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Financial Report

Louisiana Museum Foundation

June 30, 1998

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Release Date ~~DEC 16 1998~~

TABLE OF CONTENTS

Louisiana Museum Foundation New Orleans, Louisiana

June 30, 1998

	<u>Page Number</u>
Independent Auditor's Report	1 - 2
Exhibits	
A - Statement of Financial Position	3
B - Statement of Activities	4
C - Statement of Cash Flows	5
D - Notes to Financial Statements	6 - 10
Special Reports of Certified Public Accountants	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	11 - 12
Schedule of Findings and Questioned Costs	13
Reports By Management	
Schedule of Prior Year Findings	14
Management's Corrective Action Plan	15



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, 1998 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, 1998, and the changes in its net asset 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 November 11, 1998 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.,
November 11, 1998.

STATEMENT OF FINANCIAL POSITION

Louisiana Museum Foundation

New Orleans, Louisiana

June 30, 1998

ASSETS

Cash	\$ 75,696
Money market funds	260,979
U.S. government obligations - at cost (approximates market value)	911,361
Unconditional promises to give, net of discount	845,738
Office equipment at cost of \$8,237, net of accumulated depreciation of \$4,602	3,635
Deposits	100
 Total assets	 \$ 2,097,509

LIABILITIES

Accounts payable and accrued expenses	\$ 8,038
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NET ASSETS

Unrestricted	135,827
Temporarily restricted	1,953,644
 Total net assets	 2,089,471
 Total liabilities and net assets	 \$ 2,097,509

See notes to financial statements.

STATEMENT OF ACTIVITIES

Louisiana Museum Foundation New Orleans, Louisiana

For the year ended June 30, 1998

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Government grants	\$ -	\$ 798,500	\$ 798,500
Contributions	81,037	637,244	718,281
Rents	6,427	31,865	38,292
Royalties	2,232	2,000	4,232
Interest	29,750	23,430	53,180
Miscellaneous	728	-	728
Total revenues	120,174	1,493,039	1,613,213
 Net Assets Released From Restrictions			
Satisfaction of use restrictions	267,020	(267,020)	-
Total revenues and support	387,194	1,226,019	1,613,213
 Expenses			
Program services	249,687		249,687
General and administration	74,141		74,141
Total expenses	323,828		323,828
Changes in net assets	63,366	1,226,019	1,289,385
 Net Assets			
Beginning of year	72,461	727,625	800,086
End of year	\$ 135,827	\$ 1,953,644	\$ 2,089,471

See notes to financial statements.

STATEMENT OF CASH FLOWS

Louisiana Museum Foundation
New Orleans, Louisiana

For the year ended June 30, 1998

Cash Flows From Operating Activities

Changes in net assets	\$ 1,289,385
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	1,656
Increase in unconditional promises to give	(845,738)
Decrease in interest receivable	1,563
Increase in deposits	(100)
Increase in accounts payable	1,877
Total adjustments	(840,742)
Net cash provided by operating activities	448,643

Cash Flows From Investing Activities

Purchase of U.S. Government obligations	(381,977)
Maturities of U.S. Governments obligations	250,430
Purchases of equipment	(2,640)
Net cash used in investing activities	(134,187)
Net increase in cash and cash equivalents	314,456

Cash and cash equivalents

Beginning of year	22,219
End of year	\$ 336,675

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Louisiana Museum Foundation
New Orleans, Louisiana**

June 30, 1998

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. 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, 1998, all promises to give were recognized as assets and revenues. All promises are deemed by management to be collectible.

e. 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.

f. Office Equipment

Office equipment of the Foundation is stated at cost. Depreciation is provided over estimated useful lives of five and seven years principally by straight-line method.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. 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 - PROMISES TO GIVE

Unconditional promised to give at June 30, 1998 are as follows:

Mardi Gras Exhibit	\$819,400
Madame John's Legacy	17,500
Music at the Mint	1,250
Institute of Museum Services	<u>14,062</u>
	<u>\$852,212</u>
Amounts due in:	
One year	\$778,212
Two to three years	<u>74,000</u>
	852,212
Less discounts to net present value	<u>(6,474)</u>
Net unconditional promises to give	<u>\$845,738</u>

Promises to give of \$852,212 include \$500,000 from the State of Louisiana through the General Appropriation Bill, House Bill 1, for the 1998/99 fiscal year.

