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**Sci-Port Discovery Center
Shreveport, Louisiana**

Financial Statements

As of and for the Years Ended June 30, 1999 and 1998

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 JAN 7 2 2000

Sci-Port Discovery Center
Shreveport, Louisiana

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COOK & MOREHART

Certified Public Accountants

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Independent Auditors' Report

To the Board of Directors
Sci-Port Discovery Center
Shreveport, Louisiana

We have audited the accompanying statements of financial position of Sci-Port Discovery Center (a nonprofit organization), as of June 30, 1999 and 1998, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Sci-Port Discovery Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 Sci-Port Discovery Center, as of June 30, 1999 and 1998, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 1999 on our consideration of Sci-Port Discovery Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.



Cook & Morehart
Certified Public Accountants
September 9, 1999

Sci-Port Discovery Center
Shreveport, Louisiana
Statements of Financial Position
June 30, 1999 and 1998

	1999	1998
Assets		
Current assets:		
Cash and cash equivalents	\$ 557,596	\$ 684,666
Accounts receivable	23,231	100
Promises to give	506,433	651,457
Prepaid expenses	57,481	23,121
Inventory	81,859	7,493
Total current assets	1,226,600	1,366,837
Endowment cash and cash equivalents	18,500	
Long-term promises to give	562,538	700,502
Property and equipment:		
Fixed assets	4,702,637	1,081,367
Accumulated depreciation	(395,200)	(390,858)
Total property and equipment	4,307,437	690,509
Total Assets	\$ 6,115,075	\$ 2,757,848
 Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 147,013	\$ 76,519
Accrued liabilities	92,200	34,416
Deferred revenue	20,796	7,863
Total current liabilities	260,009	118,798
Net assets:		
Unrestricted:		
Operating	5,828,514	309,405
Board designated	2,342	2,306
Temporarily restricted	5,710	2,327,339
Permanently restricted	18,500	
Total net assets	5,855,066	2,639,050
Total Liabilities and Net Assets	\$ 6,115,075	\$ 2,757,848

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

Sci-Port Discovery Center
Shreveport, Louisiana
Statement of Activities
For the Year Ended June 30, 1999

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, support and classifications:				
Grants	\$ 778,692	\$	\$	\$ 778,692
Capital campaign	1,225,345		18,500	1,243,845
General contributions	63,819	4,973		68,792
Contributed property and equipment	2,878,676			2,878,676
Admissions	676,491			676,491
Memberships	228,085			228,085
Summer camp	28,337			28,337
Birthday parties	42,510			42,510
Gift shop revenue	173,862			173,862
Food service	34,166			34,166
Special events	57,179			57,179
Interest income	23,085	737		23,822
Other revenue	6,381			6,381
Net assets released from restrictions:				
Satisfaction of restrictions	2,327,339	(2,327,339)		
Total revenues, support and reclassifications	<u>8,543,967</u>	<u>(2,321,629)</u>	<u>18,500</u>	<u>6,240,838</u>
Expenses and start-up operations:				
Program services				
Exhibits and programs	1,269,696			1,269,696
Start-up expenses	322,978			322,978
Marketing	290,240			290,240
Operation	287,712			287,712
Gift shop	194,701			194,701
Total program services	<u>2,365,327</u>			<u>2,365,327</u>
Supporting services				
Administrative and general	475,284			475,284
Development	184,211			184,211
Total supporting services	<u>659,495</u>			<u>659,495</u>
Total expenses and start-up operations	<u>3,024,822</u>			<u>3,024,822</u>
Changes in net assets	5,519,145	(2,321,629)	18,500	3,216,016
Net assets as of beginning of year	<u>311,711</u>	<u>2,327,339</u>		<u>2,639,050</u>
Net assets as of end of year	<u>\$ 5,830,856</u>	<u>\$ 5,710</u>	<u>\$ 18,500</u>	<u>\$ 5,855,066</u>

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

Sci-Port Discovery Center
Shreveport, Louisiana
Statement of Activities
For the Year Ended June 30, 1998

