

**Sci-Port, Louisiana's Science Center
Shreveport, Louisiana**

Financial Statements

As of and for the Years Ended June 30, 2014 and 2013

Sci-Port, Louisiana's Science Center
Shreveport, Louisiana

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Independent Auditors' Report

To the Board of Directors
Sci-Port, Louisiana's Science Center
Shreveport, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Sci-Port, Louisiana's Science Center, (a nonprofit corporation) which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, 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 audit 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 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 Sci-Port, Louisiana's Science Center, as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2014, on our consideration of Sci-Port, Louisiana's Science Center'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 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 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 Sci-Port, Louisiana's Science Center's internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
October 15, 2014

Sci-Port, Louisiana's Science Center
 Shreveport, Louisiana
 Statements of Financial Position
 June 30, 2014 and 2013

| | 2014 | 2013 |
|---|---------------------|---------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 139,522 | \$ 170,159 |
| Accounts receivable | 19,168 | 14,955 |
| Grants receivable | | 20,338 |
| Promises to give | 111,210 | 54,930 |
| Prepaid expenses | 57,223 | 15,759 |
| Inventory | 17,988 | 32,384 |
| Total current assets | 345,111 | 308,525 |
| Other assets: | | |
| Endowment cash and cash equivalents | 38,500 | 38,500 |
| Long-term promises to give | 112,891 | 81,122 |
| Total other assets | 151,391 | 119,622 |
| Property and equipment: | | |
| Fixed assets | 12,250,843 | 12,192,461 |
| Accumulated depreciation | (7,657,943) | (7,004,625) |
| Total property and equipment | 4,592,900 | 5,187,836 |
| Total Assets | \$ 5,089,402 | \$ 5,615,983 |
| Liabilities and Net Assets | | |
| Current liabilities: | | |
| Accounts payable | \$ 524,477 | \$ 565,138 |
| Accrued liabilities | 170,224 | 168,151 |
| Line of credit | 250,000 | 220,705 |
| Deferred revenue | 39,842 | 24,756 |
| Total current liabilities | 984,543 | 978,750 |
| Net assets: | | |
| Unrestricted | 3,675,293 | 4,345,486 |
| Temporarily restricted | 391,066 | 253,247 |
| Permanently restricted | 38,500 | 38,500 |
| Total net assets | 4,104,859 | 4,637,233 |
| Total Liabilities and Net Assets | \$ 5,089,402 | \$ 5,615,983 |

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

Sci-Port, Louisiana's Science Center
 Shreveport, Louisiana
 Statement of Activities
 For the Year Ended June 30, 2014

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---------------------|---------------------------|---------------------------|---------------------|
| Revenues, support and reclassifications: | | | | |
| Grants | \$ 943,466 | \$ 49,770 | \$ | \$ 993,236 |
| Admissions | 598,271 | | | 598,271 |
| Memberships | 282,525 | | | 282,525 |
| School partners | 93,720 | | | 93,720 |
| Summer camp and camp-ins | 104,384 | | | 104,384 |
| Birthday parties | 67,332 | | | 67,332 |
| Gift shop revenue | 136,304 | | | 136,304 |
| Café and food service | 166,609 | | | 166,609 |
| Special events | 28,846 | | | 28,846 |
| Fund raising event | 96,895 | | | 96,895 |
| Contributions: | | | | |
| Capital campaign | 83,001 | 168,049 | | 251,050 |
| Other | 398,436 | | | 398,436 |
| Interest income | 34 | | | 34 |
| Other revenue | 119,919 | | | 119,919 |
| Net assets released from restrictions: | | | | |
| Satisfaction of restrictions | 80,000 | (80,000) | | |
| Total revenues, support and reclassifications | <u>3,199,742</u> | <u>137,819</u> | | <u>3,337,561</u> |
| Expenses and losses: | | | | |
| Program services | | | | |
| Exhibits and programs | 2,095,848 | | | 2,095,848 |
| Marketing | 139,538 | | | 139,538 |
| Operation | 634,627 | | | 634,627 |
| Gift shop | 121,451 | | | 121,451 |
| Café | 116,054 | | | 116,054 |
| Total program services | <u>3,107,518</u> | | | <u>3,107,518</u> |
| Supporting services | | | | |
| Administrative and general | 602,375 | | | 602,375 |
| Development | 160,042 | | | 160,042 |
| Total supporting services | <u>762,417</u> | | | <u>762,417</u> |
| Total operating expenses | <u>3,869,935</u> | | | <u>3,869,935</u> |
| Changes in net assets | (670,193) | 137,819 | | (532,374) |
| Net assets as of beginning of year | <u>4,345,486</u> | <u>253,247</u> | <u>38,500</u> | <u>4,637,233</u> |
| Net assets as of end of year | <u>\$ 3,675,293</u> | <u>\$ 391,066</u> | <u>\$ 38,500</u> | <u>\$ 4,104,859</u> |

