

**OGDEN MUSEUM OF SOUTHERN ART, INC.**

**FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEARS ENDED**

**DECEMBER 31, 2019 AND 2018**



**ERICKSEN KRENTEL**<sup>LLP</sup>  
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
Ogden Museum of Southern Art, Inc.

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

We have audited the accompanying financial statements of Ogden Museum of Southern Art, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019 and 2018, 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 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 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.



To the Board of Trustees of  
Ogden Museum of Southern Art, Inc.  
November 22, 2020

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 Ogden Museum of Southern Art, Inc as of December 31, 2019 and 2018, 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 Matters***

***Other Information***

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 museum head 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.



To the Board of Trustees of  
Ogden Museum of Southern Art, Inc.  
November 22, 2020

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2020, on our consideration of Ogden Museum of Southern Art, 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 Ogden Museum of Southern Art, 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 Ogden Museum of Southern Art, Inc.'s internal control over financial reporting and compliance.

November 22, 2020  
New Orleans, Louisiana

*Ericksen Krentel, LLP*

Certified Public Accountants

**OGDEN MUSEUM OF SOUTHERN ART, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b><u>ASSETS:</u></b>		
Cash and cash equivalents	\$ 616,184	\$ 1,192,800
Cash - donor restricted	234,925	234,338
Cash - board designated	149,211	149,842
Accounts receivable	297,083	164,825
Prepaid expenses	7,401	17,525
Promises to give, less present value discount	1,720,425	1,791,411
Inventory	115,832	114,238
Investments	2,108,193	472,225
Property and equipment - net	914,053	997,836
Art collection	3,013,996	2,545,896
Deposits	<u>3,700</u>	<u>3,700</u>
 Total assets	 <u>\$ 9,181,003</u>	 <u>\$ 7,684,636</u>
<b><u>LIABILITIES:</u></b>		
Accounts payable	\$ 81,914	\$ 362,632
Deferred revenue	160,497	160,720
Accrued vacation payable	46,143	57,960
Note payable	<u>201,819</u>	<u>246,196</u>
 Total liabilities	 <u>490,373</u>	 <u>827,508</u>
<b><u>NET ASSETS:</u></b>		
Without donor restrictions	7,429,705	5,720,171
With donor restrictions	<u>1,260,925</u>	<u>1,136,957</u>
 Total net assets	 <u>8,690,630</u>	 <u>6,857,128</u>
 Total liabilities and net assets	 <u>\$ 9,181,003</u>	 <u>\$ 7,684,636</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**OGDEN MUSEUM OF SOUTHERN ART, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b><u>SUPPORT, OTHER REVENUES, AND RECLASSIFICATIONS:</u></b>			
Contributions, less discounts	\$ 1,317,411	\$ 176,718	\$ 1,494,129
Grants	190,050	67,500	257,550
Memberships	161,665	-	161,665
Special event revenue	1,024,211	-	1,024,211
Admissions	306,534	-	306,534
Gift shop sales	196,111	-	196,111
Sculpture for New Orleans revenue	361,243	-	361,243
Other revenues	1,605,266	-	1,605,266
Investment income, net	126,928	-	126,928
Net assets released from restrictions	120,250	(120,250)	-
Total support, other revenues and reclassifications	5,409,669	123,968	5,533,637
<b><u>EXPENSES:</u></b>			
Program services	1,990,633	-	1,990,633
Supporting services			
Management and general	1,091,442	-	1,091,442
Fundraising	618,060	-	618,060
Total expenses	3,700,135	-	3,700,135
Change in net assets	1,709,534	123,968	1,833,502
Net assets, beginning of year	5,720,171	1,136,957	6,857,128
Net assets, end of year	\$ 7,429,705	\$ 1,260,925	\$ 8,690,630

See accompanying NOTES TO FINANCIAL STATEMENTS

**OGDEN MUSEUM OF SOUTHERN ART, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
<b><u>SUPPORT, OTHER REVENUES, AND RECLASSIFICATIONS:</u></b>			
Contributions, less discounts	\$ 2,200,580	\$ (66,890)	\$ 2,133,690
Grants	226,000	38,500	264,500
Memberships	214,708	-	214,708
Special event revenue	1,161,525	-	1,161,525
Admissions	329,437	-	329,437
Gift shop sales	223,933	-	223,933
Sculpture for New Orleans revenue	191,391	-	191,391
Other revenues	195,323	-	195,323
Investment return, net	(40,597)	-	(40,597)
Net assets released from restrictions	151,232	(151,232)	-
Total support, other revenues and reclassifications	4,853,532	(179,622)	4,673,910
<b><u>EXPENSES:</u></b>			
Program services	2,663,174	-	2,663,174
Supporting services			
Management and general	985,286	-	985,286
Fundraising	183,893	-	183,893
Total expenses	3,832,353	-	3,832,353
Change in net assets	1,021,179	(179,622)	841,557
Net assets, beginning of year	4,698,992	1,316,579	6,015,571
Net assets, end of year	\$ 5,720,171	\$ 1,136,957	\$ 6,857,128