	Unrestricted	Temporarily Restricted	Total
Revenues, support and classifications:			
Grants	\$ 393,835	\$	\$ 393,835
Capital campaign	367,281	2,159,686	2,526,967
Mad scientist ball fund raiser, net	17,763		17,763
Admissions	43,859		43,859
Memberships	20,725		20,725
Summer camp	13,424		13,424
Gift shop revenue	26,577		26,577
Interest income	12,278		12,278
Other revenue	8,228		8,228
Net assets released from restrictions:			
Satisfaction of restrictions	34,989	(34,989)	
Total revenues, support and reclassifications	938,959	2,124,697	3,063,656
 Expenses and start-up operations:			
Program services			
Public program facility	44,688		44,688
Exhibits and programs	347,330		347,330
Gift shop expenses	23,632		23,632
Total program services	415,650		415,650
Supporting services			
Management and general	255,126		255,126
Development	212,479		212,479
Total supporting services	467,605		467,605
Total expenses and start-up operations	883,255		883,255
 Changes in net assets	55,704	2,124,697	2,180,401
 Net assets as of beginning of year	256,007	202,642	458,649
 Net assets as of end of year	\$ 311,711	\$ 2,327,339	\$ 2,639,050

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

Sci-Port Discovery Center
Shreveport, Louisiana

Statement of Functional Expenses
For the Year Ended June 30, 1999

	Program Services						Supporting Services				
	Exhibits and Programs	Start-up	Marketing	Operation	Gift Shop	Total Program Services	Administrative and General		Development	Total Supporting Services	Total Expenses
							General	Development			
Personnel benefits and related costs	\$753,859	\$23,460	\$30,431	\$61,371	\$56,310	\$925,431	\$332,158	\$140,951	\$473,109	\$1,398,540	
Office supplies and postage	10,760	3,777	5,829	132	1,095	21,593	28,192	3,886	32,078	53,671	
Printing and program support services	3,406	8,315	3,722		20	15,463	2,582	703	3,285	18,748	
Program supplies	119,957	205,683	365	21,169	35,734	382,908	8,601	3,308	11,909	394,817	
Operation services	73	11,052	4	137,249		148,378	11,887	4,764	16,651	165,029	
Public relations and advertising	1,068		192,797	45,196	3,506	193,865	718	2,429	3,147	197,012	
Professional and support services	22,837	65,497	57,092			194,128	53,541	28,170	81,711	275,839	
Exhibit and program expenses	163,302	2,471				165,773				165,773	
Maintenance and repair services	12,984	2,723		1,859		17,566	1,627		1,627	19,193	
Liability expense				15,502		15,502	1,349		1,349	16,851	
Depreciation expense	163,287			5,234	1,760	170,281	34,629		34,629	204,910	
Cost of programs	18,163	96,276			96,276	114,439				114,439	
Total	\$ 1,269,696	\$ 322,978	\$ 290,240	\$ 287,712	\$ 194,701	\$ 2,365,327	\$ 475,284	\$ 184,211	\$ 659,495	\$ 3,024,822	

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

Sci-Port Discovery Center
Shreveport, Louisiana
Statement of Functional Expenses
For the Year Ended June 30, 1998

	Program Services				Supporting Services									
	Public Program Facility	Exhibits and Programs	Gift Shop	Total Program Services	Management and General	Development	Total Supporting Services	Total Expenses						
Personnel	\$	205,502	\$	4,852	\$	210,354	\$	124,608	\$	78,821	\$	203,429	\$	413,783
Payroll taxes		21,118		920		22,038		13,867		7,672		21,539		43,577
Professional fees		7,535		50		7,535		17,206		27,454		44,660		52,195
Staff development and recruiting		5,068		141		5,118		14,595		11,847		26,442		31,560
Vehicle operation		1,349				1,349		536				536		1,885
Printing and publications		2,148				2,289		3,226		32,838		36,064		38,353
Telephone								9,948				9,948		9,948
Exhibits		6,632				6,632								6,632
Supplies	4,417	12,105		705		17,227		15,647		12,030		27,677		44,904
Occupancy	40,271					40,271		18,327				18,327		58,598
Equipment, repairs and maintenance		23,778		733		24,511		11,591		10,838		22,429		46,940
Subscriptions and dues								4,317				4,317		4,317
Travel		12,372				12,372		8,452		5,102		13,554		25,926
Advertising										24,228		24,228		24,228
Insurance		6,026				6,026		6,997		100		7,097		13,123
Miscellaneous		1,248				1,248		593		1,549		2,142		3,390
Depreciation		42,449				42,449		5,216				5,216		47,665
Cost of goods sold				16,231		16,231								16,231
Total	\$	44,688	\$	347,330	\$	23,632	\$	415,650	\$	255,126	\$	212,479	\$	883,255