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

Sci-Port, Louisiana's Science Center
Shreveport, Louisiana
Statement of Activities
For the Year Ended June 30, 2013

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---------------------|---------------------------|---------------------------|---------------------|
| Revenues, support and reclassifications: | | | | |
| Grants | \$ 851,174 | \$ 90,330 | \$ | \$ 941,504 |
| Admissions | 1,013,439 | | | 1,013,439 |
| Memberships | 294,600 | | | 294,600 |
| School partners | 96,843 | | | 96,843 |
| Summer camp and camp-ins | 114,251 | | | 114,251 |
| Birthday parties | 73,696 | | | 73,696 |
| Gift shop revenue | 168,495 | | | 168,495 |
| Food service | 66,407 | | | 66,407 |
| Special events | 112,593 | | | 112,593 |
| Fund raising event | 5,000 | | | 5,000 |
| Contributions | 385,458 | | | 385,458 |
| Interest income | 182 | | | 182 |
| Other revenue | 41,409 | | | 41,409 |
| Net assets released from restrictions: | | | | |
| Satisfaction of restrictions | 121,946 | (121,946) | | |
| Total revenues, support and reclassifications | <u>3,345,493</u> | <u>(31,616)</u> | | <u>3,313,877</u> |
| Expenses and losses: | | | | |
| Program services | | | | |
| Exhibits and programs | 2,516,549 | | | 2,516,549 |
| Marketing | 152,447 | | | 152,447 |
| Operation | 718,286 | | | 718,286 |
| Gift shop | 147,144 | | | 147,144 |
| Total program services | <u>3,534,426</u> | | | <u>3,534,426</u> |
| Supporting services | | | | |
| Administrative and general | 577,630 | | | 577,630 |
| Development | 130,340 | | | 130,340 |
| Total supporting services | <u>707,970</u> | | | <u>707,970</u> |
| Total operating expenses | <u>4,242,396</u> | | | <u>4,242,396</u> |
| Changes in net assets | (896,903) | (31,616) | | (928,519) |
| Net assets as of beginning of year, restated | <u>5,242,389</u> | <u>284,863</u> | <u>38,500</u> | <u>5,565,752</u> |
| Net assets as of end of year | <u>\$ 4,345,486</u> | <u>\$ 253,247</u> | <u>\$ 38,500</u> | <u>\$ 4,637,233</u> |

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

Sci-Port, Louisiana's Science Center
 Shreveport, Louisiana
 Statement of Functional Expenses
 For the Year Ended June 30, 2014

