

Louisiana Art and Science Museum, Inc.
Baton Rouge, Louisiana
December 31, 2020

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Louisiana Art and Science Museum, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 above present fairly, in all material respects, the financial position of Louisiana Art and Science Museum, Inc., as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Louisiana Art and Science Museum, Inc.'s 2019 financial statements, and expressed an unmodified opinion on those audited financial statements in our report dated September 22, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2021, on our consideration of Louisiana Art and Science Museum, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Louisiana Art and Science Museum, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Louisiana Art and Science Museum, Inc.'s internal control over financial reporting and compliance.

Hawthorn, Weymouth & Carroll, L.L.P.

June 28, 2021

Louisiana Art and Science Museum, Inc.
Statement of Financial Position
December 31, 2020
(with comparative totals as of December 31, 2019)

Assets	2020	2019
Assets		
Cash and cash equivalents	\$ 525,046	\$ 200,754
Accounts and grants receivable	10,359	57,630
Inventory	37,738	29,841
Prepaid expenses	32,523	39,522
Investments	289,846	105,314
Investments - Endowment	3,228,598	2,984,591
Furniture and equipment	1,702,173	1,701,074
Leasehold improvements	878,890	878,890
Accumulated depreciation and amortization	(2,085,200)	(1,944,687)
Beneficial interest in investments held by others	669,865	652,469
Museum collection	<u>-</u>	<u>-</u>
Total assets	<u>\$ 5,289,838</u>	<u>\$ 4,705,398</u>
Liabilities & Net Assets		
Liabilities		
Accounts payable	\$ 22,298	\$ 25,810
Accrued payroll and other liabilities	68,672	104,481
Deferred revenue	21,500	69,400
Note payable	<u>340,205</u>	<u>-</u>
Total liabilities	<u>452,675</u>	<u>199,691</u>
Net Assets		
Without donor restrictions		
Designated by Board of Trustees	-	204,922
Undesignated	<u>689,274</u>	<u>378,911</u>
	689,274	583,833
With donor restrictions	<u>4,147,889</u>	<u>3,921,874</u>
Total net assets	<u>4,837,163</u>	<u>4,505,707</u>
Total liabilities and net assets	<u>\$ 5,289,838</u>	<u>\$ 4,705,398</u>

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

Louisiana Art and Science Museum, Inc.
Statement of Activities
Year Ended December 31, 2020
(with comparative totals for the year ended December 31, 2019)

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	2020 <u>Total</u>	2019 <u>Total</u>
Revenues, Gains & Other Support				
Government Appropriations				
East Baton Rouge City-Parish	\$ 816,610	\$ -	\$ 816,610	\$ 842,000
Admissions	119,880	-	119,880	506,476
Memberships	64,416	-	64,416	93,885
Contributions	222,738	-	222,738	240,876
Grants	153,338	-	153,338	235,169
Net investment income	42,607	431,329	473,936	615,190
Other revenue	170,098	-	170,098	296,631
Net assets released from restrictions	<u>205,314</u>	<u>(205,314)</u>	<u>-</u>	<u>-</u>
Total revenues, gains & other support	<u>1,795,001</u>	<u>226,015</u>	<u>2,021,016</u>	<u>2,830,227</u>
Expenses				
Programs				
Museum	710,812	-	710,812	761,989
Planetarium	590,854	-	590,854	468,581
Supporting services				
Fund raising	211,106	-	211,106	235,561
General & administrative	<u>176,788</u>	<u>-</u>	<u>176,788</u>	<u>1,055,853</u>
Total expenses	<u>1,689,560</u>	<u>-</u>	<u>1,689,560</u>	<u>2,521,984</u>
Increase in Net Assets	105,441	226,015	331,456	308,243
Net Assets				
Beginning of year	<u>583,833</u>	<u>3,921,874</u>	<u>4,505,707</u>	<u>4,197,464</u>
End of year	<u>\$ 689,274</u>	<u>\$ 4,147,889</u>	<u>\$ 4,837,163</u>	<u>\$ 4,505,707</u>

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

Louisiana Art and Science Museum, Inc.
Statement of Cash Flows
Year Ended December 31, 2020
(with comparative totals for the year ended December 31, 2019)

