

Net Increase in cash	2,437
Cash, beginning of year	<u>91,101</u>
Cash, end of year	<u>\$ 88,664</u>

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

**NEW ORLEANS AFRICAN AMERICAN MUSEUM  
OF ARTS, CULTURE, AND HISTORY  
NOTES TO THE FINANCIAL STATEMENTS**

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NOTE 1 – ORGANIZATION:

The New Orleans African American Museum of Arts, Culture, and History (**the Museum**) is a non-profit organization incorporated in 2000. The development of **the Museum** began in 1991 using Community Block Grant funds to restore a group of properties located in the historic Treme' neighborhood of New Orleans. These properties were donated to **the Museum** by the City of New Orleans for its present use as a museum. The mission of **the Museum** is to preserve, promote and interpret the lives and history of African Americans cultural heritage of New Orleans, with a particular emphasis on the Treme' community. The vision of **the Museum** is to be the flagship site that celebrates the contributions of all Africans and the African diasporas to the architecture, culture, and visual arts.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Principles of Accounting

**The Museum** is a non-profit community based organization whose financial statements are prepared on the accrual basis.

Basis of Reporting

**The Museum** has adopted the provisions of FASB Accounting Standards Codification, Topic 958, "Accounting for Not-for-Profit Entities", and reports its financial position and activities according to three classes of net assets according to externally (donor) imposed restrictions.

A description of the three net asset categories is as follows:

Unrestricted net assets include funds not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of **the Museum** are included in this category.

Temporarily restricted net assets include realized gains and losses, investment income and gifts and contributions for which donor-imposed restrictions (capital improvements, etc.) have not been met.

**NEW ORLEANS AFRICAN AMERICAN MUSEUM  
OF ARTS, CULTURE, AND HISTORY**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Basis of Reporting, Continued

Permanently restricted net assets are contributions which are required by the donor-imposed restriction to be invested in perpetuity and only the income be made available for program operations in accordance with the donor restrictions. Such income is reflected in temporarily restricted net assets until utilized for donor imposed purposes.

As of December 31, 2016, **the Museum** did not have any temporarily or permanently restricted net assets.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, **the Museum** considers all short-term, highly liquid investments with maturity of three months or less at the time of purchase to be cash equivalents.

Property, Plant, and Equipment

**The Museum** capitalizes items with a unit cost of greater than \$1,000 and a useful life greater than 1 year. Property, plant, and equipment is recorded at historical cost, if purchased, or at fair market value at the date of the gift, if donated. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized. Depreciation is provided using the straight-line method over the estimated useful lives of the assets which are 3, 5, or 33 years.

Art Collections

**The Museum** capitalizes items at cost, if the items were purchased, or at appraised value at the date items are accepted by **the Museum**. Gains or losses from reappraisal of these items are reflected on the statement of activities as changes in the appropriate net asset classes, depending on the existence and type of donor-imposed restrictions



**NEW ORLEANS AFRICAN AMERICAN MUSEUM  
OF ARTS, CULTURE, AND HISTORY**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Functional Allocation of Expenses

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

Support and Revenues

Revenues received under grant programs are recognized when earned.

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor or the board of directors.

Fair Value

**The Museum** has adopted certain provisions of FASB Accounting Standards Codification Topic 820, "Fair Value Measurements and Disclosures." ASC Topic 820 refines the definition of fair value, establishes specific requirements as well as guidelines for a consistent framework to measure fair value, and expands disclosure requirements about fair value measurements. ASC Topic 820 requires **the Museum** to maximize the use of observable market inputs, minimize the use of unobservable market inputs, and disclose in the form of an outlined hierarchy, the details of such fair value measurements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

**NEW ORLEANS AFRICAN AMERICAN MUSEUM  
OF ARTS, CULTURE, AND HISTORY**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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Accordingly, actual results could differ from those estimates.

NOTE 3 - ECONOMIC DEPENDENCY:

The primary source of revenue for **the Museum** is federal grants provided through various funding agencies. The continued success of **the Museum** is dependent upon the renewal of contracts from current funding sources.

NOTE 4 - INCOME TAXES:

**The Museum** is a tax-exempt organization under section 501(C)(3) of the Internal Revenue Code. Accordingly, no provisions for federal or state income taxes have been recorded in the accompanying financial statements. Should **the Museum's** tax status be challenged in the future, the 2010, 2011 and 2012 tax years are open for examination by the IRS.

NOTE 5 - COMMITMENTS AND CONTINGENCIES:

Participation in Grant Programs

**The Museum** is a recipient of grant funds from certain funding sources. These grants are governed by various federal, state and local guidelines, regulations, and contractual agreements.

The administration of the program and activities funded by the grants are under the control and administration of **the Museum** and are subject to audit and/or review by the applicable funding source. Any grant funds found not to be properly spent in accordance with the terms, conditions, and regulations of the funding source may be subject to recapture.