| | Program Services | | | | | Supporting Services | | | Total Expenses | |
|--------------------------------------|-----------------------------|-------------------|-------------------|-------------------|-------------------|------------------------------|----------------------------------|-------------------|-------------------|---------------------------------|
| | Exhibits and Programs | Marketing | Operation | Gift Shop | Café | Total Program Services | Administrative and General | Development | | Total Supporting Services |
| Operating: | | | | | | | | | | |
| Personnel benefits and related costs | \$ 1,181,518 | \$ 80,686 | \$ 127,885 | \$ 37,573 | \$ 49,823 | \$ 1,477,485 | \$ 391,929 | \$ 98,396 | \$ 490,325 | \$ 1,967,810 |
| Office supplies and postage | 3,430 | 2,670 | 48 | 2,190 | 12,773 | 21,111 | 10,135 | 992 | 11,127 | 32,238 |
| Printing and program support service | 3,947 | | | 34 | 73 | 4,054 | 13,162 | 751 | 13,913 | 17,967 |
| Operation services | 6,335 | | 284,182 | | 462 | 290,979 | 22,297 | | 22,297 | 313,276 |
| Public relations and advertising | 18,933 | 53,856 | | | | 72,789 | | 1,523 | 1,523 | 74,312 |
| Professional and support services | 8,475 | 2,323 | 76,915 | | 1,234 | 88,947 | 112,281 | 13,608 | 125,889 | 214,836 |
| Maintenance and repair services | 31,794 | | 44,478 | | | 76,272 | 140 | | 140 | 76,412 |
| Depreciation expense | 528,973 | | 101,119 | | | 630,092 | 44,355 | | 44,355 | 674,447 |
| Cost of programs | 312,443 | 3 | | 81,654 | 51,689 | 445,789 | 8,076 | 44,772 | 52,848 | 498,637 |
| Total operating expenses | \$ 2,095,848 | \$ 139,538 | \$ 634,627 | \$ 121,451 | \$ 116,054 | \$ 3,107,518 | \$ 602,375 | \$ 160,042 | \$ 762,417 | \$ 3,869,935 |

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

Sci-Port, Louisiana's Science Center
 Shreveport, Louisiana
 Statement of Functional Expenses
 For the Year Ended June 30, 2013

| | <u>Program Services</u> | | | | Total Program Services | <u>Supporting Services</u> | | Total Supporting Services | Total Expenses |
|--------------------------------------|-----------------------------|-------------------|-------------------|-------------------|------------------------------|----------------------------------|-------------------|---------------------------------|---------------------|
| | Exhibits and Programs | Marketing | Operation | Gift Shop | | Administrative and General | Development | | |
| Operating: | | | | | | | | | |
| Personnel benefits and related costs | \$ 1,281,286 | \$ 60,730 | \$ 141,714 | \$ 62,116 | \$ 1,545,846 | \$ 333,555 | \$ 112,928 | \$ 446,483 | \$ 1,992,329 |
| Office supplies and postage | 12,389 | 5,642 | 93 | 2,573 | 20,697 | 14,724 | 2,145 | 16,869 | 37,566 |
| Printing and program support service | 14,458 | 2,110 | 24 | 178 | 16,770 | 23,371 | 6,291 | 29,662 | 46,432 |
| Operation services | 6,125 | | 340,017 | | 346,142 | 21,203 | | 21,203 | 367,345 |
| Public relations and advertising | 81,514 | 77,498 | | | 159,012 | | | | 159,012 |
| Professional and support services | 26,374 | 5,142 | 97,101 | | 128,617 | 119,257 | 4,481 | 123,738 | 252,355 |
| Maintenance and repair services | 55,531 | | 38,219 | | 93,750 | | | | 93,750 |
| Depreciation expense | 514,958 | | 101,118 | | 616,076 | 52,409 | | 52,409 | 668,485 |
| Cost of programs | 523,914 | 1,325 | | 82,277 | 607,516 | 13,111 | 4,495 | 17,606 | 625,122 |
| | | | | | | | | | |
| Total operating expenses | <u>\$ 2,516,549</u> | <u>\$ 152,447</u> | <u>\$ 718,286</u> | <u>\$ 147,144</u> | <u>\$ 3,534,426</u> | <u>\$ 577,630</u> | <u>\$ 130,340</u> | <u>\$ 707,970</u> | <u>\$ 4,242,396</u> |

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

Sci-Port, Louisiana's Science Center
Shreveport, Louisiana
Statements of Cash Flows
For the Years Ended June 30, 2013 and 2012