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

Sci-Port Discovery Center
 Shreveport, Louisiana
 Statements of Cash Flows
 For the Years Ended June 30, 1999 and 1998

	1999	1998
Operating Activities		
Changes in net assets	\$ 3,216,016	\$ 2,180,401
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	204,910	47,665
Donated exhibits	(28,028)	(35,000)
Contributed property and equipment	(2,878,676)	
Contribution received - admissions endowment	(18,500)	
(Increase) decrease in operating assets:		
Accounts receivable	(23,131)	(62)
Promises to give	282,988	(1,302,007)
Prepaid expenses	(34,360)	(20,132)
Inventory	(74,366)	(1,574)
Increase (decrease) in operating liabilities:		
Accounts payable	70,494	46,925
Accrued liabilities	57,784	18,592
Deferred revenue	12,933	528
Net cash provided by operating activities	788,064	935,336
 Investing Activities		
Purchases of property and equipment	(498,198)	(119,395)
Purchases of exhibits	(416,936)	(301,103)
Net cash used in investing activities	(915,134)	(420,498)
Net increase (decrease) in cash	(127,070)	514,838
Cash and cash equivalents as of beginning of year	684,666	169,828
Cash and cash equivalents as of end of year	\$ 557,596	\$ 684,666

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

Sci-Port Discovery Center
Shreveport, Louisiana
Notes to Financial Statements
June 30, 1999 and 1998

(1) Summary of Significant Accounting Policies

A. Nature of Activities

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

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

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

Start-Up Operations – Sci-Port opened a new \$20 million science center with an Imax Dome Theater on November 21, 1998. Construction of the new 67,000 sq. ft. facility was jointly funded by grants of \$16 million from the State of Louisiana and the City of Shreveport. The building is owned by the City of Shreveport. During the fiscal year, Sci-Port completed a community wide \$4 million capital campaign for the project's development. Current year operations reflect start-up expenses for the new facility including project management and administration services, programs research and development labor, capital campaign expenses and promotional materials and services. The interim facility closed to the public on May 31, 1998.

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

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

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

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

Public Program Facility – Accounts for the expenses directly related to obtaining and maintaining the center's interim facility which provides educational programs for the public.

(Continued)

Sci-Port Discovery Center
Shreveport, Louisiana
Notes to Financial Statements
June 30, 1999 and 1998
(Continued)

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

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

B. Basis of Accounting

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

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

D. Income Tax Status

Sci-Port is a non-profit corporation and is exempt from state and federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to Sci-Port’s tax-exempt purpose is subject to taxation as unrelated business income. Sci-Port had no such income for this audit period.

E. Use of Estimates

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

F. Cash and Cash Equivalents

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

(Continued)

Sci-Port Discovery Center
Shreveport, Louisiana
Notes to Financial Statements
June 30, 1999 and 1998
(Continued)

G. Promises to Give

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

H. Inventory

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

I. Property and Equipment

Sci-Port capitalizes all expenditures for property and equipment in excess of \$1,000. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Leasehold improvements are capitalized and amortized over the term of the lease or the estimated useful life of the improvements, whichever is less. Exhibits with a limited display life have been capitalized and amortized over their useful lives. Depreciation is computed using the straight-line method over the estimated useful life of each asset.

J. Deferred Revenue

Income from summer camp registration fees and birthday party deposits are deferred and recognized over the periods to which the fees and deposits relate.

K. Restricted and Unrestricted Revenue

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

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

(Continued)

Sci-Port Discovery Center
Shreveport, Louisiana
Notes to Financial Statements
June 30, 1999 and 1998
(Continued)

L. Donated Services

Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Sci-Port.