**NEW ORLEANS AFRICAN AMERICAN MUSEUM  
OF ARTS, CULTURE, AND HISTORY**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 6 - FAIR VALUE MEASUREMENTS OF  
FINANCIAL ASSETS AND LIABILITIES:

In accordance with FASB ASC Topic 820, fair value is defined as the price that **the Museum** would receive to sell an asset or pay to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market the most advantageous market for the asset or liability. ASC Topic 820 established a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to established classification of fair value measurements for disclosure purposes.

Various inputs are used in determining the value of **the Museum** assets or liabilities. The inputs are summarized in the three broad levels listed below:

Level 1 -Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2 -Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 -Pricing inputs are unobservable for the investment and include situations where there is little, if any market activity. The inputs into the determination of fair value

**NEW ORLEANS AFRICAN AMERICAN MUSEUM  
OF ARTS, CULTURE, AND HISTORY**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 6 - FAIR VALUE MEASUREMENTS OF  
FINANCIAL ASSETS AND LIABILITIES, CONTINUED

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 Museum's** assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. All investments are considered level 1 investments.

The carrying value and the estimated fair values of **the Museum's** financial instruments at December 31, 2016 are as follows:

<u>Description</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 88,664	\$ 88,664
Grant Receivables	10,000	10,000
Receivable Other	718,420	718,420

NOTE 7 - PROPERTY, PLANT AND EQUIPMENT:

	<u>Balance at 01/01/16</u>	<u>Additions (Reductions)</u>	<u>Balance at 12/31/16</u>
Land	60,000	-0-	60,000
Furniture, fixtures and equipment	\$ 29,280	\$ -0-	\$ 29,280
Art and Artifacts	61,475	-0-	61,475
Buildings and improvements	1,301,225	226,837	1,528,062
Construction-in-progress	4,944,801	(36,216)	4,908,585
Accumulated depreciation	<u>( 939,837)</u>	<u>( 151,740)</u>	<u>( 1,091,577)</u>
Net property, plant, and equipment	<u>\$5,456,944</u>	<u>\$ 38,881</u>	<u>\$ 5,495,825</u>

Depreciation expense for the year ended December 31, 2016 totaled \$56,390.

**NEW ORLEANS AFRICAN AMERICAN MUSEUM  
OF ARTS, CULTURE, AND HISTORY**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 8 - NOTES PAYABLE

On December 20, 2015 **the Museum** obtained a line of credit from a local bank. The unsecured line of credit, has a maturity date of December 19 2018. As of December 31, 2016, the amount outstanding including accrued interest on the line of credit totaled \$3,000,396.

NOTE 9 - ART COLLECTIONS

On February 15, 2002 **the Museum** received works of art from Southern University of Baton Rouge, Louisiana. The works of art had an appraised value of \$61,475.

NOTE 10- DEEP-WATER HORIZON CLAIM:

On July 5, 2016 **The Museum** filed a claim with the Court Approved Settlement Program for "Business Economic Loss" associated with the BP Deepwater Horizon incident that occurred on April 20, 2010. Since the initial filing of the claim, BP has pursued litigation in the United States District Court for the Eastern District of Louisiana, and appeals to the Fifth Circuit Court of Appeals Court and the United States Supreme Court to obtain clarification of various issues regarding calculating Business Economic Loss claims. This has caused significant delay in the processing of claims by the Settlement Program. On December 8, 2016, the United States Supreme Court denied BP's petition for writ of certiorari. The Museum's claim has progressed, but no determination has been made on the claim. The probability of a favorable outcome on this claim cannot be determined at this time.

NOTE 11 - ACCOUNTS PAYABLE:

At December 31, 2016 **the Museum** had various vendor payables totaling 198,025.

**NEW ORLEANS AFRICAN AMERICAN MUSEUM  
OF ARTS, CULTURE, AND HISTORY**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 12 - PRIOR PERIOD ADJUSTMENT:

An error was detected during the current financial year relative to prior period Accumulated Depreciation. The Net Assets have been restated to reflect the adjustment.

NOTE 13 - SUBSEQUENT EVENTS:

FASB Accounting Standards Codifications Topic 855-10, "Subsequent Events" requires the disclosure of the date through which **the Museum** has evaluated subsequent events and the reason for selecting that date. The Museum evaluated subsequent events from January 1, 2016 to August 16, 2016, the date the financial statements were available to be issued.

**NEW ORLEANS AFRICAN AMERICAN  
MUSEUM  
OF ARTS, CULTURE, AND HISTORY**  
AGENCY HEAD COMPENSATION  
FOR THE YEAR ENDED DECEMBER 31, 2016

Agency Head Name:

Purpose	Amount
Salary	
Benefits - insurance	-
Benefits - retirement	-
Benefits - other	-
Car allowance	-
Vehicle provided by organization	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference Travel	
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-

Act 706 of the 2014 Legislative Session requires the disclosure of the total compensation, reimbursement, benefits, and other payments made to the agency head, political subdivision head or Chief executive officer, related to the position; including but not limited to travel housing, unvouchered expenses (such as travel advances) per diem, and registration fees.

