
LOUISIANA MUSEUM FOUNDATION

FINANCIAL STATEMENTS

JUNE 30, 2019

LOUISIANA MUSEUM FOUNDATION

FINANCIAL STATEMENTS

JUNE 30, 2019

TABLE OF CONTENTS

	<u>Page</u>
<u>Independent Auditors' Report</u>	1 - 2
<u>Financial Statements</u>	
Statements of Financial Position	3
Statement of Activities and Changes in Net Assets for the Year Ended June 30, 2019	4
Statement of Activities and Changes in Net Assets for the Year Ended June 30, 2018	5
Statement of Functional Expenses for the Year Ended June 30, 2019	6
Statement of Functional Expenses for the Year Ended June 30, 2018	7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 19
<u>Supplementary Information</u>	
Schedule of Compensation, Benefits and Other Payments to or on behalf of the Agency Head	20
<u>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 <i>Government Auditing Standards</i></u>	21 - 22

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, 2019 and 2018, the related statements of activities and changes in net assets, functional expenses, 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, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Foundation adopted Accounting Standards Update No. 2016-14 Not-for-Profit Entities (Topic 958), *Presentation of Financial Statements of Not-for-Profit Entities* in the current year related to the presentation of financial statements. Our opinion is not modified with respect to this matter.

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 20 is presented for purposes of additional analysis and is 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 23, 2019, 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 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 the Foundation'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 the Foundation's internal control over financial reporting and compliance.

Postlethwaite & Netterville

New Orleans, Louisiana
December 23, 2019

LOUISIANA MUSEUM FOUNDATION
NEW ORLEANS, LOUISIANA

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

<u>ASSETS</u>			
		<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$	974,314	\$ 585,139
Investments		2,670,443	2,648,410
Unconditional promises to give		328,750	268,000
Prepaid expenses and other assets		6,926	11,026
Furniture and office equipment, net		13,195	3,715
<u>TOTAL ASSETS</u>	\$	<u>3,993,628</u>	<u>\$ 3,516,290</u>
<u>LIABILITIES AND NET ASSETS</u>			
Accounts payable and accrued liabilities	\$	47,850	\$ 60,780
<u>TOTAL LIABILITIES</u>		<u>47,850</u>	<u>60,780</u>
Net assets without donor restrictions			
Undesignated		368,384	365,254
Designated for endowment purposes		623,766	586,087
Designated for reserve purposes		153,729	153,729
Designated for records retention project		3,719	4,137
<u>TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS</u>		<u>1,149,598</u>	<u>1,109,207</u>
Net assets with donor restrictions		2,796,180	2,346,303
<u>TOTAL NET ASSETS</u>		<u>3,945,778</u>	<u>3,455,510</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$	<u>3,993,628</u>	<u>\$ 3,516,290</u>

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, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>REVENUES</u>			
Memberships and contributions	\$ 118,003	\$ 335,449	\$ 453,452
Grants	-	424,760	424,760
Program management fees	78,411	-	78,411
Gala	208,850	-	208,850
Facility use contributions	-	233,700	233,700
Investment income, net	52,851	113,471	166,322
	<hr/>	<hr/>	<hr/>
Total revenues	458,115	1,107,380	1,565,495
Net assets released from restrictions	<hr/>	<hr/>	<hr/>
	657,503	(657,503)	-
	<hr/>	<hr/>	<hr/>
Total revenues and support	1,115,618	449,877	1,565,495
	<hr/>	<hr/>	<hr/>
<u>EXPENSES</u>			
Program services	959,629	-	959,629
General and administrative	96,240	-	96,240
Fundraising	19,358	-	19,358
	<hr/>	<hr/>	<hr/>
Total expenses	1,075,227	-	1,075,227
	<hr/>	<hr/>	<hr/>
Change in net assets	40,391	449,877	490,268
Net assets, beginning of year	<hr/>	<hr/>	<hr/>
	1,109,207	2,346,303	3,455,510
	<hr/>	<hr/>	<hr/>
Net assets, end of year	<u>\$ 1,149,598</u>	<u>\$ 2,796,180</u>	<u>\$ 3,945,778</u>