M. Donated Assets

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

N. Donated Property and Equipment

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

O. Expense Allocation

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

(2) Concentrations of Credit Risk

Financial instruments that potentially subject Sci-Port to concentrations of credit risk consist principally of temporary cash investments and promises to give receivables. Sci-Port maintains its cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At June 30, 1999, Sci-Port had no uninsured cash balances. At June 30, 1998, Sci-Port's uninsured cash balances totaled \$457,839. Concentrations of credit risk with respect to promises receivable are limited due to the number of contributions comprising Sci-Port's contributor base.

(Continued)

Sci-Port Discovery Center
Shreveport, Louisiana
Notes to Financial Statements
June 30, 1999 and 1998
(Continued)

(3) Promises to Give

Sci-Port conducted a fund-raising campaign to provide funds for needed exhibits, programs, equipment, and start-up costs related to the new facility. Promises receivable expected to be collected over more than one year are discounted at 6.5%. Uncollectible promises are expected to be insignificant.

	1999	1998
Receivable in less than one year	\$ 506,433	\$ 651,457
Receivable in one to five years	623,604	770,418
Receivable in more than five years	72,792	96,500
Total unconditional promises to give	1,202,829	1,518,375
Less discounts to net present value	(133,858)	(166,416)
Net unconditional promises to give at June 30	\$ 1,068,971	\$ 1,351,959

Conditional promises to give at June 30, 1999 and 1998, consist of promises to fund exhibits, programs, and equipment related to the new facility of \$140,000 and \$220,000, respectively. At June 30, 1999 and 1998, there is \$110,000 and \$180,000, respectively, conditional on positive financial performance of Sci-Port, and \$30,000 and \$40,000, respectively, conditional on approval of an organization's board of directors for subsequent annual payments.

(4) Property and Equipment

At June 30, 1999, the costs of property and equipment were as follows:

	Estimated Useful Life	Costs	Accumulated Depreciation	Net
Leasehold improvements	3 years	\$ 27,045	\$ 676	\$ 26,369
Vehicles	5 years	34,656	24,025	10,631
Furniture and equipment	3 – 7 years	586,220	56,469	529,751
Permanent exhibits	10 years	4,054,716	314,030	3,740,686
		\$ 4,702,637	\$ 395,200	\$ 4,307,437

Depreciation expense for the year ended June 30, 1999 was \$204,910.

During the year ended June 30, 1998, Donors contributed certain exhibits to Sci-Port. The fair value of those exhibits at the date of contribution was \$28,028.

(Continued)

Sci-Port Discovery Center
Shreveport, Louisiana
Notes to Financial Statements
June 30, 1999 and 1998
(Continued)

At June 30, 1998, the costs of property and equipment were as follows:

	<u>Estimated Useful Life</u>	<u>Costs</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Leasehold improvements	3 years	\$ 199,018	\$ 199,018	\$ -
Vehicles	5 years	34,656	19,467	15,189
Furniture and equipment	3 – 7 years	116,618	8,680	107,938
Permanent exhibits	10 years	731,075	163,693	567,382
		<u>\$ 1,081,367</u>	<u>\$ 390,858</u>	<u>\$ 690,509</u>

Depreciation expense for the year ended June 30, 1998 was \$47,665.

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

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

Furnishings, fixtures, equipment and exhibits purchased with the City of Shreveport or State of Louisiana funds are included in the accompanying financial statements because, although title is held by the City of Shreveport, the full economic value of their use is now and will continue to be in perpetuity held by Sci-Port. The City of Shreveport grants to Sci-Port the exclusive rights to use those assets as long as Sci-Port operates the Discovery Center under the agreement previously mentioned. These assets consisted of the following at June 30, 1999:

	<u>Cost</u>	<u>Accumulated Depreciation</u>
Exhibits	\$ 1,468,336	\$ 36,708
Theater equipment	1,410,340	35,258
	<u>\$ 2,878,676</u>	<u>\$ 71,966</u>

Depreciation on these assets for the year ended June 30, 1999 was \$71,966, which is included in the total depreciation of \$204,910 for the year ended June 30, 1999.