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Increase in net assets	\$ 331,456	\$ 308,243
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Realized/unrealized investment gains	(446,980)	(556,232)
Depreciation and amortization	140,513	129,712
Change in value of contributions receivable	-	(287)
(Increase) Decrease in assets:		
Accounts and grants receivable	47,271	(27,018)
Contributions receivable	-	10,000
Inventory	(7,897)	(3,823)
Prepaid expenses	6,999	28,520
Increase (Decrease) in liabilities:		
Accounts payable	(3,512)	(39,304)
Accrued payroll and other liabilities	(35,809)	53,175
Deferred revenue	<u>(47,900)</u>	<u>-</u>
Net cash used in operating activities	<u>(15,859)</u>	<u>(97,014)</u>
 Cash Flows from Investing Activities		
Payments for equipment and leasehold improvements	(1,099)	(52,751)
Proceeds from investment sales and maturities	1,172,018	1,463,826
Purchase of investments	<u>(1,170,973)</u>	<u>(1,243,624)</u>
Net cash provided by (used in) investing activities	<u>(54)</u>	<u>167,451</u>
 Cash Flows from Financing Activities		
Proceeds from note payable	<u>340,205</u>	<u>-</u>
Net cash provided by financing activities	<u>340,205</u>	<u>-</u>
 Net Increase in Cash and Cash Equivalents	324,292	70,437
 Cash and Cash Equivalents, beginning of year	<u>200,754</u>	<u>130,317</u>
 Cash and Cash Equivalents, end of year	<u>\$ 525,046</u>	<u>\$ 200,754</u>

Louisiana Art and Science Museum, Inc.
Notes to Financial Statements
December 31, 2020

Note 1-Summary of Significant Accounting Policies

A. Background and Purpose

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

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

B. Basis of Accounting and Presentation

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

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Museum’s financial statements for the year ended December 31, 2019 from which the summarized information was derived.

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

C. Use of Estimates

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

D. Recently Adopted Accounting Standard

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. The Museum adopted Topic 606 effective January 1, 2020, the first day of the Museum’s fiscal year, using the modified retrospective approach. The adoption of this accounting standard did not have a material impact on the Museum’s financial position or changes in its net assets.

Louisiana Art and Science Museum, Inc.
Notes to Financial Statements
December 31, 2020

Note 1-Summary of Significant Accounting Policies (Continued)

E. Cash and Cash Equivalents

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

F. Contributed Support

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Museum reports gifts of cash and other assets as restricted if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period as received are reported as support without donor restrictions.

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

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

G. Contributed Facilities and Services

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

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

H. Inventory

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

I. Investments

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

Louisiana Art and Science Museum, Inc.
Notes to Financial Statements
December 31, 2020

Note 1-Summary of Significant Accounting Policies (Continued)

J. Fair Value Measurements

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

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

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

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

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

K. Property and Equipment

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

Furniture & equipment	3-10 years
Leasehold improvements	10 years

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

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

Louisiana Art and Science Museum, Inc.
Notes to Financial Statements
December 31, 2020

Note 1-Summary of Significant Accounting Policies (Continued)

L. Revenue Recognition

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

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

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

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

M. Concentrations

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

N. Income Taxes

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

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

Louisiana Art and Science Museum, Inc.
Notes to Financial Statements
December 31, 2020

Note 1-Summary of Significant Accounting Policies (Continued)

O. Liquidity Management

As of December 31, 2020, the following financial assets could be made readily available within one year of the date of the statement of financial position to meet general expenditures:

Cash and cash equivalents	\$ 525,046
Receivables	10,359
Investments	<u>289,846</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 825,251</u>

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

P. Functional Allocation of Expenses

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

Q. Advertising

The Museum uses advertising to promote its programs among the community it serves. The production costs of advertising are expensed as incurred. During 2020 and 2019, advertising costs totaled \$9,109 and \$49,546, respectively.

R. Reclassifications

Certain reclassifications have been made to the 2019 financial statements and notes to conform with the 2020 presentation. These reclassifications had no effect on net assets or the change in net assets of the prior year.