**NEW ORLEANS AFRICAN AMERICAN MUSEUM  
OF ARTS, CULTURE, AND HISTORY  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNCTIONAL EXPENSES**



**NEW ORLEANS AFRICAN AMERICAN MUSEUM  
OF ARTS, CULTURE, AND HISTORY  
SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Expenses</u>	<u>Program Services</u>	<u>Support Services</u>	<u>Fundraising</u>	<u>Total</u>
	-	-	-	
Professional services	2,743	1,026	-	3,769
Telephone	1,288	552	-	1,840
Insurance	10,555	4,523	-	15,078
Utilities	7,002	3,001	-	10,003
Repairs and maintenance	3,850	1,650	-	5,500
Moving, Packing & Storage	10,186	4,365	-	14,551
Depreciation	40,757	15,633	-	56,390
Amortization	66,745	28,605	-	95,350
Interest expense	47,440	20,332	-	67,772
Loan Late Fees	1,686	722	-	2,408
Other fees	140	60	-	200
Bank service charges	498	213	-	711
Donations	11,522	4,938	-	16,460
Loan Closing Cost	16,527	7,083	-	23,610
Other Expenses	2,445	1,048	-	3,493
<b>Total Expenses</b>	<b>223,384</b>	<b>93,751</b>	<b>-</b>	<b>317,135</b>

See the Independent Auditor's Report on Supplementary Information

**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**NEW ORLEANS AFRICAN AMERICAN MUSEUM  
 OF ARTS, CULTURE, AND HISTORY**  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2016

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<u>GRANTOR</u>	<u>CFDA NUMBER</u>	<u>ENTITY NUMBER</u>	<u>ACTIVITY</u>
<b>U.S. Department of Housing and Urban Development</b>			
<u>Awards From A Pass-Through Entity</u>			
<u>City of New Orleans</u>			
Community Development Block Grant	14.218	N/A	\$ <u>86,548</u>
Total U.S. Department of Housing and Urban Development			<u>86,548</u>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$86,548</u></b>

See the Independent Auditor's Report on Supplementary Information

**NEW ORLEANS AFRICAN AMERICAN MUSEUM  
OF ARTS, CULTURE, AND HISTORY**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2016, CONTINUED

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**SCHEDULE II - Financial Statement Findings, Continued**

**INTERNAL CONTROL OVER FINANCIAL REPORTING, CONTINUED:**

**Reference Number**

2016-001 - Untimely submission of report

**Criteria**

Pursuant to the requirement of Louisiana Statute R.S. 24:513, annual financial reports shall be completed within six (6) months of the close of an entity's fiscal year.

**Conditions and Perspective**

The December 31, 2016 report was not submitted within the prescribed time frames.

**Cause**

Management failed to ensure that the compilation report was issued within prescribed timelines.

**Effect**

**New Orleans African American Museum** has not complied with Louisiana's State filing requirement.

**NEW ORLEANS AFRICAN AMERICAN MUSEUM  
OF ARTS, CULTURE, AND HISTORY**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2016, CONTINUED

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**SCHEDULE II - Financial Statement Findings, Continued**

**INTERNAL CONTROL OVER FINANCIAL REPORTING, CONTINUED:**

2016-01 – Untimely submission of report, Continued

**Recommendation**

I recommend that the management of **New Orleans African American Museum** take steps to ensure that financial reports are submitted within the prescribed State and Federal deadlines.

**Management's Response**

Management has taken corrective actions to ensure future reports are submitted in a timely manner.

**SCHEDULE OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS**

**NEW ORLEANS AFRICAN AMERICAN MUSEUM  
OF ARTS, CULTURE, AND HISTORY  
SCHEDULE OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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**SCHEDULE II - Financial Statement Findings**

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

**Audit Finding Reference Number**

2015-001 – Financial Management System

**Conditions and Perspective**

Management failed to establish and/or follow appropriate procedures to ensure that accounting records are maintained. Audit testing yielded the following internal control issues:

- Several transactions selected for testing were not supported by proper documentation;
- Noted the cash reconciliations were not properly performed;
- 1099's were not submitted to all contractors who performed services in 2016;
- Audit schedules and audit data was not available in a timely manner.

The aforementioned conditions may result in inaccurate financial statements being generated during the year and management having to propose journal entries during the audit to properly state account balances. The condition also limits the effectiveness of management to make financial decisions regarding **New Orleans African American Museum** during the year as a result of inaccurate financial statements.

**Recommendation**

I recommend management and responsible personnel adhere to established policies and procedures which require general ledger accounts be reconciled and reviewed on a monthly basis.

**Current Status:**

Unresolved

**NEW ORLEANS AFRICAN AMERICAN MUSEUM  
OF ARTS, CULTURE, AND HISTORY  
SCHEDULE OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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**SCHEDULE II - Financial Statement Findings, Continued**

**INTERNAL CONTROL OVER FINANCIAL REPORTING, CONTINUED:**

**Audit Finding Reference Number**

2015-002 - Untimely submission of audit report

**Conditions and Perspective**

The December 31, 2016 audit report was not submitted within the prescribed time frames.

**Recommendation**

I recommend that the management of **New Orleans African American Museum** take steps to ensure that the financial audit is submitted within the prescribed State and Federal deadlines.

**Current Status:**

Unresolved See current year finding 2016-001.