See accompanying NOTES TO FINANCIAL STATEMENTS



**OGDEN MUSEUM OF SOUTHERN ART, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries	\$ 1,070,571	\$ 497,010	\$ 190,275	\$ 1,757,856
Payroll taxes	49,872	31,332	12,434	93,638
Employee benefits	45,061	19,946	4,009	69,016
	<u>1,165,504</u>	<u>548,288</u>	<u>206,718</u>	<u>1,920,510</u>
<b><u>EXPENSES:</u></b>				
Administrative	953	417,370	1,500	419,823
Development	-	5,750	204,256	210,006
Curatorial	152,786	-	-	152,786
Public relation	4,289	87,039	-	91,328
Travel and entertainment	15,397	20,256	31,753	67,406
Building	135,639	7,139	-	142,778
Gift shop and consigned merchandise sold	100,611	-	-	100,611
Museum store	10,590	-	-	10,590
Special event expenses	106,888	-	158,833	265,721
Education	104,291	-	-	104,291
Sculpture for New Orleans expenses	80,767	-	-	80,767
Depreciation	112,918	-	-	112,918
Bad debt expense	-	5,600	15,000	20,600
	<u>1,990,633</u>	<u>1,091,442</u>	<u>618,060</u>	<u>3,700,135</u>
Total expenses	<u>\$ 1,990,633</u>	<u>\$ 1,091,442</u>	<u>\$ 618,060</u>	<u>\$ 3,700,135</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**OGDEN MUSEUM OF SOUTHERN ART, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$ 847,982	\$ 476,437	\$ 25,814	\$ 1,350,233
Payroll taxes	42,278	68,319	750	111,347
Employee benefits	39,165	28,578	293	68,036
	<u>929,425</u>	<u>573,334</u>	<u>26,857</u>	<u>1,529,616</u>
<b><u>EXPENSES:</u></b>				
Administrative	44,654	315,040	12,389	372,083
Development	137,918	5,120	-	143,038
Curatorial	564,237	-	-	564,237
Public relation	1,846	66,583	-	68,429
Travel and entertainment	47,641	9,892	-	57,533
Building	339,508	6,065	-	345,573
Gift shop and consigned merchandise sold	187,422	-	-	187,422
Museum store	17,153	-	-	17,153
Special event expenses	111,947	9,252	144,647	265,846
Education	112,894	-	-	112,894
Sculpture for New Orleans expenses	106,654	-	-	106,654
Depreciation	61,875	-	-	61,875
	<u>\$ 2,663,174</u>	<u>\$ 985,286</u>	<u>\$ 183,893</u>	<u>\$ 3,832,353</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**OGDEN MUSEUM OF SOUTHERN ART, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b><u>CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:</u></b>		
Change in net assets	\$ 1,833,502	\$ 841,557
Adjustments to reconcile change in net assets to net cash from (used for) operating activities:		
Depreciation	112,918	61,875
Change in discount on promises to give	(244,014)	140,760
Bad debt	20,600	-
Non-cash contributions of art	(398,100)	(104,000)
Non-cash contributions of securities	-	(5,035)
Net realized/unrealized loss (gain) on investments	(106,493)	59,076
Gain on settlement of contract payable	-	(150,632)
(Increase) decrease in:		
Accounts receivable	(132,258)	(112,277)
Prepaid expenses	10,124	974
Promises to give	294,400	(700,000)
Inventory	(1,594)	50,179
Increase (decrease) in:		
Accounts payable	(280,718)	228,004
Sales tax payable	-	(3,750)
Deferred revenues	(223)	(31,078)
Accrued vacation payable	(11,817)	18,903
Construction contract payable	-	(350,000)
	<u>1,096,327</u>	<u>(55,444)</u>
<b><u>CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES:</u></b>		
Purchases of art	(70,000)	(16,000)
Purchases of property and equipment	(29,135)	(46,694)
Proceeds from sale of investments	626,020	597,325
Purchases of investments	<u>(2,155,495)</u>	<u>(614,740)</u>
	<u>(1,628,610)</u>	<u>(80,109)</u>
<b><u>CASH FLOWS FROM (USED FOR) FINANCING ACTIVITIES:</u></b>		
Principal payments on note payable	<u>(44,377)</u>	<u>(3,804)</u>
	<u>(44,377)</u>	<u>(3,804)</u>
Net (decrease) in cash, cash equivalents, and restricted cash	(576,660)	(139,357)
Cash, cash equivalents, and restricted cash beginning of year	<u>1,576,980</u>	<u>1,716,337</u>
Cash, cash equivalents, and restricted cash end of year	<u>\$ 1,000,320</u>	<u>\$ 1,576,980</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**OGDEN MUSEUM OF SOUTHERN ART, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS**