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Louisiana Art and Science Museum, Inc.
Notes to Financial Statements
December 31, 2020

Note 2-Fair Value Measurements

Assets measured at fair value on a recurring basis comprise the following as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Investments – without donor restrictions	\$ -	\$ -
Investments – with donor restrictions	<u>289,846</u>	<u>105,314</u>
	289,846	105,314
Investments - endowment	<u>3,228,598</u>	<u>2,984,591</u>
 Total investments held by Museum	 3,518,444	 3,089,905
 Beneficial interest in investments held by others	 <u>669,865</u>	 <u>652,469</u>
 Total	 <u>\$ 4,188,309</u>	 <u>\$ 3,742,374</u>

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

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

Louisiana Art and Science Museum, Inc.
Notes to Financial Statements
December 31, 2020

Note 2-Fair Value Measurements (Continued)

The following table summarizes investments, by level, within the fair value hierarchy as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Cash equivalent mutual funds	\$ 233,466	\$ -	\$ -	\$ 233,466
Equities				
Individual equities	1,101,999	-	-	1,101,999
Mutual funds	532,926	-	-	532,926
Fixed income				
Individual bonds	-	468,599	-	468,599
Mutual funds	365,717	-	-	365,717
Alternative investments				
Real estate investment trusts	117,707	-	-	117,707
Commodity specialty trading mutual funds	<u>269,491</u>	<u>-</u>	<u>-</u>	<u>269,491</u>
Total investments	2,621,306	468,599	-	3,089,905
Beneficial interest in investments held by others				
	<u>-</u>	<u>-</u>	<u>652,469</u>	<u>652,469</u>
Total investments by fair value level	<u>\$ 2,621,306</u>	<u>\$ 468,599</u>	<u>\$ 652,469</u>	<u>\$ 3,742,374</u>

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

The following table presents the changes in fair value of Level 3 investments that are measured at fair value on a recurring basis for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Beginning balance	\$ 652,469	\$ 610,103
Net appreciation	<u>17,396</u>	<u>42,366</u>
Ending balance	<u>\$ 669,865</u>	<u>\$ 652,469</u>

Louisiana Art and Science Museum, Inc.
Notes to Financial Statements
December 31, 2020

Note 2-Fair Value Measurements (Continued)

Investment activity for the years ended December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Interest and dividend income	\$ 60,158	\$ 96,705
Realized/unrealized investment gains	446,980	556,232
Investment management fees	<u>(33,202)</u>	<u>(37,747)</u>
 Net investment income	 <u>\$ 473,936</u>	 <u>\$ 615,190</u>

Note 3-Endowment Funds

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

The Museum has adopted investment policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding for the Planetarium while maintaining the purchasing power of the endowment assets over the long-term. Accordingly, the investment policy seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risks. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. Although the Museum expects its endowment assets, over time, to produce an average rate of return in excess of 5% annually, actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk. The donors of the Museum's endowment funds approved appropriation for distributions of 5% of the fund's fair value at year end preceding the year in which the distribution is planned with all investment income and appreciation restricted to the endowment fund. This spending policy approved by the donors does not require the preservation of fair value of their original or subsequent gifts to the funds. Endowment fund net asset composition at December 31, 2020 and 2019 were as follows:

	December 31, 2020		December 31, 2019	
	<u>With Donor Restrictions</u>	<u>Total</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	<u>\$ 3,228,598</u>	<u>\$ 3,228,598</u>	<u>\$ 2,984,591</u>	<u>\$ 2,984,591</u>

Louisiana Art and Science Museum, Inc.
Notes to Financial Statements
December 31, 2020

Note 3-Endowment Funds (Continued)

Changes in endowment fund net assets during the years ended December 31, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Endowment net assets, beginning of year	\$ 2,984,591	\$ 2,589,033
Contributions	-	-
Investment returns	413,933	552,642
Amounts appropriated for expenditures	<u>(169,926)</u>	<u>(157,084)</u>
Endowment net assets, end of year	<u>\$ 3,228,598</u>	<u>\$ 2,984,591</u>

Note 4-Beneficial Interest in Investments Held by Others

In the statement of financial position at December 31, 2020 and 2019, the aggregate transfers to a recipient organization, for which Louisiana Art and Science Museum, Inc. is specified as the beneficiary, amounted to \$669,865 and \$652,469, respectively, and is recorded as a beneficial interest in the investments held by the Baton Rouge Area Foundation. Variance power was not granted to the recipient organization. Amounts are distributed to the Museum quarterly based on 5% of the current market value of the investment account.

