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Financial Report

Louisiana Museum Foundation

June 30, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date NOV 24 1999

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Louisiana Museum Foundation

New Orleans, Louisiana

June 30, 1999

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Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Louisiana Museum Foundation,
New Orleans, Louisiana.

We have audited the accompanying statement of financial position of Louisiana Museum Foundation (a nonprofit organization) as of June 30, 1999 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Museum Foundation as of June 30, 1999, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a reported dated September 24, 1999 on our consideration of Louisiana Museum Foundation's internal control over financial reporting and on our testes of its compliance with certain provisions of laws, regulations, contracts and grants.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, La.,
September 24, 1999.

STATEMENT OF FINANCIAL POSITION

Louisiana Museum Foundation

New Orleans, Louisiana

June 30, 1999

ASSETS

| | |
|---|------------------|
| Cash and cash equivalents | \$ 481,066 |
| Investments | 1,050,344 |
| Unconditional promises to give, net of discount | 441,273 |
| Miscellaneous receivables | 1,796 |
| Office equipment, net | 2,130 |
| Deposits | 100 |
| Total assets | \$ 1,976,709 |

LIABILITIES

| | |
|---------------------------------------|-------------|
| Accounts payable and accrued expenses | \$ 122,169 |
| Advance payable | 30,000 |
| Total liabilities | 152,169 |

NET ASSETS

| | |
|--------------------------------------|------------------|
| Unrestricted | 142,799 |
| Temporarily restricted | 1,681,741 |
| Total net assets | 1,824,540 |
| Total liabilities and net assets | \$ 1,976,709 |

See notes to financial statements.

STATEMENT OF ACTIVITIES

Louisiana Museum Foundation

New Orleans, Louisiana

For the year ended June 30, 1999

| | Unrestricted | Temporarily Restricted | Total |
|---|----------------|---------------------------|------------------|
| Revenues | | | |
| Contributions | \$ 60,279 | \$ 199,261 | \$ 259,540 |
| Rents | 6,597 | 45,790 | 52,387 |
| Royalties | 2,292 | 8,516 | 10,808 |
| Interest | 41,275 | 24,720 | 65,995 |
| Net unrealized and realized gains on investments | 12 | 11,598 | 11,610 |
| Miscellaneous | 479 | 150 | 629 |
| Total revenues | 110,934 | 290,035 | 400,969 |
| Net Assets Released From Restrictions | | | |
| Satisfaction of use restrictions | 561,938 | (561,938) | - |
| Total revenues and support | 672,872 | (271,903) | 400,969 |
| Expenses | | | |
| Program services | 560,583 | | 560,583 |
| General and administration | 105,317 | | 105,317 |
| Total expenses | 665,900 | | 665,900 |
| Changes in net assets | 6,972 | (271,903) | (264,931) |
| Net Assets | | | |
| Beginning of year | 135,827 | 1,953,644 | 2,089,471 |
| End of year | \$ 142,799 | \$ 1,681,741 | \$ 1,824,540 |

See notes to financial statements.

STATEMENT OF CASH FLOWS

Louisiana Museum Foundation New Orleans, Louisiana

For the year ended June 30, 1999

| | |
|---|--------------|
| Cash Flows From Operating Activities | |
| Changes in net assets | \$ (264,931) |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities: | |
| Depreciation | 1,505 |
| Net unrealized and realized gains on investments | (11,610) |
| Equity funds received as contributions | (143,723) |
| Decrease in unconditional promises to give | 404,465 |
| Increase in miscellaneous receivable | (1,796) |
| Increase in accounts payable | 114,131 |
| Total adjustments | 362,972 |
| Net cash provided by operating activities | 98,041 |
| Cash Flows From Investing Activities | |
| Purchase of U.S. Government obligations | (253,156) |
| Maturities of U.S. Governments obligations | 256,103 |
| Proceeds from sale of equity funds | 14,303 |
| Purchase of equity funds | (900) |
| Net cash provided by investing activities | 16,350 |
| Cash Flows From Financing Activities | |
| Advance from W.R. Irby Bequest (Trust) | 30,000 |
| Net increase in cash and cash equivalents | 144,391 |
| Cash and cash equivalents | |
| Beginning of year | 336,675 |
| End of year | \$ 481,066 |

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Louisiana Museum Foundation
New Orleans, Louisiana

June 30, 1999

Note 1 - ORGANIZATION, NATURE OF ACTIVITIES AND INCOME TAXES

Louisiana Museum Foundation (the Foundation) is a nonprofit corporation organized under the laws of the State of Louisiana to support the Louisiana State Museum. It is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Financial Statement Presentation

Financial statement presentation follows the recommendations of the Statement of Financial Accounting Standards, (SFAS) No. 117, "Financial Statements of Not-For-Profit Organizations." Under SFAS No. 117, Louisiana Museum Foundation classified its net assets, revenues, and expenses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets - Receives contributions and other revenues and expends funds for the general operation of the Foundation.

