

NEW ORLEANS MUSEUM OF ART**Financial Statements and Schedules****December 31, 2003****With Independent Auditors' Report Thereon**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 9-1-04**Postlethwaite & Netterville**

A Professional Accounting Corporation

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NEW ORLEANS MUSEUM OF ART

Year ended December 31, 2003

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Postlethwaite & Netterville

A Professional Accounting Corporation
Associated Offices in Principal Cities of the United States

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Independent Auditors' Report

The Board of Trustees
New Orleans Museum of Art:

We have audited the accompanying statements of financial position of the New Orleans Museum of Art (the Museum) as of December 31, 2003 and 2002, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Museum's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *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 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 the New Orleans Museum of Art as of December 31, 2003 and 2002, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2004 on our consideration of the Museum's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Postlethwaite & Netterville

New Orleans, Louisiana
June 25, 2004

NEW ORLEANS MUSEUM OF ART

Statements of Financial Position

December 31, 2003 and 2002

Assets		2003	2002
		<u>2003</u>	<u>2002</u>
Current assets:			
Cash	\$	27,663	67,059
Investments, short-term (note 2)		1,947,373	3,462,719
Receivables:			
Promises to give (note 4)		1,090,087	1,703,000
Interest		551	346
Other		15,384	666,666
Inventories		341,771	272,561
Prepaid assets		14,684	502,184
Deposits and other (note 7)		141,886	204,858
Total current assets		<u>3,579,399</u>	<u>6,879,393</u>
Promises to give, long-term (note 4)		1,371,392	2,182,516
Investments (note 2)		23,451,081	19,577,715
Building improvements and equipment, net (note 3)		<u>16,389,760</u>	<u>16,852,634</u>
Total assets	\$	<u><u>44,791,632</u></u>	<u><u>45,492,258</u></u>
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and other liabilities	\$	1,080,214	856,901
Notes payable (note 8)		1,000,000	300,000
Salaries, taxes, withholdings and pension payable (note 7)		308,257	414,544
Accumulated unused sick and annual leave		507,173	492,125
Total current liabilities		<u>2,895,644</u>	<u>2,063,570</u>
Net assets (notes 6 and 10):			
Unrestricted:			
Unrestricted, operating		58,947	8,909
Board designated, investment in building		16,389,760	16,852,634
Board designated, functioning as endowments		3,751,400	1,864,410
Total unrestricted net assets		<u>20,200,107</u>	<u>18,725,953</u>
Temporarily restricted		4,266,993	8,326,237
Permanently restricted		17,428,888	16,376,498
Net assets		<u>41,895,988</u>	<u>43,428,688</u>
Total liabilities and net assets	\$	<u><u>44,791,632</u></u>	<u><u>45,492,258</u></u>

See accompanying notes to financial statements.

NEW ORLEANS MUSEUM OF ART

Statements of Activities

Years ended December 31, 2003 and 2002

	2003			2002			
	Unrestricted	Temporarily restricted	Permanently restricted	Unrestricted	Temporarily restricted	Permanently restricted	Total
Support and revenue:							
Support:							
Individual contributions	\$ 19,682	1,191,260	51,263	8,993	2,044,871	1,285	2,055,149
Grants - State of Louisiana	130,349	616,724	-	67,115	551,700	-	618,815
City grants	234,734	248,375	-	224,977	1,100,000	-	1,324,977
Annual appeal	715,189	-	-	750,736	-	-	750,736
Corporate support	176,497	166,508	-	47,755	161,175	-	208,930
Affiliate memberships	335,142	-	-	222,159	-	-	222,159
Odyssey Ball (net of direct costs of \$91,873 and \$98,493, respectively)	227,833	-	-	241,191	-	-	241,191
Special benefits (net of direct costs of \$3,969 and \$7,921, respectively)	188,739	-	-	168,592	-	-	168,592
Legacies and bequests	1,267	13,526	-	-	51,531	100,000	151,531
Foundations	131,000	125,500	-	214,133	176,328	100,000	490,461
Total support	2,160,432	2,361,893	51,263	1,945,651	4,085,605	201,285	6,232,541
Revenue:							
General membership dues	665,202	-	-	409,179	-	-	409,179
Business and university memberships	104,290	-	-	110,513	-	-	110,513
Admission charges	1,271,072	-	-	198,014	-	-	198,014
Arts Quarterly, audio tours and other publications	38,120	-	-	47,790	-	-	47,790
Education programs	7,033	-	-	29,238	-	-	29,238
Exhibition programs	79,085	174,382	-	60,685	10,000	-	70,685
Special evenings	40,650	-	-	122,758	-	-	122,758
Members' events	34,509	11,034	-	77,965	2,291	-	80,256