Note 5-Museum Collection

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

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

Note 6-Note Payable

The Museum has an obligation to a bank through the Paycheck Protection Program in the amount of \$340,205, which bears interest at 1.00%. The loan is unsecured and matures on April 17, 2022. As disclosed in Note 12, the loan was fully forgiven in January 2021.

Future maturities of the note payable for years ending December 31, are as follows:

2021		\$ 261,303
2022		<u>78,902</u>
		<u>\$ 340,205</u>

Louisiana Art and Science Museum, Inc.
Notes to Financial Statements
December 31, 2020

Note 7-Net Assets with Donor Restrictions

The composition of the Museum's net assets with donor restrictions at December 31, 2020 and 2019 was as follows:

	<u>2020</u>	<u>2019</u>
Pennington Planetarium operations endowment	\$ 2,690,488	\$ 2,487,159
McMains Planetarium equipment endowment	538,110	497,432
	<u>3,228,598</u>	<u>2,984,591</u>
Beneficial Interest in Baton Rouge Area Foundation Agency endowments:		
Science Education	629,312	613,288
Adalie' Brent Memorial	40,553	39,181
	<u>669,865</u>	<u>652,469</u>
Museum operational support	-	100,000
Planetarium operations	169,926	105,314
LA Artist Collection Acquisition	79,500	79,500
	<u>4,147,889</u>	<u>3,921,874</u>
Total net assets with donor restrictions	<u>\$ 4,147,889</u>	<u>\$ 3,921,874</u>

Note 8-Other Revenue

Other revenue is detailed as follows for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Fund raising events (net of expenses of \$924 and \$27,399 for 2020 and 2019, respectively)	\$ 103,814	\$ 160,711
Workshops, programs & events, less expenses	9,446	4,653
Building use rental	11,928	20,605
Museum Shop - Sales	56,032	178,745
Museum Shop - Cost of sales	(23,691)	(80,461)
	<u>32,341</u>	<u>98,284</u>
Birthday party revenue	4,002	23,235
Birthday party expenses	(1,433)	(11,204)
	<u>2,569</u>	<u>12,031</u>
Miscellaneous	10,000	347
Other revenue	<u>\$ 170,098</u>	<u>\$ 296,631</u>

Louisiana Art and Science Museum, Inc.
Notes to Financial Statements
December 31, 2020

Note 9-Functional Expenses

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

	Programs		Supporting Services		2020 Total	2019 Total
	Museum	Plane- tarium	Fund- raising	General and Admin- istrative		
Salaries, wages, and benefits	\$ 532,023	\$ 323,854	\$ 175,988	\$ 124,928	\$ 1,156,793	\$ 1,769,584
Administration	13,173	7,037	5,137	5,199	30,546	31,842
Art acquisition	-	-	-	-	-	3,000
Communications and development	8,176	3,604	10,980	3,737	26,497	132,409
Curatorial	11,874	16,017	-	-	27,891	86,704
Educational	3,521	57	5	14	3,597	15,097
Facilities and utilities	83,528	58,899	15,213	26,323	183,963	218,888
Financial	11,078	5,664	1,922	5,910	24,574	34,385
Insurance	23,730	2,955	1,861	8,458	37,004	37,218
Planetarium Show	-	49,277	-	15	49,292	48,390
Public programming	2,243	4,443	-	978	7,664	4,478
Depreciation and amortization	21,466	119,047	-	-	140,513	129,712
Other	-	-	-	1,226	1,226	10,277
	<u>\$ 710,812</u>	<u>\$ 590,854</u>	<u>\$ 211,106</u>	<u>\$ 176,788</u>	<u>\$ 1,689,560</u>	<u>\$ 2,521,984</u>

Note 10-Concentration of Credit Risk

At various times during the years ended December 31, 2020 and 2019, cash on deposit with one banking institution exceeded the amount insured by the Federal Deposit Insurance Corporation. Management monitors the financial condition of the financial institution on a regular basis, along with their balances in cash to minimize this potential risk.

Note 11-Retirement Plan

The Museum maintains a 401(k) qualified retirement plan which covers substantially all full-time employees. Under current provisions of the Plan, which are subject to change, the Museum matches 100% of each eligible employee's contributions, not to exceed 3% of compensation. The Museum's contributions to the Plan totaled \$11,368 and \$12,530 for the years ended December 31, 2020 and 2019, respectively.