(Continued)

Sci-Port Discovery Center
Shreveport, Louisiana
Notes to Financial Statements
June 30, 1999 and 1998
(Continued)

Sci-Port also receives funds from the City of Shreveport and the State of Louisiana to supplement the cost of operations. These contracts are subject to annual contract renewals. To the extent that property and equipment are deemed purchased with these funds, title or ownership may revert to the City of Shreveport or the State of Louisiana. As of June 30, 1999 Sci-Port has determined that fixed assets with a cost of \$953,644 and accumulated depreciation of \$88,177 as of June 30, 1999, were purchased with those funds.

(5) Accrued Liabilities

Accrued liabilities consisted of the following:

	1999	1998
Accrued leave payable	\$ 50,992	\$ 15,013
Accrued payroll	37,340	17,338
Payroll and sales taxes payable	3,868	2,065
	\$ 92,200	\$ 34,416

(6) Line of Credit

Sci-Port has a \$1,500,000 line of credit, of which the total amount was unused at June 30, 1999 and 1998. Bank advances on the credit line carry a variable interest rate based on the Chase Manhattan Bank prime rate. The credit line is secured by promises to give.

(7) Board Designated Unrestricted Net Assets

The Board of Directors voted to designate certain donations received as an internal endowment fund. Interest earned on the fund is available for use in operations.

(8) Temporarily Restricted Net Assets

The temporarily restricted net assets at June 30, 1998 represent capital campaign donations received for specific purposes defined by the donor of which the restrictions were not met as of that date.

The temporarily restricted net assets at June 30, 1999 represent donations received during the year which were restricted by the donors to be used for admissions assistance.

(Continued)

Sci-Port Discovery Center
Shreveport, Louisiana
Notes to Financial Statements
June 30, 1999 and 1998
(Continued)

(9) Permanently Restricted Net Assets

Permanently restricted net assets at June 30, 1999 consisted of contributions for an admissions endowment. The investment earnings from this endowment are restricted for admissions assistance.

(10) Third Party Reimbursement

During the years ended June 30, 1999 and 1998, Sci-Port received contractual revenue from state, parish, and city grants in the amount of \$749,269 and \$352,500, respectively. The continued existence of these funds is based on annual contract renewals with various funding sources.

(11) Donated Materials, Facilities, and Services

Various materials and services were donated to Sci-Port by various individuals and organizations. Donated materials and services for the years ended June 30, 1999 and 1998 were \$370,197 and \$62,597, respectively, and were recorded at fair market value at the date of donation, and have been included in revenue and expenses for this year.

In addition, during the year ended June 30, 1999 and 1998, the Caddo Parish and Bossier Parish school boards hired an employee to serve as the Sci-Port Education Coordinator. The amounts that the school boards paid for the salary and benefits of this position totaled \$29,423 and \$41,335 for the years ended June 30, 1999 and 1998, respectively. These amounts were reflected as grants revenue and education expenses.

(12) Operating Leases

Sci-Port leases certain equipment and buildings under operating leases. Rental costs on those items for the years ended June 30, 1999 and 1998, were as follows:

	1999	1998
Buildings	\$ 16,617	\$ 35,653
Equipment		1,590
	\$ 16,617	\$ 37,243

There were no commitments under lease agreements having initial or remaining non-cancelable terms in excess of one year as of June 30, 1999.

COOK & MOREHART

Certified Public Accountants

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CERTIFIED PUBLIC ACCOUNTANTS

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
Sci-Port Discovery Center
Shreveport, Louisiana

We have audited the financial statements of Sci-Port Discovery Center as of and for the year ended June 30, 1999, and have issued our report thereon dated September 9, 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 Sci-Port Discovery Center'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 Sci-Port Discovery Center'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 misstatement 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 assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which we have reported to Sci-Port Discovery Center's management in a separate management letter dated September 9, 1999.