| | 2014 | 2013 |
|--|--------------|--------------|
| Operating Activities | | |
| Changes in net assets | \$ (532,374) | \$ (928,519) |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Depreciation | 674,447 | 668,485 |
| (Gain)/Loss on retirement of property and equipment | 1,499 | |
| Donation of property and equipment | (15,700) | |
| (Increase) decrease in operating assets: | | |
| Accounts and grants receivable | 16,125 | (14,707) |
| Promises to give | (88,049) | 56,889 |
| Prepaid expenses | (41,464) | 5,094 |
| Inventory | 14,396 | (7,394) |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable | (40,661) | 141,029 |
| Accrued liabilities | 2,073 | (22,236) |
| Deferred revenue | 15,086 | 4,125 |
| Net cash provided (used) by operating activities | 5,378 | (97,234) |
| Investing Activities | | |
| Purchases of property and equipment | (65,310) | (122,297) |
| Net cash used in investing activities | (65,310) | (122,297) |
| Financing Activities | | |
| Proceeds from line of credit | 29,295 | 195,705 |
| Payments on line of credit | (5,000) | (5,000) |
| Net cash provided by financing activities | 29,295 | 190,705 |
| Net (decrease) in cash | (30,637) | (28,826) |
| Cash and cash equivalents as of beginning of year | 170,159 | 198,985 |
| Cash and cash equivalents as of end of year | \$ 139,522 | \$ 170,159 |
| Supplemental Disclosure: | | |
| Cash paid for interest during the years ended June 30, 2014 and 2013, totaled \$12,481, and \$10,706, respectively | | |
| Non-cash investing and financing transaction: | | |
| Donation of equipment | \$ 15,700 | |

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

Sci-Port, Louisiana's Science Center
Shreveport, Louisiana
Notes to Financial Statements
June 30, 2014 and 2013

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Sci-Port, Louisiana's Science Center, (Sci-Port), is a private nonprofit organization incorporated November, 1988, under the laws of the State of Louisiana. Sci-Port is governed by a Board of Directors.

Sci-Port provides an educational and entertaining environment for people of all ages to explore and actively participate in the world of science and technology. Sci-Port develops a comprehensive view of the world through the interaction of science and the humanities and serves as a catalyst to encourage lifelong learning. Sci-Port's support comes primarily from donor contributions, government grants, admissions and memberships and other attendance based income.

The following program and supporting services are included in the accompanying financial statements:

Exhibits and Programs – Encourages people of all ages to have a better understanding of science through a variety of educational programs including birthday parties, summer camps, public and school workshops, Imax films, interactive programs, exhibit demonstrations, and various outreach activities provided both within and outside the science center.

Marketing – Provides promotions, advertising, newsletters and services necessary to inform the public about the Center's programs and to expand its audiences.

Operations – Provides the services and functions necessary to operate and maintain the building.

Gift Shop – Accounts for the operation of a gift shop within the Center that sells various science related items.

Café – Accounts for the operation of a cafe within the Center that sells various food items.

Management, Administrative and General – Includes the functions necessary to provide coordination and implementation of Sci-Port's mission and program strategy; support administrative governance of the Board of Directors; manage the financial and budgetary responsibilities of Sci-Port and promote the Center's programs to a broad based audience.

Development – Provides the services necessary to encourage and secure private financial support from individuals, foundations, and corporations, as well as efforts to obtain government funding and other grants.

B. Basis of Accounting

The financial statements of Sci-Port have been prepared on the accrual basis of accounting.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards. Under those standards, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

(Continued)

Sci-Port, Louisiana's Science Center
Shreveport, Louisiana
Notes to Financial Statements
June 30, 2014 and 2013
(Continued)

D. Income Tax Status

Sci-Port is a non-profit corporation and is exempt from state and federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to Sci-Port's tax-exempt purpose is subject to taxation as unrelated business income. Sci-Port had no such income for this audit period. The Organization's Form 990, Return of Organization Exempt from Income Tax, for the years ended June 30, 2011, 2012, 2013, and 2014 are subject to examination by the IRS, generally three years after they were filed.

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, Sci-Port considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

G. Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

H. Inventory

Inventory consists of various small items held for resale in the gift shop and food items available for sale in the café, contained in the science center. Inventories are stated at the lower of cost or market determined by the first-in, first-out method.

I. Property and Equipment

Sci-Port capitalizes all expenditures for property and equipment in excess of \$1,000. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, Sci-Port reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Sci-Port reclassifies temporarily restricted net assets to unrestricted net assets at that time. Leasehold improvements are capitalized and amortized over the term of the lease or the estimated useful life of the improvements, whichever is less. Exhibits with a limited display life have been capitalized and amortized over their useful lives. Depreciation is computed using the straight-line method over the estimated useful life of each asset.

J. Deferred Revenue

Income from summer camp registration fees and birthday party deposits not yet expended are deferred and recognized over the periods to which the amounts relate.