Louisiana Art and Science Museum, Inc.
Notes to Financial Statements
December 31, 2020

Note 12-Risks and Uncertainties

The COVID-19 pandemic has caused extensive disruptions to the global, national and regional economy. Governments, businesses, and the public are taking unprecedented actions to contain the spread of COVID-19 and to mitigate its effects, including quarantines, travel bans, shelter-in-place orders, closures of businesses and schools, fiscal stimulus, and legislation designed to deliver monetary aid and other relief. While the scope, duration, and full effects of COVID-19 are rapidly evolving and not fully known, the pandemic and related efforts to contain it have disrupted economic activity. If these implications continue for a prolonged period or result in sustained economic stress or recession, there could be a material adverse effect on the Museum related to its operations and liquidity.

Note 13-Subsequent Events

The Museum evaluated all subsequent events through June 28, 2021, the date the financial statements were available to be issued. The Museum received full forgiveness of its Paycheck Protection Program (PPP) loan in the amount of \$340,205 in January 2021. The Museum applied for and received additional PPP funding in the amount of \$324,072 in February 2021.

Supplementary Information

**Louisiana Art and Science Museum, Inc.
 Schedule of Compensation, Benefits and Other
 Payments to Agency Head or Chief Executive Officer
 Year Ended December 31, 2020**

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

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 133,550
Benefits - insurance	7,254
Benefits - retirement	4,154
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-

Louisiana Art and Science Museum, Inc.
Schedule of Changes in Net Assets Without Donor Restrictions by Components
Year Ended December 31, 2020

	Balance			Fund	Balance
	<u>12/31/19</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers</u>	<u>12/31/20</u>
Designated					
Museum Collection - BRAF match	\$ 79,500	\$ -	\$ -	\$ (79,500)	\$ -
Master Planning – The Seed	<u>125,422</u>	<u>-</u>	<u>-</u>	<u>(125,422)</u>	<u>-</u>
	204,922	-	-	(204,922)	-
Undesignated	<u>378,911</u>	<u>1,795,001</u>	<u>(1,689,560)</u>	<u>204,922</u>	<u>689,274</u>
Totals	<u>\$ 583,833</u>	<u>\$ 1,795,001</u>	<u>\$ (1,689,560)</u>	<u>\$ -</u>	<u>\$ 689,274</u>

Louisiana Art and Science Museum, Inc.
Schedule of Changes in Net Assets With Donor Restrictions by Components
Year Ended December 31, 2020

	Balance			Fund	Balance
	<u>12/31/19</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers</u>	<u>12/31/20</u>
With Donor Restrictions					
Louisiana Artists Collection Acquisitions	\$ 79,500	\$ -	\$ -	\$ -	\$ 79,500
Museum operational support	100,000	-	(100,000)	-	-
Planetarium operations	105,314	-	(105,314)	169,926	169,926
Planetarium endowments	2,984,591	413,933	-	(169,926)	3,228,598
Beneficial interest in investments held by others	<u>652,469</u>	<u>17,396</u>	<u>-</u>	<u>-</u>	<u>669,865</u>
 Totals	 <u>\$ 3,921,874</u>	 <u>\$ 431,329</u>	 <u>\$ (205,314)</u>	 <u>\$ -</u>	 <u>\$ 4,147,889</u>



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

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

**Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Louisiana Art and Science Museum, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 28, 2021.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Louisiana Art and Science Museum, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

June 28, 2021

Louisiana Art and Science Museum, Inc.
Schedule of Current Year Audit Findings
Year Ended December 31, 2020

Part I. Summary of Audit Results

- 1) An unmodified opinion has been expressed on the financial statements of Louisiana Art and Science Museum, Inc. as of and for the year ended December 31, 2020, and the related notes to the financial statements.
- 2) No deficiencies in internal control over financial reporting that we consider to be material weaknesses were identified.
- 3) No instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* were identified.
- 4) A single audit in accordance with *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* was not required.
- 5) A management letter was not issued.

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

No findings were noted.

Louisiana Art and Science Museum, Inc.
Schedule of Prior Year Findings
Year Ended December 31, 2020

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

No findings were noted.

Part II. Management Letter

No management letter was issued for the year ended December 31, 2019.