(Continued)

NEW ORLEANS MUSEUM OF ART

Statements of Activities

Years ended December 31, 2003 and 2002

	2003			2002		
	Unrestricted	Temporarily restricted	Permanently restricted	Unrestricted	Temporarily restricted	Permanently restricted
Interest and dividends	3,908	39,557	-	12,462	44,938	-
Net appreciation in investments	2,317,463	2,109,348	-	(866,689)	(875,817)	-
Royalties	11,303	-	-	3,360	-	-
Deaccessions	6,107	11,511	1,127	-	185,817	-
Museum shop	694,567	-	-	331,708	-	-
Museum cafe'	21,841	-	-	94,807	-	-
Miscellaneous	9,806	-	-	593	-	-
Total revenue	5,304,956	2,345,832	1,127	632,383	(632,771)	-
Total support and revenue before net assets released from restrictions/transferred	7,465,388	4,707,725	52,390	2,578,034	3,452,834	201,285
Net assets released from restrictions/transferred (note 6):						
Net assets released from restrictions	4,914,772	(4,914,772)	-	1,103,197	(1,103,197)	-
Transfers	2,852,197	(3,852,197)	1,000,000	2,924,456	(2,929,226)	4,770
Total net assets released/transferred	7,766,969	(8,766,969)	1,000,000	4,027,653	(4,032,423)	4,770
Total revenue and support	15,232,357	(4,059,244)	1,052,390	6,605,687	(579,589)	206,055

(Continued)

NEW ORLEANS MUSEUM OF ART

Statements of Activities

Years ended December 31, 2003 and 2002

	2003			2002				
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Expenses (note 9):								
Administrative	\$ 949,059	-	-	949,059	1,039,599	-	-	1,039,599
Building	832,213	-	-	832,213	748,514	-	-	748,514
Museum Shop	693,983	-	-	693,983	273,419	-	-	273,419
Museum cafe'	61,564	-	-	61,564	165,601	-	-	165,601
Art division:								
Collections	1,145,800	-	-	1,145,800	1,124,546	-	-	1,124,546
Art accessions not capitalized	645,514	-	-	645,514	1,017,296	-	-	1,017,296
Exhibition programs	3,105,041	-	-	3,105,041	734,957	-	-	734,957
Art Quarterly	120,841	-	-	120,841	187,410	-	-	187,410
Capital Outlay	4,086,401	-	-	4,086,401	-	-	-	-
Education programs	424,450	-	-	424,450	434,162	-	-	434,162
Development and fund raising	1,468,465	-	-	1,468,465	922,188	-	-	922,188
Member activities and other restricted activities	224,872	-	-	224,872	218,459	-	-	218,459
Total expenses	13,758,203	-	-	13,758,203	6,866,151	-	-	6,866,151
Change in net assets	1,474,154	(4,059,244)	1,052,390	(1,532,700)	(260,464)	(579,589)	206,055	(633,998)
Net assets at beginning of year	18,725,953	8,326,237	16,376,498	43,428,688	18,986,417	8,905,826	16,170,443	44,062,686
Net assets at end of year	\$ 20,200,107	4,266,993	17,428,888	41,895,988	18,725,953	8,326,237	16,376,498	43,428,688

See accompanying notes to financial statements.