**Nature of Activities**

The Ogden Museum of Southern Art, Inc. (the Museum) is a Louisiana non-profit corporation organized to broaden the knowledge, understanding, and appreciation of the visual arts and culture of the American South through its permanent collections, changing exhibitions, educational programs, publications, research center, and its Goldring-Woldenberg Institute for the Advancement of Southern Art and Culture. The Museum is supported primarily through donor contributions, museum admissions, memberships, and gift shop sales.

**Basis of Accounting**

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

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-210-50-3, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-210-50-3, the Museum is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions – Those net assets whose use is not restricted by donors.

Net Assets with Donor Restrictions – Those net assets whose use is subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**OGDEN MUSEUM OF SOUTHERN ART, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2019 AND 2018**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS (CONTINUED)**

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Museum considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Cash – Donor Restricted and Board Designated**

Cash – Donor Restricted and Board Designated consists of cash on deposit with financial institutions, the use of which is temporarily restricted for specific uses in subsequent periods, restricted for endowment fund purposes or designated for specific purposes by the Board of Trustees.

**Accounts Receivable**

Accounts receivable consists of grants and other receivables. The Museum provides an allowance for doubtful accounts based on management's estimate of collectability of accounts receivable. For the years ended December 31, 2019 and 2018, management determined that all amounts are collectible and no allowance is necessary.

**Promises to Give**

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, less any liabilities or expenses depending on the form of the benefits received. Promises to give are recorded at the net present value of estimated future cash flows using an appropriate discount rate. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Based on management's experience and relationship with donors, all unconditional promises to give are considered to be fully collectible.

**Investments**

Investments in marketable securities and mutual funds with readily determinable fair values and all investments in debt securities are reported at fair value in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law. Dividend, interest, and other investment income are recorded as increases in net assets without donor restrictions unless the use is restricted by the donor.

**OGDEN MUSEUM OF SOUTHERN ART, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2019 AND 2018**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS (CONTINUED)**

**Investments (Continued)**

FASB ASC topic 820, *Fair Value Measurements and Disclosures* emphasizes market-based measurement and, in doing so, stipulates a fair value hierarchy. The hierarchy is based on the type of inputs, or data used, to measure fair value. The fair value hierarchy is summarized below:

Level 1 lies at the top of the hierarchy; inputs are quoted prices in active markets.

Level 2 inputs are in the middle of the hierarchy, where data is adjusted from similar items traded in markets that are active markets or from identical or similar items in markets that are not active. Level 2 inputs do not stem directly from quoted prices. No Level 2 inputs were used by the Museum.

Level 3 inputs are unobservable and require the entity to develop its own assumptions. No Level 3 inputs were used by the Museum.

**Inventories**

Gift shop and marketing material inventories are stated at the lower of cost, fair value at date of donation, or net realizable value.

**Property and Equipment**

Improvements, furniture, and equipment are recorded at cost at the date of acquisition, or market value at date of donation in the case of gifts. The Museum has adopted the practice of capitalizing all expenditures for depreciable assets where the unit cost exceeds \$1,500. Minor replacements, maintenance, and repairs that do not improve or extend the useful lives of the respective assets are charged to expense as incurred. Depreciation is computed on a straight-line basis over the following estimated useful lives:

Leasehold improvements	30 years or remaining lease term
Furniture and fixtures	10 years
Equipment	5 years

Donations of property and equipment are reported as increases in net assets without donor restrictions 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, the Museum reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Museum reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

**OGDEN MUSEUM OF SOUTHERN ART, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2019 AND 2018**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS (CONTINUED)**

**Art Collection**

Art collection consists of works of art. The Museum does not record depreciation on its collections because depreciation is not presently required to be recognized on individual works of art whose economic benefit or service potential is used so slowly that their estimated useful lives are extraordinarily long. Collection items are capitalized at cost, if the items were purchased, or at their appraised or fair values, if the items were contributed.

**Deferred Revenue**

Income from membership dues is deferred and recognized over the periods to which the dues relate.

**Contributions and Revenue**

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

A substantial number of volunteers have given extensive amounts of time and services to the Museum. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under FASB ASC 958-605-50-1, *Accounting for Contributions Received and Contributions Made*.