Temporarily Restricted Net Assets - Grants and other revenues specifically authorized by the grantor or donor to be used for a certain purpose or to benefit a specific accounting period.

Permanently Restricted Net Assets - Louisiana Museum Foundation does not have any permanently restricted net assets.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Basis of Accounting

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

c. Cash Equivalents

The Foundation considers money market funds and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

d. Investments

The Foundation records donated securities at their fair market value at the date of donation. Investments are shown in the financial statements at approximate current market value. Realized and unrealized gains and losses are included in the statement of activities.

e. Promises to Give

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met. For the year ended June 30, 1999, all promises to give were recognized as assets and revenues. All promises are deemed by management to be collectible.

f. Contributions and Revenue Recognition

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in temporarily restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Office Equipment

Office equipment of the Foundation is stated at cost which was \$7,102 at June 30, 1999. Depreciation is provided over five years by the double declining method. Accumulated Depreciation at June 30, 1999 was \$4,972.

h. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Note 3 - INVESTMENTS

Investments consist of the following:

| | June 30, 1999 | |
|-----------------------------|--------------------|-------------------------------|
| | Market Value | Cost or Assigned Amount |
| Equity funds | \$ 141,930 | \$ 129,559 |
| U.S. Government obligations | <u>908,414</u> | <u>914,244</u> |
| Total | <u>\$1,050,344</u> | <u>\$1,043,803</u> |

Note 4 - PROMISES TO GIVE

Unconditional promises to give at June 30, 1999 are as follows:

| | |
|-------------------------------------|------------------|
| Mardi Gras Exhibit | <u>\$441,273</u> |
| Amounts due in: | |
| One year | \$414,859 |
| Two to five years | <u>28,000</u> |
| | 442,859 |
| Less discounts to net present value | <u>1,586</u> |
| Net unconditional promises to give | <u>\$441,273</u> |

Unconditional promises to give of \$441,273 include \$336,359 from the State of Louisiana through the General Appropriation Bill, House Bill 1, for the 1998/99 fiscal year.

Unconditional promises to give to be received after June 30, 1999, are discounted at 5%. Uncollectible promises to give are expected to be insignificant.

Note 5 - ADVANCE PAYABLE

The State of Louisiana, Department of Culture, Recreation and Tourism, Office of State Museum, W. R. Irby Bequest (Trust) entered into an agreement to advance funds to the Foundation an amount not to exceed \$160,000 bearing no interest, for the construction and operation of the Mardi Gras Gift Shop to be located in the Louisiana State Museum at New Orleans, La. The Foundation will return \$25,000 annually beginning January 1, 2000 from the shop proceeds. At June 30, 1999, the Trust had advanced the Foundation \$30,000.

Note 6 - TEMPORARILY RESTRICTED NET ASSETS

Changes in temporarily restricted net assets during the year were as follows:

| Fund | Balance, June 30, 1998 | Revenues | Expenses | Transfers | Balance, June 30, 1999 |
|---------------------------------------|------------------------------|-------------------|-------------------|-------------------|------------------------------|
| Acquisition and Conservation | | | | | |
| Peg Bolton Fund | \$ 1,980 | | | | \$ 1,980 |
| Cabildo Education Fund | 23,815 | \$ 3,567 | \$ 3,443 | | 23,939 |
| Conservation and Acquisitions Fund | 61,838 | | 4,404 | | 57,434 |
| Curator's Choice Fund | 60 | | | | 60 |
| Fashion Group | 2,438 | | | | 2,438 |
| Jazz Collection | 1,694 | 50 | | | 1,744 |
| Joint Budget Committee Fund | 40,168 | 10,723 | 10,147 | | 40,744 |
| Louisiana Historical Center | 2,222 | 75 | | | 2,297 |
| Exhibits | | | | | |
| Music at the Mint | 479 | 8,592 | 9,071 | | - |
| Mardi Gras Exhibit | 1,094,776 | 46,138 | 461,371 | | 679,543 |
| Mardi Gras Indian Project | 221 | | | | 221 |
| Photography Collection | 1,182 | | | | 1,182 |
| National History Day | 4,102 | 500 | 3,641 | | 961 |
| Tobasco Exhibit | - | 2,861 | 2,361 | | 500 |
| Other | | | | | |
| IMS-GOS Grant | 38,018 | | 38,018 | | - |
| Cypress Sawmill Museum | - | 1,000 | | | 1,000 |
| Gala | 46,457 | 81,601 | 26,612 | \$ (101,446) | - |
| Museum Endowment Fund | 451,713 | 86,109 | 56 | 100,091 | 637,857 |
| Louisiana State Museum | 150,900 | 47,500 | | | 198,400 |
| Publications | 22,062 | 16 | | | 22,078 |
| State Board Meeting | 575 | 1,303 | 1,196 | | 682 |
| Smithsonian Education Project | 1,048 | | 263 | | 785 |
| SOCOLA | 7,896 | | | | 7,896 |
| Totals | \$ 1,953,644 | \$ 290,035 | \$ 560,583 | \$ (1,355) | \$ 1,681,741 |