NEW ORLEANS MUSEUM OF ART

Statements of Cash Flows

Years ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Cash received from operating activities:		
Cash received from government entities	\$ 1,881,464	1,293,441
Cash received from contributors	3,910,046	3,975,093
Cash received from sales of art	18,745	185,817
Cash received from memberships and member activities	3,469,493	2,349,680
Cash received from auxiliary operations	716,408	426,515
Interest, royalties and dividends received	43,260	56,123
Cash paid to employees and suppliers	(11,736,479)	(5,171,993)
Cash paid for art acquisitions	(645,514)	(1,017,296)
	<u>(2,342,577)</u>	<u>2,097,380</u>
Cash flows used in investing activities:		
Purchase of investments	(1,302,832)	(3,736,867)
Maturities/sales of investments	3,371,623	3,664,384
Purchases of building and equipment	-	(2,710,596)
	<u>2,068,791</u>	<u>(2,783,079)</u>
Cash flows provided by financing activities:		
Proceeds from short-term financing	400,000	300,000
Proceeds from contributions, permanently restricted	(165,610)	433,285
	<u>234,390</u>	<u>733,285</u>
Net cash provided by investing activities	<u>234,390</u>	<u>733,285</u>
Net increase (decrease) in cash and cash equivalents	<u>(39,396)</u>	<u>47,586</u>
Cash and cash equivalents at beginning of year	<u>67,059</u>	<u>19,473</u>
Cash and cash equivalents at end of year	<u>\$ 27,663</u>	<u>67,059</u>
Reconciliation of changes in net assets to net cash provided by operating activities:		
Changes in net assets	\$ (1,532,700)	(633,998)
Adjustments for long-term income and non-cash expenses:		
Permanently restricted contributions	(52,390)	(201,285)
Allowance and discount on promises to give	(33,300)	(10,440)
Appreciation (depreciation) of investments	(4,426,811)	1,742,506
Depreciation	462,874	465,161
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
(Increase) decrease in current assets and long-term promises to give	2,744,704	45,356
Increase (decrease) in current liabilities	495,046	690,080
	<u>(2,342,577)</u>	<u>2,097,380</u>

See accompanying notes to financial statements.

NEW ORLEANS MUSEUM OF ART

Notes to Financial Statements

December 31, 2003

(1) Summary of Significant Accounting Policies

(a) *History and Organization*

The New Orleans Museum of Art (the Museum) opened in 1911 and is an invaluable cultural, educational and recreational resource serving the City of New Orleans, the State of Louisiana and the entire Gulf South with programs and exhibitions designed to cultivate, promote and inspire the knowledge, love and appreciation of the fine arts. The Museum is organized as a private, nonprofit corporation, chartered in the State of Louisiana and granted 501(c) (3) status by the Internal Revenue Service. It is governed by a 37-member Board of Trustees, serving staggered three-year terms. The Museum is affiliated with the City of New Orleans as an unattached board and commission.

(b) *Financial Statement Presentation*

The financial statements of the Museum are presented on the accrual basis of accounting. Net assets, support and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Museum and changes therein are classified and reported as follows:

- Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Museum and/or the passage of time.
- Permanently restricted net assets - Net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled and removed by actions of the Museum pursuant to those stipulations.

(c) *Promises to Give*

Contributions are recognized when the donor makes a promise to give to the Museum that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. The Museum provides for an allowance for uncollectible unconditional promises receivable when necessary. Substantially all long-term promises to give are discounted using appropriate rates as of December 31.

(d) *Building Improvements and Equipment*

Building improvements and equipment are recorded at cost. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis.