**Functional Allocation of Expenses**

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Museum.

**OGDEN MUSEUM OF SOUTHERN ART, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2019 AND 2018**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS (CONTINUED)**

**Income Taxes**

The Museum is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and from state income taxes under Section 121(5) of Title 47 of the Louisiana Revised Statutes. However, income from certain activities not directly related to the Museum's tax-exempt purpose may be subject to taxation as unrelated business income. In addition, the Museum qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a).

The Museum's evaluation as of December 31, 2019 revealed no tax positions that would have a material impact on the financial statements. The 2016 through 2018 tax years remain subject to examination by the IRS. The tax return for the year ended December 31, 2019 has been filed as of the report date. The Museum does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

**Impairment of Long-Lived Assets**

The Museum periodically evaluates the carrying value of long-lived assets to be held and used when events and circumstances warrant such a review. The carrying value of a long-lived asset is considered impaired when the anticipated undiscounted cash flow from such asset is separately identifiable and is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair market value of the long-lived asset. Fair market value is determined by independent market appraisals or by using the anticipated cash flows discounted at a rate commensurate with the risk involved. Losses on long-lived assets to be disposed of are determined in a similar manner except that fair market values are reduced for the cost to dispose. There were no impairments of long-lived assets recognized for the years ended December 31, 2019 or 2018.

**Advertising**

All non-direct response advertising costs, other than marketing materials inventory, are expensed as incurred. Advertising expense amounted to \$248,442 and \$167,903 for the years ended December 31, 2019 and 2018, respectively.

**Fundraising Expenses**

All expenses associated with fundraising activities are expensed as incurred, including those expenses related to fundraising appeals in a subsequent year.



**OGDEN MUSEUM OF SOUTHERN ART, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2019 AND 2018**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS (CONTINUED)**

**Subsequent Events**

Subsequent events have been evaluated through November 22, 2020, which is the date the financial statements were available to be issued.

**(2) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects Ogden Museum of Southern Art, Inc.'s financial assets as of December 31, 2019 and 2018, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available also include amounts set aside for future required funding of debt. However, amounts already appropriated for general expenditure within one year of the balance sheet date have not been subtracted as unavailable.

	2019	2018
Financial assets, at year end	\$ 5,126,021	\$ 4,005,441
Less those unavailable for general expenditure		
Within one year due to:		
Contractual or donor-imposed restrictions:		
Endowment fund	1,246,425	1,069,707
Restricted by donor with time or purpose restrictions	234,925	234,338
Board designated	149,202	149,833
Debt service	154,703	201,799
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,340,766	\$ 2,349,764

The Museum is substantially supported by contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Museum must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Museum's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**OGDEN MUSEUM OF SOUTHERN ART, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2019 AND 2018**

**(3) CASH AND CASH EQUIVALENTS - RESTRICTED**

Effective for 2019, the Museum adopted the Financial Accounting Standard Board's ASU 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash." This change in accounting principle requires that the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the balance sheet that sum to the total of the same such amounts shown in the statement of cash flows.

Cash and cash equivalents	\$	616,184
Restricted cash- donor restricted		234,925
Restricted cash- board designated		<u>149,211</u>
Total cash, cash equivalents, and restricted cash shown in the statement of cash flow	\$	<u><u>1,000,320</u></u>

Amounts included in restricted cash represents donor restrictions and board designations.

**(4) SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION**

Cash paid for interest during the years ended December 31, 2019 and 2018 amounted to \$13,668 and \$1,033, respectively.

**(5) PROMISES TO GIVE**

Promises to give consist of the following at December 31<sup>st</sup>:

	<u>2019</u>	<u>2018</u>
Receivable in less than one year	\$ 305,000	\$ 320,000
Receivable in one to five years	700,000	1,000,000
Receivable in more than five years	<u>1,000,000</u>	<u>1,000,000</u>
 Total promises to give	 2,005,000	 2,320,000
 Less discounts to net present value	 <u>(284,575)</u>	 <u>(528,589)</u>
 Net promises to give	 <u>\$ 1,720,425</u>	 <u>\$ 1,791,411</u>

Promises to give that are to be received after 2019 are discounted to net present value based on the applicable federal rate (2.0% and 3.6% at December 31, 2019 and 2018, respectively) for valuing these types of gifts. Uncollectible promises are expected to be insignificant; therefore, no allowance has been recorded for the years ended December 31, 2019 and 2018.