(Continued)

Sci-Port, Louisiana's Science Center
Shreveport, Louisiana
Notes to Financial Statements
June 30, 2014 and 2013
(Continued)

K. Restricted and Unrestricted Revenue

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose of restriction is accomplished) in the reporting period in which the support is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

L. Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Sci-Port.

M. Donated Assets

Noncash donations are recorded as contributions at their estimated fair value at the date of donation.

N. Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value at date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, Sci-Port reports expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Sci-Port reclassifies temporarily restricted net assets to unrestricted net assets at that time.

O. Expense Allocation

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

P. Retirement Obligations

Sci-Port offers a 401(K) plan for its employees. Employees with at least one year of service may contribute up to 85% of their gross wages to the plan. Sci-Port may make matching contributions equal to a discretionary percentage and up to a discretionary percentage of a participant's compensation or discretionary dollar amount, both to be determined by the Employer on a uniform basis for all participants. The amount contributed to the plan for the years ended June 30, 2014 and 2013 was \$4,149 and \$10,114, respectively.

(Continued)

Sci-Port, Louisiana's Science Center
 Shreveport, Louisiana
 Notes to Financial Statements
 June 30, 2014 and 2013
 (Continued)

(2) Concentrations of Credit Risk

Financial instruments that potentially subject Sci-Port to concentrations of credit risk consist principally of temporary cash investments, grants receivable, and promises to give receivables. For the year ended June 30, 2014, 60% of the promises to give were from 4 donors. For the year ended June 30, 2013, 100% of the promises to give were from 4 donors. Concentrations of credit risk with respect to grant receivables are limited due to these amounts being due from governmental agencies under contractual terms. As of June 30, 2014 and 2013, Sci-Port had no significant concentrations of credit risk in relation to grants receivable. Sci-Port maintains its cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2014 and 2013, Sci-Port had cash balances totaling \$205,629 and 173,879, respectively, all of which was secured by the FDIC.

(3) Promises to Give

Sci-Port conducts ongoing fund-raising campaigns to provide funds for needed exhibits, programs, equipment, and costs related to the existing facility, which opened November, 1998, to provide for ongoing programs, and to provide funding for renovations to the children's discovery area. Promises receivable also includes the balance of promises obtained for the addition of the new space center, which opened in November, 2006. Promises receivable expected to be collected over more than one year are discounted using rates of .05% for the operating campaign, 1.90% for the space center campaign, .09% for the project donor campaign, and .03% for the Children's Museum campaign. Amounts shown are net of an allowance for doubtful accounts of \$24,750 and \$24,750 at June 30, 2014 and 2013, respectively.

| | 2014 | 2013 |
|---|------------|------------|
| Receivable in less than one year | \$ 111,210 | \$ 54,930 |
| Receivable in one to five years | 117,089 | 85,320 |
| Less discounts to present value | (4,198) | (4,198) |
| Long-term portion | 112,891 | 81,122 |
| Net unconditional promises to give at June 30 | \$ 224,101 | \$ 136,052 |

(4) Operating Leases

During the years ended June 30, 2014 and 2013, Sci-Port leased certain equipment under operating leases. Rental costs for the years ended June 30, 2014 and 2013 were \$11,586 and \$10,301, respectively.

Commitments under lease agreements having initial or remaining non-cancelable lease terms in excess of one year are as follows:

| Year Ended June 30 | Amount |
|--------------------|-----------|
| 2015 | \$ 16,368 |
| 2016 | 16,260 |
| 2017 | 16,260 |
| 2018 | 16,260 |
| 2019 | 4,065 |
| | \$ 69,213 |

(Continued)

Sci-Port, Louisiana's Science Center
Shreveport, Louisiana
Notes to Financial Statements
June 30, 2014 and 2013
(Continued)

(5) Property and Equipment

At June 30, 2014, property and equipment consisted of the following:

| | <u>Estimated Useful Life</u> | <u>Costs</u> | <u>Accumulated Depreciation</u> | <u>Net</u> |
|-------------------------|----------------------------------|----------------------|-------------------------------------|---------------------|
| Exhibits in progress | | \$ 54,400 | \$ | \$ 54,400 |
| Leasehold improvements | 20 years | 261,124 | 112,207 | 148,917 |
| Vehicle | 5 years | 95,079 | 63,142 | 31,937 |
| Furniture and equipment | 3 – 7 years | 931,976 | 866,960 | 65,016 |
| Permanent exhibits | 10 years | 7,874,709 | 5,845,111 | 2,029,598 |
| Building | 30 years | 3,033,555 | 770,523 | 2,263,032 |
| | | <u>\$ 12,250,843</u> | <u>\$ 7,657,943</u> | <u>\$ 4,592,900</u> |

Depreciation expense for the year ended June 30, 2014 was \$674,447.