(e) *Vacation and Sick Pay*

The Museum's vacation pay (annual leave) and sick pay (sick leave) are accrued when earned. The Museum's policy permits employees a limited amount of earned but unused vacation which will be paid to employees upon separation from the Museum. The amount shall not exceed ninety (90) days for employees hired before January 1, 1979, and forty-five (45) days for employees hired after December 31, 1978.

NEW ORLEANS MUSEUM OF ART

Notes to Financial Statements

December 31, 2003

(1) Summary of Significant Accounting Policies (continued)

Sick leave is accumulated by all employees hired prior to December 31, 1978 at an accrual rate of .923 of a work day for each bi-weekly pay period. For employees appointed subsequent to December 31, 1978, the accrual is .5 of a work day for each bi-weekly period plus a two (2) day bonus for each employee with six (6) through fifteen (15) calendar years of continuous service, and seven (7) bonus days for employees with sixteen (16) or more calendar years of continuous service.

Upon separation from the Museum, an employee can elect to convert unused sick leave for retirement credits or cash. The conversion to cash is determined by a rate ranging from one day of pay for five days of leave for the 1st through 100th leave day to one (1) day of pay for one (1) day of leave for all days in excess of the 400th leave day.

(f) Investments

Investments, consisting of common stocks, limited partnership hedge funds, corporate bonds, and U.S. government and agency issues, are recorded at market value. Unrealized gains and losses on investments in equity securities with readily determinable fair values and all investments in debt securities are recorded in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or law. Dividend, interest and other investment income is recorded as increases in unrestricted net assets unless the use is restricted by the donor. Donated investments are recorded at fair value at the date of receipt. Real property contributed to the Museum is recorded at fair value at the date of the donation.

(g) Inventory

The Museum's shop and cafe' inventory is valued at the lower of cost or market. Cost is determined by the first-in, first-out method.

(h) Income Taxes

The Museum is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code and from state income taxes under Section 121(5) of Title 47 of the Louisiana Revised Statutes of 1950.

(i) Restricted Net Assets

The Museum reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statements of activities as net assets released from restrictions.

NEW ORLEANS MUSEUM OF ART

Notes to Financial Statements

December 31, 2003

(1) Summary of Significant Accounting Policies (continued)

Gifts of long-lived operating assets such as land, buildings or equipment are reported as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long these long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

(j) Use of Estimates

Management of the Museum has made estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

(k) Cash and Cash Equivalents

For the purposes of the statements of cash flows, cash and cash equivalents include bank deposits and money market accounts.

(2) Investments

The market value of investments is as follows at December 31:

	<u>2003</u>	<u>2002</u>
Cash Equivalents	\$ 1,958,882	3,232,333
U.S. Government Securities	33,770	271,607
Corporate Bonds	4,004,605	3,951,505
Corporate Stocks	15,267,005	11,926,817
Mutual Funds	101,523	85,401
Limited Partnership Hedge Funds	3,596,409	3,136,511
Real property	436,260	436,260
	<u>\$ 25,398,454</u>	<u>23,040,434</u>

Reconciliation to the statements of financial position is as follows:

	<u>2003</u>	<u>2002</u>
Short-term investments	\$ 1,947,373	3,462,719
Long-term investments	<u>23,451,081</u>	<u>19,577,715</u>
	<u>\$ 25,398,454</u>	<u>23,040,434</u>

NEW ORLEANS MUSEUM OF ART

Notes to Financial Statements

December 31, 2003

(2) Investments (continued)

Investments are held for the following purposes:

	<u>2003</u>	<u>2002</u>
Unrestricted:		
Operating	\$ 1,629,025	1,376,064
Board designated, functioning as endowments	3,148,690	957,744
	<u>4,777,715</u>	<u>2,333,808</u>
Temporarily restricted:		
Capital	<u>779,940</u>	<u>2,150,489</u>
Operating:		
Books/library	95,471	96,079
Curatorship, functioning as endowments	189,857	9,640
Directorship, functioning as endowments	198,365	25,962
Education	5,747	3,630
Exhibition	242,105	1,091,370
Gallery maintenance	88,670	52,469
General program	38,378	71,062
Scholar program	12,150	4,591
	<u>870,743</u>	<u>1,354,803</u>
Art accessions	<u>2,629,365</u>	<u>1,707,270</u>
	<u>4,290,548</u>	<u>5,212,562</u>
Permanently restricted:		
Operating:		
Curatorship	2,000,000	2,000,000
Directorship	1,000,000	1,000,000
Education	44,708	42,971
Gallery maintenance	118,782	118,782
General program	8,563,309	7,781,309
Scholar program	300,000	300,000
	<u>12,026,799</u>	<u>11,243,062</u>
Art accessions	<u>4,303,392</u>	<u>4,251,002</u>
	<u>16,330,191</u>	<u>15,494,064</u>
	<u>\$ 25,398,454</u>	<u>23,040,434</u>

NEW ORLEANS MUSEUM OF ART

Notes to Financial Statements

December 31, 2003

(2) Investments (continued)

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended December 31:

	<u>2003</u>	<u>2002</u>
Dividends and interest	\$ 43,465	57,400
Net realized and unrealized gains (losses):		
Realized	11,221	366,636
Unrealized	4,415,590	(2,109,142)
	<u>4,426,811</u>	<u>(1,742,506)</u>
Total return on investments	\$ <u>4,470,276</u>	<u>(1,685,106)</u>

Interest and unrealized and realized gains (losses) on permanently restricted investments are reflected in the related unrestricted or temporarily restricted program. If the permanent and the temporarily restricted funds do not have enough net assets to fund investment losses, appropriate transfers from the unrestricted net assets are made to the funds.

(3) Building Improvements and Equipment

Building improvements and equipment consist of the following at December 31:

	<u>2003</u>	<u>Accumulated</u>	<u>Net</u>	<u>Estimated</u>
	<u>Cost</u>	<u>Depreciation</u>		<u>useful lives</u>
Building	\$ 17,125,417	(4,464,529)	12,660,888	40 years
Computers	414,622	(376,652)	37,970	5 years
Vehicle	62,940	(57,540)	5,400	5 years
Land Improvements	450,076	(22,504)	427,572	40 years
Sculpture Garden	3,257,930	-	3,257,930	-
Total	\$ <u>21,310,985</u>	<u>(4,921,225)</u>	<u>16,389,760</u>	
	<u>2002</u>	<u>Accumulated</u>	<u>Net</u>	<u>Estimated</u>
	<u>Cost</u>	<u>Depreciation</u>		<u>useful lives</u>
Building	\$ 17,125,417	(4,036,046)	13,089,371	40 years
Computers	414,622	(358,914)	55,708	5 years
Vehicle	62,940	(52,140)	10,800	5 years
Land Improvements	450,076	(11,251)	438,825	40 years
Construction in Progress – Sculpture Garden	3,257,930	-	3,257,930	-
Total	\$ <u>21,310,985</u>	<u>(4,458,351)</u>	<u>16,852,634</u>	

Depreciation expense in 2003 and 2002 was \$462,873 and \$465,161, respectively.

NEW ORLEANS MUSEUM OF ART

Notes to Financial Statements

December 31, 2003

(4) Promises to Give

Promises to give are dedicated by the donors for building expansion and represent a promise by the donors to pay after the balance sheet date.

Scheduled payments, net of discounts, are as follows at December 31, 2003:

2004	\$ 1,090,087
2005	969,217
2006	98,010
2007	334,620
2008 and thereafter	<u>69,545</u>
	2,561,479
Less allowance for uncollectible pledges	<u>(100,000)</u>
Promises to give, net	\$ <u>2,461,479</u>

Scheduled promises to give which are due in fiscal year 2004 totaled \$1,090,087; promises to give expected to be collected over the long-term total \$1,371,392, net of allowance for uncollectible pledges.