**OGDEN MUSEUM OF SOUTHERN ART, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2019 AND 2018

**(6) INVESTMENTS**

Investments are stated at market value and consist of the following at December 31<sup>st</sup>:

	<u>2019</u>	<u>2018</u>
Money market	\$ 13,797	\$ 9,519
Equity securities	629,347	135,509
EFTs & CEFs	521,425	-
Mutual funds	<u>943,624</u>	<u>327,197</u>
	<u>\$ 2,108,193</u>	<u>\$ 472,225</u>

The following schedule summarizes the investment return classified as unrestricted in the Statement of Activities for the year ended December 31<sup>st</sup>:

	<u>2019</u>	<u>2018</u>
Interests and dividends	\$ 29,636	\$ 24,394
Realized (losses) gains	(5,393)	11,024
Unrealized (losses) gains	111,886	(70,100)
Fees	<u>(9,201)</u>	<u>(5,915)</u>
	<u>\$ 126,928</u>	<u>\$ (40,597)</u>

In accordance with FASB ASC topic 820, *Fair Value Measurements and Disclosures*, the fair value of these assets and investments are determined by quoted prices in active market (Level 1). See Note 1 for a description of the Museum's policies and valuation procedures.

**(7) PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at December 31<sup>st</sup>:

	<u>2019</u>	<u>2018</u>
Leasehold improvements	\$ 1,449,255	\$ 1,420,120
Furniture, fixtures, and equipment	<u>520,811</u>	<u>520,811</u>
	1,970,066	1,940,931
Less: accumulated depreciation	<u>(1,056,013)</u>	<u>(943,095)</u>
	<u>\$ 914,053</u>	<u>\$ 997,836</u>

Depreciation expense totaled \$112,918 and \$61,875 for the years ended December 31, 2019 and 2018, respectively.

**OGDEN MUSEUM OF SOUTHERN ART, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2019 AND 2018**

**(8) NOTE PAYABLE**

The Museum was obligated on a note payable to Hancock Whitney Bank which requires monthly interest and principal payments of \$4,837 and matures on November 16, 2023. Interest expense is based on a rate of 5.95% and totaled \$13,668 for the year ended December 31, 2019. The note had a balance of \$201,819 and \$246,196 at December 31, 2019 and 2018, respectively.

The maturity of the note payable at December 31, 2019 is as follows:

2020	\$	47,116
2021		50,072
2022		53,178
2023		<u>51,453</u>
	\$	<u>201,819</u>

**(9) NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following at December 31<sup>st</sup>:

	<u>2019</u>	<u>2018</u>
Exhibitions	\$ 2,000	\$ -
Educational programs	12,500	67,250
Endowment funds	<u>1,246,425</u>	<u>1,069,707</u>
	<u>\$ 1,260,925</u>	<u>\$ 1,136,957</u>

Net assets with donor restrictions were released from restrictions for the following purposes during the year ended December 31<sup>st</sup>:

	<u>2019</u>	<u>2018</u>
Exhibitions	\$ -	\$ 26,757
Educational programs	<u>120,250</u>	<u>124,475</u>
	<u>\$ 120,250</u>	<u>\$ 151,232</u>

**(10) ENDOWMENT FUNDS**

The Museum's endowment established in 2013 consists of donor designated gifts to support the Museum's operations. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**OGDEN MUSEUM OF SOUTHERN ART, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2019 AND 2018**

**(10) ENDOWMENT FUNDS (CONTINUED)**

The Board of Trustees has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of the fair value of the original gift of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Museum classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment; (b) the original value of subsequent gifts to the endowment; and (c) accumulations to the 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 classified in net assets with donor restrictions endowment is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Museum in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Museum considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income, and (6) the Museum’s spending policies.

**Spending Policies**

The Museum has a policy of appropriating for distribution when needed the endowment fund’s income that is not with donor restrictions, and the Museum plans to allocate income annually to support the Museum’s operating costs. The current spending policy is expected to allow the endowment fund to grow as a result of earned income. This is consistent with the Museum’s objectives to provide income for its operations supported by the endowment, preserve endowment assets without subjecting them to substantial risk, and provide additional real growth through new gifts.

**Endowment Net Assets**

Endowment net asset composition by type of fund at December 31, 2019 and 2018 is as follows:

	2019	2018
Donor-designated funds	<u>\$ 1,246,425</u>	<u>\$ 1,069,707</u>

**OGDEN MUSEUM OF SOUTHERN ART, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2019 AND 2018**

**(10) ENDOWMENT FUNDS (CONTINUED)**

**Endowment Net Assets (Continued)**

Change in endowment net assets at December 31, 2019 and 2018 consists of the following:

	2019	2018
Endowment net assets, beginning of year	\$ 1,069,707	\$ 1,136,597
Contributions	7,150	8,000
Net accretion on present value discount	169,568	(74,890)
Amounts appropriated for expenditure	-	-
Endowment net assets, end of year	\$ 1,246,425	\$ 1,069,707

**(11) CONCENTRATION OF CREDIT RISK**

Financial instruments that potentially subject the Museum to concentrations of credit risk consist principally of cash and cash equivalents and receivables. The Museum's policy is to not require receivables to be collateralized.