Note 7 - LOUISIANA STATE MUSEUM FUND

Donations are made to the Louisiana Museum Foundation by groups or individuals who use the Museum's facilities. By legislation, the Foundation is to designate these funds for use by the Louisiana State Museum for endowment, educational, acquisitions, publications, conservation, and building function support purposes. Expenditures of monies from the fund are subject to the approval of the Joint Legislative Committee on the Budget, State of Louisiana.

Note 8 - MUSEUM ENDOWMENT FUND

The Museum Endowment Fund was created by the Board to accumulate \$1,000,000 for museum support. Revenue and other support for the fund consists of contributions, investment income and transfer of excess funds from other restricted funds as the Board authorizes. The Board has placed the following restrictions on the usage of these funds:

1. Expenditures are limited to acquisitions, conservation, exhibitions, public program and publication.
2. No expenditures are to be made until the fund reaches \$1,000,000. Annually, thereafter, 50% of investment income can be spent, the other 50% is to be added to corpus.
3. Corpus is never to be touched except for emergencies.
4. Expenditures will require joint approval by the Louisiana State Museum Board and the Louisiana Museum Foundation.

Activity in the Museum Endowment Fund for the year ended June 30, 1999 was as follows:

| | |
|---|------------------|
| Balance, July 1, 1998 | \$451,713 |
| Revenues: | |
| Contributions | 30,000 |
| Shop rentals | 19,791 |
| Interest income | 24,720 |
| Net unrealized and realized gains on investments | 11,598 |
| Net assets released from other temporarily restricted funds | 100,091 |
| Bank fees | (56) |
| Balance, June 30, 1999 | <u>\$637,857</u> |

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

**REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors,
Louisiana Museum Foundation,
New Orleans, Louisiana.

We have audited the financial statements of Louisiana Museum Foundation, (a nonprofit organization) as of and for the year ended June 30, 1999, and have issued our report thereon dated September 24, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Louisiana Museum Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Louisiana Museum Foundation's internal control over financial reporting in order to determine our auditing procedures for the purpose of *expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting*. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might

be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assisted functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended for the information of management, the State of Louisiana and the Legislative Auditor for the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, La.,
September 24, 1999.

SCHEDULE OF FINDINGS

Louisiana Museum Foundation

For the year ended June 30, 1999

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Reportable condition(s) identified that are not considered to be material weakness? yes none reported

Noncompliance material to financial statements noted? yes no

b) Federal Awards

Louisiana Museum Foundation did not receive any federal awards during the year ended June 30, 1999.

Section II - Financial Statement Findings

There were no financial statement findings required to be reported for the year ended June 30, 1999.

Section III - Federal Award Findings and Questioned Cost

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

Louisiana Museum Foundation

For the year ended June 30, 1999

Section I - Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were noted during the audit for the year ended June 30, 1998. No reportable conditions were reported during the audit for the year ended June 30, 1998.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended June 30, 1998.

Section II - Internal Control and Compliance Material To Federal Awards

Louisiana Museum Foundation did not receive any Federal awards during the year ended June 30, 1998.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 1998.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Louisiana Museum Foundation

For the year ended June 30, 1999

Section I - Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were noted during the audit for the year ended June 30, 1999. No reportable conditions were reported during the audit for the year ended June 30, 1999.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended June 30, 1999.

Section II - Internal Control and Compliance Material To Federal Awards

Louisiana Museum Foundation did not receive any Federal awards during the year ended June 30, 1999.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 1999.