This report is intended solely for the information and use of management, the Board of Directors and awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Cook & Morehart". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Cook & Morehart
Certified Public Accountants
September 9, 1999

Sci-Port Discovery Center
Shreveport, Louisiana
Summary Schedule of Audit Findings for the Louisiana Legislative Auditor
June 30, 1999

Summary Schedule of Prior Audit Findings

There were no findings or management letter comments for the prior year audit for the year ended June 30, 1998.

Corrective Action Plan for Current Year Audit Findings

There were no findings for the current year audit for the year ended June 30, 1999.

Current year management letter comments are addressed below:

Comment #1: Gift Shop Inventory

The Gift Shop inventory is now computerized and records agree with a physical inventory taken in September, 1999.

Comment #2: Credit Card Procedures

VISA credit card procedures have been revised to require detailed documentation of each credit card purchase when it is made. The (3) senior management staff have been trained on the new procedures.

COOK & MOREHART

Certified Public Accountants

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Management Letter

September 9, 1999

The Board of Directors of the
Sci-Port Discovery Center
Shreveport, Louisiana

Attention: Andree Peek, President and CEO

We have audited the financial statements of Sci-Port Discovery Center (Sci-Port), for the year ended June 30, 1999, and have issued our report thereon dated September 9, 1999. In planning and performing our audit of the financial statements of Sci-Port Discovery Center, we considered its 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.

During our audit the following items were noted involving internal control over financial reporting and other operational matters which appear to merit your attention for consideration to improve the internal control or operations of Sci-Port. These comments have been discussed with the appropriate members of management.

Comment #1: Gift Shop Inventory

During our audit it was determined that the Gift Shop Inventory was in the process of being computerized. An accurate and complete list of inventory on hand was not available as of June 30, 1999.

We suggest that Sci-Port continue to computerize their inventory for the Gift Shop in order to provide accurate inventory records on a current basis.

Comment #2: Credit Card Procedures

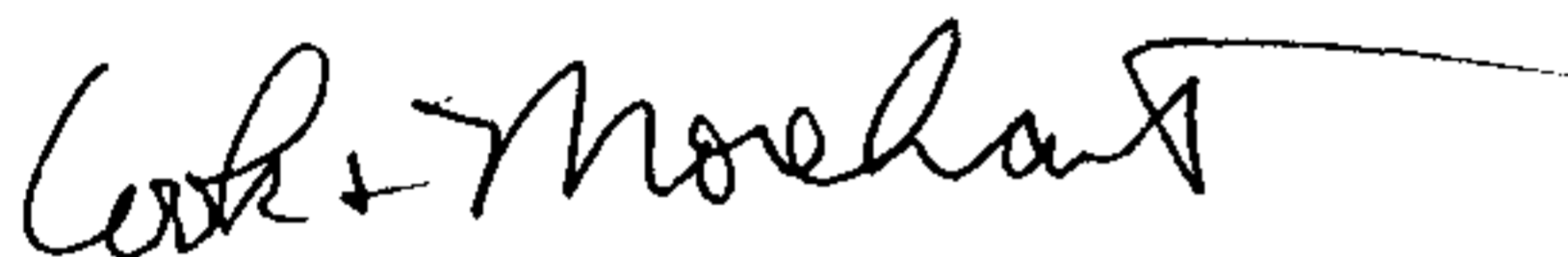
During our audit we selected certain payments for credit card purchases. We noted that payments were sometimes made from amounts on statements. For several instances the amounts paid on the statements did not have all the receipts – invoices available for support of the amount paid.

During our audit we also noted that Sci-Port has several credit cards for various local vendors. The credit cards are controlled by the accounting department with the exception of three VISA cards which are kept by certain employees.

We recommend that payments on credit card statements be made only for charges that have actual invoices for support.

We recommend that written credit card procedures be developed to include all credit card purchases and that all credit cards be controlled by the accounting department.

We express sincere thanks to Sci-Port personnel for the cooperation and assistance provided us during our audit. We are available to provide you assistance and consultation in the implementation of the above mentioned items. This letter is furnished solely for the use of management and the Board of Directors and is not intended to be used for any other purpose.

A handwritten signature in cursive script, reading "Cook & Morehart", with a long horizontal flourish extending to the right.

Cook & Morehart
Certified Public Accountants