The Museum maintains its cash and cash equivalents in several local financial institutions in Louisiana. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2019 and 2018, cash deposits in excess of the insured limits totaled \$598,049 and \$1,025,189, respectively. The Museum has not experienced a loss in such accounts and believes it is not exposed to any significant credit risk on cash.

One donor contributed 12% of total revenues to the Museum for the year ended December 31, 2018.

**(12) DONATED SERVICES**

During the years ended December 31, 2019 and 2018, the Museum received donated legal services totaling \$17,954 and \$22,436, respectively, which are reflected in the statement of activities as offsetting contribution revenue and administrative expenses.

**OGDEN MUSEUM OF SOUTHERN ART, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2019 AND 2018**

**(13) RELATED PARTY TRANSACTIONS**

The Board of Trustees provides support to the Museum through contribution and membership revenues. Total revenues from the Board amounted to \$447,263 and \$751,975 for the years ended December 31, 2019 and 2018, respectively.

**(14) COOPERATIVE ENDEAVOR AGREEMENT**

The accompanying financial statements do not include certain portions of the Museum's expenses paid directly by the University of New Orleans under a cooperative endeavor agreement between the University of New Orleans, the UNO Foundation, and the Museum. These expenses include utilities for the years ended December 31, 2019 and 2018.

**(15) CO-ORGANIZATION AGREEMENT**

On September 25, 2017, the Museum entered into an exhibition co-organization agreement with the Baltimore Museum of Art. The parties agree to share the net income equally. Revenues are recorded when received and expenses as incurred. Total revenues as recorded as part of this agreement were \$60,898 and \$167,409 for the years ended December 31, 2019 and 2018, respectively, located in contributions and other revenues on the statements of activities. Total expenses as recorded as part of this agreement were \$22,803 and \$305,352 for the years ended December 31, 2019 and 2018, respectively, located in curatorial expenses on the statements of activities. Amounts due to the Baltimore Museum of Art were \$22,803 and \$307,969 at December 31, 2019 and 2018, respectively, which were included in accounts payable on the statements of financial position. Amount due from the Baltimore Museum of Art was \$58,281 at December 31, 2019, which was included in accounts receivable on the statements of financial position. There was no amount due from the Baltimore Museum of Art as of December 31, 2018.

**(16) OTHER INCOME**

Included within other revenues on the statements of activities for 2019 was \$1,554,461 received from a confidential legal settlement.

**(17) PENSION PLAN**

The Museum has a deferred compensation 401(k) plan for qualifying employees. The employer makes a discretionary matching contribution to the plan based upon the level of individual employee contributions. There were no amounts expensed for this plan during the years ended December 31, 2019 and 2018.

**OGDEN MUSEUM OF SOUTHERN ART, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2019 AND 2018**

**(18) NEW ACCOUNTING PRONOUNCEMENTS**

The FASB has issued Update No. 2014-09, “*Revenue from Contracts with Customers*.” The core principle of this Update is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve this core principle, the guidance provides that an entity should apply the following steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when, or as, the entity satisfies a performance obligation. Deferring the effective date of the amendments in Update No. 2014-09, the FASB has issued Update No. 2015-14, “*Revenue from Contracts with Customers - Deferral of the Effective Date ASU No. 2015-14*.” Update No. 2015-14 permits entities to apply the guidance in Update No. 2014-09 to annual reporting periods beginning after December 15, 2021, and to interim reporting periods within annual reporting periods beginning after December 15, 2022. The Museum plans to adopt this Update as applicable by the effective date.

The FASB has issued Update No. 2018-08, “*Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*.” The amendments in this Update clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. The amendments clarify how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred on the basis of the following: 1. A resource provider (including a foundation, a government agency, or other) is not synonymous with the general public. A benefit received by the public as a result of the assets transferred is not equivalent to commensurate value received by the resource provider. 2. Execution of a resource provider’s mission or the positive sentiment from acting as a donor does not constitute commensurate value received by a resource provider for purposes of determining whether a transfer of assets is a contribution or an exchange. The Not-for-Profit should apply the amendments for transactions in which the entity serves as the resource provider to annual periods beginning after December 15, 2019, and interim periods within annual periods beginning after December 15, 2020. The Museum plans to adopt this Update as applicable by the effective date.