At June 30, 2013, property and equipment consisted of the following:

| | <u>Estimated Useful Life</u> | <u>Costs</u> | <u>Accumulated Depreciation</u> | <u>Net</u> |
|-------------------------|----------------------------------|----------------------|-------------------------------------|---------------------|
| Exhibits in progress | | \$ 41,770 | \$ | \$ 41,770 |
| Leasehold improvements | 20 years | 261,123 | 99,039 | 162,084 |
| Vehicle | 5 years | 92,361 | 66,218 | 26,143 |
| Furniture and equipment | 3 – 7 years | 930,878 | 852,424 | 78,454 |
| Permanent exhibits | 10 years | 7,832,774 | 5,317,539 | 2,515,235 |
| Building | 30 years | 3,033,555 | 669,405 | 2,364,150 |
| | | <u>\$ 12,192,461</u> | <u>\$ 7,004,625</u> | <u>\$ 5,187,836</u> |

Depreciation expense for the year ended June 30, 2013 was \$668,485.

Sci-Port entered into a cooperative endeavor agreement on September 29, 1998 with the City of Shreveport to manage and operate the Sci-Port, Louisiana's Science Center facility. The term of the agreement is for ten (10) years. Subject to the consent of the City of Shreveport, Sci-Port shall have the right and option to extend the agreement for four (4) additional successive periods of five (5) years each following the expiration of the primary term. The agreement was extended in 2008 in accordance with the terms of the agreement. Certain assets consisting of buildings, structures, improvements, immovable property, furnishings, fixtures, equipment and exhibits purchased with the City of Shreveport or State of Louisiana funds are owned by the City of Shreveport.

The value of the land and buildings purchased with City of Shreveport or State of Louisiana funds and occupied or operated by Sci-Port is not included in the accompanying financial statements. Title to such land and buildings are held by the City of Shreveport.

(Continued)

Sci-Port, Louisiana's Science Center
 Shreveport, Louisiana
 Notes to Financial Statements
 June 30, 2014 and 2013
 (Continued)

Furnishings, fixtures, equipment and exhibits purchased with the City of Shreveport or State of Louisiana funds are included in the accompanying financial statements because, although title is held by the City of Shreveport, the full economic value of their use is now and will continue to be in perpetuity held by Sci-Port. The City of Shreveport grants to Sci-Port the exclusive rights to use those assets as long as Sci-Port operates the Science Center under the agreement previously mentioned. These assets consisted of the following at June 30, 2014 and 2013:

| | 2014 | | 2013 | |
|-------------------|--------------|-----------------------------|--------------|-----------------------------|
| | Cost | Accumulated Depreciation | Cost | Accumulated Depreciation |
| Exhibits | \$ 1,903,258 | \$ 1,191,248 | \$ 1,904,834 | \$ 1,096,032 |
| Theater equipment | 1,410,340 | 1,093,013 | 1,410,340 | 1,022,496 |
| | \$ 3,313,598 | \$ 2,284,261 | \$ 3,315,174 | \$ 2,118,528 |

Depreciation on these assets for the years ended June 30, 2014 and 2013 was \$167,135 and \$167,135, which is included in the total depreciation of \$674,447 and \$668,485 for the years ended June 30, 2014 and 2013, respectively.

Sci-Port entered into a cooperative endeavor agreement with the State of Louisiana whereby Sci-Port received capital outlay funds for construction of a new space center addition to Sci-Port's existing facility. The City of Shreveport also agreed to provide a portion of the funding for the project. Construction costs paid with capital outlay funds from the State of Louisiana and with Sci-Port donations are reflected in the accompanying financial statements. Costs of construction paid for by the City of Shreveport are not reflected in the accompanying financial statements.