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

Note 4 - TEMPORARILY RESTRICTED NET ASSETS

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

Fund	Balance, June 30, 1997	Revenues	Expenses	Transfers	Balance, June 30, 1998
Acquisition and Conservation					
Peg Bolton Fund	\$ 1,980				\$ 1,980
Cabildo Education Fund	27,515	\$ 2,815	\$ 6,515		23,815
Conservation and Acquisitions Fund	63,000		1,162		61,838
Curator's Choice Fund	160		100		60
Fashion Group	2,671		233		2,438
Jazz Collection	3,694		2,000		1,694
Joint Budget Committee Fund	30,940	10,090	862		40,168
Louisiana Historical Center	2,202	20			2,222
Exhibits					
Alligator Exhibit	5,286			\$ (5,286)	-
Coffee/Port Exhibit	25,675	1,000	17,276	(9,399)	-
Map Exhibit	2,649			(2,649)	-
Music at the Mint	68	8,680	8,269		479
Mardi Gras Exhibit	-	1,264,526	169,750		1,094,776
Mardi Gras Indian Project	221				221
Photography Collection	1,182				1,182
National History Day	-	7,100	2,998		4,102
Other					
IMS-GOS Grant	5,400	70,313	37,695		38,018
Gala	517	46,500	560		46,457
Museum Endowment Fund	387,204	46,430	115	18,194	451,713
Louisiana State Museum	136,300	14,600			150,900
Publications	22,082		20		22,062
State Board Meeting	761	1,700	1,886		575
Shop Rentals	(1,071)	19,265		(18,194)	-
Smithsonian Education Project	1,293		245		1,048
SOCOLA	7,896				7,896
Totals	<u>\$ 727,625</u>	<u>\$ 1,493,039</u>	<u>\$ 249,686</u>	<u>\$ (17,334)</u>	<u>\$ 1,953,644</u>

Note 5 - LOUISIANA STATE MUSEUM FUND

Donations are made to the Louisiana Museum Foundation by groups or individuals who use 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 6 - 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 consist 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 fifty percent 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, 1998 was as follows:

Balance, July 1, 1997	\$387,204
Contributions	23,000
Interest income	23,430
Net assets released from other temporarily restricted funds	
Shop rentals	18,194
Bank fees	<u>(115)</u>
Balance, June 30, 1998	<u>\$451,713</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 the Louisiana Museum Foundation, (a nonprofit organization) as of and for the year ended June 30, 1998, and have issued our report thereon dated November 11, 1998. 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 the 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.,
November 11, 1998.

SCHEDULE OF FINDINGS

Louisiana Museum Foundation

For the year ended June 30, 1998

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

Noncompliance material to financial statements noted? ___ yes X no

b) Federal Awards

For the year ended June 30, 1998 the Louisiana Museum Foundation was not subject to OMB Circular A-133, Audits of States, Local Government and Non-Profit Organizations.

Section II Financial Statement Findings

There were no financial statement findings required to be reported for the year ended June 30, 1998.

Section III Federal Award Findings and Questioned Cost

There were no findings or questioned costs required to be reported during the audit of the year ended June 30, 1998.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

Louisiana Museum Foundation

For the year ended June 30, 1998

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

Not applicable.

Section II - Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III Management Letter

Not applicable.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Louisiana Museum Foundation

For the year ended June 30, 1998

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

For the year ended June 30, 1998 there were no internal control or compliance issues reported or noted.

Section II - Internal Control and Compliance Material to Federal Awards

For the year ended June 30, 1998 the Louisiana Museum Foundation was not subject to OMB Circular A-133, Audits of States, Local Government and Non-Profit Organizations.

Section III Management Letter

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