**OGDEN MUSEUM OF SOUTHERN ART, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2019 AND 2018**

**(18) NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)**

The FASB has issued Update No. 2019-03, “Not-for-Profit Entities (Topic 958): Updating the Definition of Collections.” The amendments in this Update modify the definition of the term collections and require that a collection-holding entity disclose its policy for the use of proceeds from when collection items are deaccessioned (that is, removed from a collection). If a collection-holding entity has a policy that allows proceeds from deaccessioned collection items to be used for direct care, it should disclose its definition of direct care. The amendments in this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020. The Museum plans to adopt this Update as applicable by the effective date.

**(19) SUBSEQUENT EVENTS**

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency including the state of Louisiana. It is anticipated that these impacts will continue for some time. The future effects of these issues are unknown.

On March 13, 2020, the Museum entered into an arrangement whereby it acquired certain assets including rights and improvements to the Museum complex facilities in return for a cash payment and other considerations.

On April 17, 2020, the Museum entered into a note payable agreement with the U.S. Small Business Administration Paycheck Protection Program in the amount of \$257,500, due April 17, 2022, at 1.00% interest. After a deferral period of six months, principal and interest payments are due monthly to the lender until the maturity date. This loan is subject to an expected forgivable portion. The amount of loan forgiveness for this loan shall not exceed the principal amount of the note and is subject to the SBA Rules and Regulations consistent with the Paycheck Protection Program Rule.

**(20) RECLASSIFICATIONS**

Certain reclassifications have been made to prior year amounts to conform with current year presentation.





**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***

To the Board of Trustees of  
Ogden Museum of Southern Art, Inc.

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 Ogden Museum of Southern Art, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, 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 November 22, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Ogden Museum of Southern Art, 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 Ogden Museum of Southern Art, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2019-001 to be a material weaknesses.

To the Board of Trustees of  
Ogden Museum of Southern Art, Inc.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2019-002 to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Ogden Museum of Southern Art, 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*.

### **Ogden Museum of Southern Art, Inc.'s Response to Findings**

Ogden Museum of Southern Art, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Ogden Museum of Southern Art, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 entity'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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

November 22, 2020  
New Orleans, Louisiana

  
Certified Public Accountants

**OGDEN MUSEUM OF SOUTHERN ART, INC.**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**I. SUMMARY OF INDEPENDENT AUDITORS' REPORTS**

1. The independent auditors' report expresses an unmodified opinion on the financial statements of Ogden Museum of Southern Art, Inc.
2. One material weakness and one significant deficiency in internal control relating to the audit of the financial statements were reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Ogden Museum of Southern Art, Inc. were reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.
4. A management letter was not issued for the year ended December 31, 2019.

**II. FINANCIAL STATEMENT FINDINGS**

**Material Weaknesses**

**2019-001 Bank Reconciliations**

Condition: During our audit, we noted the trial balance did not agree to the bank reconciliation. The difference was due to unrecorded adjustments related to a combination of old outstanding checks and deposits that were cleared from the bank reconciliation but not properly removed from the general ledger.

Criteria: The COSO Framework provides for a robust set of internal controls, which includes organizations having effective internal controls over bank reconciliations.

Cause: Although the bank reconciliations were reviewed, the reviews were not in adequate enough detail to detect any issues.

Effect: Cash was overstated as of December 31, 2019.

Recommendation: We recommend that the Museum improve controls to ensure that bank reconciliations are reviewed monthly in adequate detail and that outstanding checks or deposits are identified and addressed on a current basis.

Views of Responsible Officials: Management is in agreement with the finding and is actively working on implementing the recommendation. See Management's Correction Action Plan for further information.

**OGDEN MUSEUM OF SOUTHERN ART, INC.**  
**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**Significant Deficiencies**

**2019-002 Timely Closing of Books**

Condition: The Museum did not provide its final adjusted year-end books and records for audit until September 2020. As a result, the Museum had to request an extension of time from the Louisiana Legislative Auditor to submit its annual report after the required June 30th deadline.

Criteria: Timely completion of final adjusted books and records provides management with current and accurate information needed to make relevant decisions regarding operations. In addition, the annual audit is able to be completed and submitted timely to the Louisiana Legislative Auditor prior to the required June 30th deadline.

Cause: Due to circumstances and difficulties caused by the coronavirus pandemic, the Museum was unable to appropriately close out their books until September 2020.

Effect: The Museum did not have timely and accurate financial information to evaluate its operations and it became necessary for the Museum to request an extension of time to submit its annual audit report to the Louisiana Legislative Auditor.