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>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>REVENUES</u>			
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
Investment income, net	43,985	174,097	218,082
Total revenues	357,003	787,973	1,144,976
Net assets released from restrictions	386,939	(386,939)	-
Total revenues and support	743,942	401,034	1,144,976
<u>EXPENSES</u>			
Program services	697,163	-	697,163
General and administrative	83,290	-	83,290
Fundraising	18,830	-	18,830
Total expenses	799,283	-	799,283
Change in net assets	(55,341)	401,034	345,693
Net assets, beginning of year	1,164,548	1,945,269	3,109,817
Net assets, end of year	<u>\$ 1,109,207</u>	<u>\$ 2,346,303</u>	<u>\$ 3,455,510</u>

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

LOUISIANA MUSEUM FOUNDATION
NEW ORLEANS, LOUISIANA

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services	General and Administrative	Fundraising	Total
Salaries	\$ 181,570	\$ 65,785	\$ 17,493	\$ 264,848
Payroll taxes	13,872	5,126	1,340	20,338
Pension plan accruals and contributions	3,555	1,542	525	5,622
Accounting	10,838	3,613	-	14,451
Payroll services	604	536	-	1,140
Office expenses	5,519	5,007	-	10,526
Information technology	1,400	1,121	-	2,521
Occupancy	4,738	2,587	-	7,325
Depreciation	1,318	1,168	-	2,486
Insurance	1,460	1,295	-	2,755
Other program support	78,384	-	-	78,384
Education programming / public outreach	51,818	-	-	51,818
Grants and other assistance to the Louisiana State Museum	591,571	-	-	591,571
Miscellaneous expense	12,982	8,460	-	21,442
	\$ 959,629	\$ 96,240	\$ 19,358	\$ 1,075,227

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

LOUISIANA MUSEUM FOUNDATION
NEW ORLEANS, LOUISIANA

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	Program Services	General and Administrative	Fundraising	Total
Salaries	\$ 175,182	\$ 63,681	\$ 17,523	\$ 256,386
Payroll taxes	12,837	4,279	1,307	18,423
Pension plan accruals and contributions	1,865	983	-	2,848
Accounting	8,700	2,900	-	11,600
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
Depreciation	1,510	1,340	-	2,850
Insurance	1,789	830	-	2,619
Conferences, conventions, and meetings	389	345	-	734
Other program support	31,103	-	-	31,103
Education programming / public outreach	77,079	-	-	77,079
Grants and other assistance to the Louisiana State Museum	372,399	-	-	372,399
Miscellaneous expense	120	189	-	309
	\$ 697,163	\$ 83,290	\$ 18,830	\$ 799,283

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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 490,268	\$ 345,693
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	2,486	2,850
Realized and unrealized gains on investments	(119,171)	(172,362)
Increase in unconditional promises to give	(60,750)	(259,149)
Decrease in prepaid expenses and other assets	4,100	11,416
Increase (decrease) in accounts payable	(12,930)	33,068
	<u>304,003</u>	<u>(38,484)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(1,056,859)	(325,000)
Proceeds from sales of investments	1,153,997	211,846
Purchases of furniture and office equipment	(11,966)	-
	<u>85,172</u>	<u>(113,154)</u>
Net increase (decrease) in cash and cash equivalents	389,175	(151,638)
Cash and cash equivalents, beginning of year	<u>585,139</u>	<u>736,777</u>
Cash and cash equivalents, end of year	<u><u>\$ 974,314</u></u>	<u><u>\$ 585,139</u></u>