Sci-Port also receives funds from the City of Shreveport and the State of Louisiana to supplement the cost of operations. These contracts are subject to annual contract renewals. To the extent that property and equipment are deemed purchased with these funds, title or ownership may revert to the City of Shreveport or the State of Louisiana.

(6) Accrued Liabilities

Accrued liabilities consisted of the following:

| | 2014 | 2013 |
|---------------------------------|------------|------------|
| Accrued leave payable | \$ 96,451 | \$ 94,468 |
| Accrued payroll | 47,285 | 45,288 |
| Payroll and sales taxes payable | 26,488 | 28,395 |
| | \$ 170,224 | \$ 168,151 |

(Continued)

Sci-Port, Louisiana's Science Center
Shreveport, Louisiana
Notes to Financial Statements
June 30, 2014 and 2013
(Continued)

(7) Temporarily Restricted Net Assets

The temporarily restricted net assets at June 30, 2014 and 2013 consist of campaign donations, miscellaneous contributions, and grant funds received for specific purposes defined by the donor and grant agreements of which the restrictions were not met as of that date. Details are as follows:

| | <u>2014</u> | <u>2013</u> |
|---|-------------------|-------------------|
| Space center expansion campaign | \$ 65,203 | \$ 80,856 |
| Operating campaign | 94,245 | 4,250 |
| Project donor campaign | 4,800 | 50,946 |
| Children's museum campaign | 59,854 | |
| IMAX renovations | 20,000 | 20,000 |
| After-school program | 19,438 | 19,000 |
| Energy chemistry exhibit | | 2,382 |
| Underwater Robotic Adventures | 14,200 | 32,000 |
| Bayou to Bay | | 25,000 |
| Crime Scene | | 11,630 |
| Treehouse | | 2,700 |
| Scibotics teacher workshop | 20,826 | |
| STEAM powered Caddo Classrooms | 6,241 | |
| 2014 Step up | 9,998 | |
| Special Program Sponsorship | 20,000 | |
| Itty Bitty Scientist Preschool STEM | 38,631 | |
| Telescope repair of existing telescopes | 13,630 | |
| Miscellaneous contributions | 4,000 | 4,483 |
| | <u>\$ 391,066</u> | <u>\$ 253,247</u> |

(8) Permanently Restricted Net Assets

Permanently restricted net assets at June 30, 2014 and 2013, consist of contributions for an admissions endowment and contributions for an education outreach endowment. The investment earnings from these endowments are restricted for admissions assistance and education outreach.

(9) Third Party Reimbursement

During the years ended June 30, 2014 and 2013, Sci-Port received contractual revenue from state, federal, parish, and city grants in the amount of \$768,620 and \$705,412, respectively. The continued existence of these funds is based on annual contract renewals with various funding sources.

(10) Donated Materials, Facilities, and Services

Various materials and services were donated to Sci-Port by various individuals and organizations. Donated materials and services for the years ended June 30, 2014 and 2013 were \$84,866 and \$121,895, respectively, were recorded at fair market value at the date of donation, and have been included in revenue and expenses for this year.

In addition, during the year ended June 30, 2014 and 2013, the Caddo Parish and Bossier Parish school boards hired an employee to serve as the Sci-Port Education Coordinator. The amounts that the school boards paid for the salary and benefits of this position totaled \$211,429 and \$188,154 for the years ended June 30, 2014 and 2013, respectively. These amounts were reflected as grants revenue and education expenses.

(Continued)

Sci-Port, Louisiana's Science Center
Shreveport, Louisiana
Notes to Financial Statements
June 30, 2014 and 2013
(Continued)

(11) Sci-Port Foundation

Sci-Port Foundation is a separate tax exempt organization under Section 501 (c) (3) of the Internal Revenue Code. The Foundation was established during 2001 to support, benefit and carryout the purposes of Sci-Port, Louisiana's Science Center through encouraging, motivating and facilitating donations to the Foundation for the benefit of Sci-Port, receiving and managing funds contributed to the Foundation for the benefit of Sci-Port, and making distributions of income and principal to or for the benefit of Sci-Port.

Sci-Port Foundation and Sci-Port, Louisiana's Science Center maintain separate Boards of Directors. They do not meet the consolidation criteria.