Recommendation: We recommend that the museum improve its year-end procedures to ensure that an appropriate timeline and due dates be established so that audit can be completed and the annual reports submitted to the Louisiana Legislative Auditor on a timely basis.

Views of Responsible Officials: Management is in agreement with the finding and is actively working on implementing the recommendations. See Management's Corrective Action Plan for further information.

**SECTION III – MANAGEMENT LETTER**

N/A

**OGDEN MUSEUM OF SOUTHERN ART, INC.**  
**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE  
FINANCIAL STATEMENTS**

**Significant Deficiencies**

**2018-001 Inventory Management**

Condition: Donated inventory items for the year were not recorded, inventory records were not completely adjusted to physical inventory count, differences were noted between inventory records and the general ledger, and monthly reconciliations of inventory records to the general ledger are not being performed. Some inventory items need to be evaluated for obsolescence; however, those items are immaterial.

Current Status: The issue has been resolved.

**2018-002 Donated Legal Services**

Condition: The Museum did not record donated legal services.

Current Status: The issue has been resolved.

**SECTION II MANAGEMENT LETTER**

**2018-003 Long Outstanding Items**

Condition: During our audit testing, we noted many long-outstanding checks and deposits. We recommend that the Museum review the long-outstanding items and void and re-issue as necessary or report to the state as required by escheat laws.

Current Status: The Museum reviewed and adjusted the general ledger for long-outstanding checks after the year-end bank reconciliation was prepared. The long-outstanding deposits did not appear on the year-end bank reconciliation but the amounts were not adjusted on the general ledger. The issue has not been fully resolved and has been included as a finding for the year ended December 31, 2019 in Item 2019-001.

**OGDEN MUSEUM OF SOUTHERN ART, INC.**  
**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**2018-004 Journal Entry Approval**

Condition: Our review of the general journal entries revealed that many entries lack proper approval by a responsible employee. We recommend the adoption of a policy whereby all journal entries will be approved by the controller or other designated member of management. All entries should be initialed by the preparer and the individual approving them in order to attribute responsibility to the appropriate individuals.

Current Status: The Museum adopted new financial policies and procedures as of December 13, 2019 and is in process of implementing them.

**2018-005 Establish Written Financial Policies and Procedures**

Condition: We noted that the Museum lacks formal, written financial policies and procedures concerning its key transaction processes. Written procedures, instructions, and assignments of duties help to prevent or reduce misunderstandings, errors, inefficient or wasted effort, duplicated or omitted procedures, and other situations that can result in inaccurate or untimely accounting records. A well-devised accounting manual can also help to ensure that similar transactions are treated consistently, the accounting principles used are proper, and that records are produced in the form desired by management. We recommend that the Museum develop a comprehensive set of policies and procedures specifically related to its accounting procedures and controls.

Current Status: The Museum adopted new financial policies and procedures as of December 13, 2019 and is in process of implementing them.





**OGDEN MUSEUM OF SOUTHERN ART, INC.**  
**MANAGEMENT'S CORRECTIVE ACTION PLAN – FINDINGS**  
**DECEMBER 31, 2019**

Louisiana Legislative Auditor

The Ogden Museum of Southern Art, Inc., respectfully submits the following corrective action plan for the year ended December 31, 2019.

Name and address of independent public accounting firm:

Ericksen Krentel, L.L.P.  
4227 Canal St.  
New Orleans, Louisiana 70119  
Contact: Claude Silverman

Audit Period: 01/01/2019 to 12/31/2019

The comments from the December 31, 2019 schedule of findings and responses are discussed below. The findings are numbered consistently with the number assigned in the schedule of findings and responses.

**SECTION II FINANCIAL STATEMENT FINDINGS**

**2019-001 Bank Reconciliations**

Recommendation: We recommend that the Museum improve controls to ensure that bank reconciliations are reviewed monthly in adequate detail and that outstanding checks or deposits are identified and addressed on a current basis.

Response: The Museum will work on improving its policies to ensure that the bank reconciliations are reviewed in greater detail and that any issues related to outstanding checks are thoroughly addressed.

**2019-002 Timely Closing of Books**

Recommendation: We recommend that the Museum improve its year-end procedures to ensure that an appropriate timeline and due dates be established so that audit can be completed and the annual reports submitted to the Louisiana Legislative Auditor on a timely basis.

Response: The Museum will improve its year-end procedures to ensure that an appropriate timeline and due dates are established so that the audit can be completed on time.

If there are any questions regarding this plan, please contact William Andrews at [wandrews@ogdenmuseum.org](mailto:wandrews@ogdenmuseum.org)

Sincerely,

Executive Director

Signature

Title