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

Organization and Income Tax

The Louisiana Museum Foundation (the Foundation) is a nonprofit corporation organized under the laws of the State of Louisiana to provide services and support for the Louisiana State Museum (the Museum), through funds, grants and contracts administration, promotional activities, fund raising programs and events, and management assistance. 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 and Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (U.S. GAAP) and accordingly, reflect all significant receivables, payables, and liabilities. U.S. GAAP requires the Foundation to report financial information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increase in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities and changes in net assets.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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 assets with donor restrictions) 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, 2019 and 2018, 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 with or without donor restrictions 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 statements 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

The Foundation has 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)

Contributions and Revenue Recognition

Contributions are recorded as support with or without donor restrictions, depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in net assets with donor restrictions. When the restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Contribution and membership revenue is recognized upon receipt. Grant revenue is recognized when earned and Gala revenue is recognized when the services are provided.

Reclassification

Certain prior year amounts have been reclassified for consistency with current year presentation.

Changes in Accounting Principle

As of July 1, 2018 the Foundation adopted 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; 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 adoption of ASU 2016-14 had no impact on the Foundation's total net assets.

Accounting Pronouncements Issued but not yet Adopted

In June 2018, the Financial Accounting Standards Board (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 standard will be effective for the Foundation for its year ending June 30, 2020. The Foundation is currently assessing the impact of this pronouncement on its financial statements.

The FASB issued ASU 2014-09, (Topic 606), *Revenue from Contracts with Customers*, to update its revenue recognition standard to clarify the principles of recognizing revenue and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The standard may be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. This standard will be effective for the Foundation for its year ending June 30, 2020. The Foundation is currently assessing the impact of this pronouncement on its financial statements.

LOUISIANA MUSEUM FOUNDATION
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

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

Accounting Pronouncements Issued but not yet Adopted (continued)

In February 2016, the FASB issued ASU 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. In July 2018, the FASB issued ASU 2018-11, *Leases* (Topic 842), *Targeted Improvements*, to simplify the lease standard's implementation. The amended guidance relieves businesses and other organizations of the requirement to present prior comparative years' results when they adopt the new lease standard. Instead of recasting prior year results using the new accounting when they adopt the guidance, companies can choose to recognize the cumulative effect of applying the new standard to leased assets and liabilities as an adjustment to the opening balance of net assets. This standard will be effective for the Foundation for its year ending June 30, 2022. The Foundation is currently assessing the impact of this pronouncement on its financial statements.

2. Liquidity and Availability

The Museum regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

The table below presents financial assets available for general expenditures within one year at June 30, 2019:

Total assets	\$ 3,993,628
Less: non-current and non-financial assets	
Prepaid expenses and other assets	(6,926)
Unconditional promises to give due in more than one year	(254,167)
Furniture and office equipment, net	(13,195)
Total current financial assets at year end	<u>3,719,340</u>
Less: financial asset designations and restrictions	
Designated for endowment purposes*	(623,766)
Designated for reserve purposes*	(153,729)
Designated for records retention project*	(3,719)
Net assets with donor restrictions	(2,796,180)
Financial assets available for general expenditures over the next 12 months	<u><u>\$ 141,946</u></u>

* The Museum's governing board has designated a portion of its resources to function as endowment and for other purposes. Those amounts are identified as designated in the table above. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the board. These funds were designated by a majority vote of the Museum's governing board and can be undesignated by a majority vote.

LOUISIANA MUSEUM FOUNDATION
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

3. Promises to Give

Promises to give represent a promise by the donors to pay after the year end. Promises to give were due in the following installments at June 30, 2019:

2020	\$ 74,583
2021	64,583
2022	64,584
2023	31,250
2024	31,250
2025 - 2026	62,500
Total	<u>\$ 328,750</u>

4. Furniture and Office Equipment

Furniture and office equipment at June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Furniture and office equipment, cost	\$ 93,350	\$ 91,656
Less: accumulated depreciation	<u>(80,155)</u>	<u>(87,941)</u>
Furniture and office equipment, net	<u>\$ 13,195</u>	<u>\$ 3,715</u>

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.