(12) Deferred Revenue

Deferred revenue at June 30, 2014 and 2013 was comprised of the following:

| | <u>2014</u> | <u>2013</u> |
|--------------------------|------------------|------------------|
| Summer camp and camp-ins | \$ 30,679 | \$ 22,071 |
| Miscellaneous | 2,400 | - |
| Special Events | 5,175 | 804 |
| Birthday parties | <u>1,588</u> | <u>1,881</u> |
| | <u>\$ 39,842</u> | <u>\$ 24,756</u> |

(13) Line of credit

Sci-Port has a line of credit with a local bank. The line is secured by all inventory, accounts, equipment, general intangibles, and fixtures of Sci-Port. Borrowings under the line are limited to a maximum of \$250,000. Interest is payable monthly at the bank's prime rate (effective rate at June 30, 2014 was 5.00%). The line of credit had a maturity date of September 12, 2013. The line was subsequently renewed and now has a maturity date of August 28, 2016. Balance outstanding at June 30, 2014 was \$250,000; balance outstanding at June 30, 2013 was \$220,705. Interest paid during the years ended June 30, 2014 and 2013, was \$12,481 and \$10,706 respectively.

(14) Subsequent Events

In September 2014, Sci-Port entered into an agreement to host an exhibit during December 2014 to April 2015. In conjunction with the exhibit, Sci-Port agrees to pay a participation fee in the amount of \$60,000.

Subsequent events have been evaluated through October 15, 2014, the date the financial statements were available to be issued.

(15) Commitment

Sci-Port entered into an agreement in October 2013 for design, fabrication, and installation services for a new children's museum within Sci-Port in the amount of \$1,700,000. As of June 30, 2014, \$54,400 has been incurred, with the remaining \$1,645,600, to be incurred in future years. Funding is expected to be obtained through an ongoing capital campaign.

(Continued)

Sci-Port, Louisiana's Science Center
Shreveport, Louisiana
Notes to Financial Statements
June 30, 2014 and 2013
(Continued)

(16) Contingency – Going Concern

As shown in the accompanying financial statements, Sci-Port incurred net losses of \$532,374 and \$928,519 for the years ended June 30, 2014 and 2013, respectively. As of June 30, 2014 and 2013, Sci-Port's current liabilities exceeded its current assets by \$639,432 and 670,225, respectively. Those factors create an uncertainty about Sci-Port's ability to continue as a going concern.

Management and the Board of Directors are developing plans to raise operating funds through special outreach efforts and a fundraising campaign. Also, the Board of Directors instituted a strategic Development Committee to pursue other revenue producing ventures to raise operating funds. The financial statements do not include any adjustments that might be necessary if Sci-Port is unable to continue as a going concern.

(17) Prior Period Adjustment

Net assets as of July 1, 2012, have been restated to reflect the accrual of sales taxes payable not previously recorded by Sci-Port in the amount of \$22,510.

COOK & MOREHART

Certified Public Accountants

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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*

Independent Auditors' Report

To the Board of Directors
Sci-Port, Louisiana's Science Center
Shreveport, 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 Sci-Port, Louisiana's Science Center (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014 and the related statements of activities, 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 October 15, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sci-Port, Louisiana's Science Center'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 Sci-Port, Louisiana's Science Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sci-Port, Louisiana's Science Center'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 Sci-Port, Louisiana's Science Center'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.



Cook & Morehart
Certified Public Accountants
October 15, 2014

Sci-Port, Louisiana's Science Center
Shreveport, Louisiana
Summary Schedule of Audit Findings for the Louisiana Legislative Auditor
June 30, 2014

Summary Schedule of Prior Audit Findings

There was one finding for the prior year ended June 30, 2013.

2013-1 Finding – Late Submission of Audit

Finding: Sci-Port, Louisiana's Science Center audit for fiscal year ended June 30, 2013, was not submitted timely in accordance with state law.

Recommendation: We recommend that Sci-port submit its audit timely in the future.

Current Status: Audit was submitted timely in accordance with state audit law for the year ended June 30, 2014.

Corrective Action Plan for Current Year Audit Findings

There are no findings for the current year audit for the year ended June 30, 2014.