LOUISIANA MUSEUM FOUNDATION
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

5. Fair Value Measurements (continued)

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.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2019:

	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ 100,000	\$ -	\$ -	\$ 100,000
Mutual funds				
Bonds	749,009	-	-	749,009
Equities	1,570,732	-	-	1,570,732
Other	250,702	-	-	250,702
Total	\$ 2,670,443	\$ -	\$ -	\$ 2,670,443

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

	Level 1	Level 2	Level 3	Total
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
Total	\$ 2,648,410	\$ -	\$ -	\$ 2,648,410

At June 30, 2019 and 2018 there were no assets measured at fair value on a non-recurring basis.

LOUISIANA MUSEUM FOUNDATION
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

6. Net Assets with Donor Restrictions

Changes in net assets with donor restrictions during the year ended June 30, 2019 were as follows:

Fund	Balance June 30, 2018	Revenues	Expenses	Transfers	Balance June 30, 2019
Collections, Acquisitions and Conservation					
LSM Collections Fund	\$ 1,877	\$ -	\$ -	\$ -	\$ 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	105	125	230	-	-
Textiles and Costumes Collection	4,200	-	4,200	-	-
Visual Arts	782	-	-	-	782
Decorative Arts	2,195	-	-	-	2,195
Louisiana Historical Center	1,959	28	3	-	1,984
Scheffler Collection Fund	3,570	-	-	-	3,570
Exhibits					
LGBT Programming Fund	16,650	21,174	21,641	-	16,183
Washington Mardi Gras	10,000	-	-	-	10,000
Small Permanent Exhibits	2,603	-	-	-	2,603
Women's Krewes Exhibit Fund	898	-	750	-	148
Exhibits Department Fund	67	-	67	-	-
Educational Programming / Public Outreach					
Louisiana State Museum Miscellaneous Educational and Special Project Fund	431	5	-	-	436
LSM Marketing	2,597	-	-	(42)	2,555
K-12 Education Fund	578	-	-	-	578
Created Equal Gilder Lehrman Grant	50	-	-	-	50
Reading Room Attendant Fund	4,581	5	4,582	(4)	-
Bequests	-	-	-	-	-
Welch Cartoon Bequest	9,800	-	-	-	9,800
New Orleans Jazz Museum					
Heritage Community Partnership Grant	3,500	-	3,500	-	-
IMLS Jazz Collection Digitization Grant*	(1,020)	54,900	54,745	-	(865)
Jazz Museum and Blue Room Fund	1,500	-	-	(1,500)	-
Jazz Curator Fund	4,793	2,050	130	500	7,213
Downriver Festival	4,549	7,380	5,846	-	6,083
Jazz Collection	4,286	-	56	-	4,230
MATM Program Partners	3,184	22,650	19,847	-	5,987
NOJM Community	28,794	131,085	106,172	1,000	54,707
NOJM Education	7,500	-	1,500	-	6,000
Ruth U. Fertel Jazz Museum	250,000	-	14,503	-	235,497
Jazz Museum Public History	-	1,592	1,114	4	482
JM Improvisation Conference	-	6,000	5,000	-	1,000
JM Business Plan	-	5,000	-	-	5,000
Jazz Museum Campaign	-	200,000	67,105	-	132,895
Jazz Museum Improvisations Gala	-	10,000	1,000	-	9,000
Other					
Aroha Philanthropies	-	19,800	5,797	-	14,003
Louis Prima Estate	-	155,268	145,217	-	10,051
Museum Endowment Fund	1,758,262	132,229	19,192	-	1,871,299
Louisiana State Museum	190,176	313,025	158,703	68	344,566
Joint Budget 2015 - 2016	560	-	-	-	560
Joint Budget 2016 - 2017	6,430	-	5,969	-	461
Peg Bolton Fund	1,790	-	-	-	1,790
Baton Rouge	-	500	50	-	450
Natchitoches Fund	5,461	20,000	7,725	-	17,736
Regional Museums Fund	986	100	(245)	-	1,331
Historian Fund	67	-	-	(67)	-
LSM All Purpose	3,215	4,464	3,104	41	4,616
Totals	\$ 2,346,303	\$ 1,107,380	\$ 657,503	\$ - **	\$ 2,796,180

* 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) funds without donor restrictions.

LOUISIANA MUSEUM FOUNDATION
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

6. Net Assets with Donor Restrictions (continued)

Changes in net assets with donor restrictions during the year ended June 30, 2018 were as follows:

Fund	Balance June 30, 2017	Revenues	Expenses	Transfers	Balance June 30, 2018
Collections, Acquisitions and Conservation					
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
Exhibits					
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 Krewes Exhibit Fund	1,898	-	1,000	-	898
Exhibits Department Fund	67	-	-	-	67
Educational Programming / Public Outreach					
Louisiana State Museum Miscellaneous Educational and Special Project Fund	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
Bequests					
Welch Cartoon Bequest	9,800	-	-	-	9,800
New Orleans Jazz Museum					
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
MATM 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
Other					
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
MATM- Program Partners	-	5	-	(5)	-
Totals	\$ 1,945,269	\$ 787,973	\$ 386,939	\$ - **	\$ 2,346,303

* 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) funds without donor restrictions.

LOUISIANA MUSEUM FOUNDATION
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

7. 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.

8. Louisiana State Museum Fund and Joint Budget Funds

In accordance with 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.

9. Museum Endowment Fund

The Museum Endowment Fund was established 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 funds without restrictions as the Board authorizes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported on the existence or absence of donor-imposed restrictions.

The Louisiana Museum Foundation Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as not expressly requiring the preservation of the purchasing power (real value) of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies the following amounts as net assets with donor restrictions required to be held in perpetuity in the accompanying financial statements: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment, made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not required to be held in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the language of UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation

LOUISIANA MUSEUM FOUNDATION
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

9. Museum Endowment Fund (continued)

1. Expenditures of investment income earned from the time or purpose restricted portion of the corpus are limited to acquisitions, conservation, exhibitions, public programs, and publications.
2. No expenditures are to be made until the time and purpose 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 time and purpose restricted portion of the corpus is never to be touched except for emergencies.
4. Emergency expenditures of the time and purpose 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.

As of June 30, 2019 and 2018, there are no funds in the Museum Endowment Fund that are required to be held in perpetuity.

Investment expenses, fees, and charges related to the endowment totaled \$25,749 and \$23,612 for the years ended June 30, 2019 and 2018, respectively, and is netted with investment income in the statements of activities and changes in net assets.

Activity in the Museum Endowment Fund was as follows:

	<u>With Donor</u> <u>Restrictions</u>	<u>Without Donor</u> <u>Restrictions</u>	<u>Total</u>
<u>Balance, June 30, 2017</u>	\$ 1,607,460	\$ 535,820	\$ 2,143,280
Investment income, net	<u>150,802</u>	<u>50,267</u>	<u>201,069</u>
<u>Balance, June 30, 2018</u>	<u>1,758,262</u>	<u>586,087</u>	<u>2,344,349</u>
Investment income, net	<u>113,037</u>	<u>37,679</u>	<u>150,716</u>
<u>Balance, June 30, 2019</u>	<u><u>\$ 1,871,299</u></u>	<u><u>\$ 623,766</u></u>	<u><u>\$ 2,495,065</u></u>

LOUISIANA MUSEUM FOUNDATION
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

10. 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 2019 tax return has not been filed as of the report date.

11. Subsequent Events

Management has evaluated events through the date that the financial statements were available to be issued, December 23, 2019, 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, 2019

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.

**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, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 23, 2019.

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 23, 2019