(5) Art Collection

In conformity with the practice followed by many museums, art purchased and donated is not capitalized. During 2003 and 2002, the cost of collection items purchased by the Museum as a decrease in the appropriate class of net assets was \$645,514 and \$1,017,296, respectively. Deaccessions of collection items in 2003 and 2002 were \$18,745 and \$185,817, respectively, the proceeds of which are temporarily restricted for future art purchases. Art objects are frequently displayed in the exhibition galleries of the Museum. When not on display, the objects are maintained in climate controlled storage. The Museum maintains policies and procedures addressing the upkeep of the collection, as well as other aspects of its management, including accession/deaccession policies.

The Museum has the largest and most complete repository of fine art in the State of Louisiana and is recognized nationally as one of the leading art institutions serving the public. In particular, the Museum has a national reputation of a 3,500 year history of glass; an in-depth 150 year history of photographs; Japanese screens and scroll paintings of the Edo Period; a 500 year survey of Chinese earthenware, porcelain, and stone sculptures; 17th through 20th century French paintings; Italian and Spanish paintings from the Renaissance and Baroque periods; 16th through 18th century paintings from the "Low Countries" of Northern Europe; tribal arts of sub-Saharan Africa; 18th and 19th century French hard-paste, bone and Parian porcelain; 20th century American art pottery; Spanish colonial Latin American paintings and sculpture; English and continental portrait miniatures; jeweled objects de vertu by Peter Carl Faberge; 18th to 20th century American paintings and sculptures; 18th and 19th century American and English silver; and the arts of pre-Columbian Mexico, Central and South America, and native North American Indians.

NEW ORLEANS MUSEUM OF ART

Notes to Financial Statements

December 31, 2003

(5) Art Collection (continued)

The Museum employs a professional curatorial staff whose function is to care for its collections; carry out research on the objects in the collection; organize special exhibitions on particular subjects or themes; write scholarly interpretative articles, catalogues and books on art subjects; recommend and oversee needed restoration and conservation treatment on objects in the collection; cultivate and advise private art collectors and encourage donations; seek out and recommend objects for acquisition or deaccession by the Museum; train volunteer docents to give guided tours of the Museum; devise and implement educational programs such as lectures, symposiums, films, concerts, family festivals on specific themes, studio art classes, "Van Go" (mobile van) and other outreach methods; family and teacher workshops, and "Summer in the City" day camp for inner-city children.

(6) Net Assets

Temporarily restricted net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during December 31 and transfers are as follows:

	<u>2003</u>	<u>2002</u>
Purpose accomplished:		
Administrative and other activities	\$ 1,307,014	2,756,353
Art exhibitions and collections	1,860,874	260,924
Art accessions	620,437	1,009,176
Capital	4,839,313	-
Education division	71,988	3,369
Development division	29,816	-
Member activities	37,527	2,601
	<u>\$ 8,766,969</u>	<u>4,032,423</u>

Board-designated, functioning as endowments, unrestricted net assets are designated to support the following:

	<u>2003</u>	<u>2002</u>
Operations	\$ 3,148,690	1,173,823
Exhibits/art	602,710	690,587
	<u>\$ 3,751,400</u>	<u>1,864,410</u>

NEW ORLEANS MUSEUM OF ART

Notes to Financial Statements

December 31, 2003

(6) Net Assets (continued)

Temporarily restricted net assets are donor-restricted for the following purposes:

	<u>2003</u>	<u>2002</u>
Capital	\$ 920,132	4,827,229
Art accessions	2,437,992	1,459,096
Directorship	198,365	25,962
Curatorship	189,857	-
Operations	50,544	71,092
Gallery maintenance and exhibits	358,341	1,843,121
Books/Library	106,015	96,107
Education	5,747	3,630
	<u>\$ 4,266,993</u>	<u>8,326,237</u>

Permanently restricted net assets, investments in perpetuity, the income from which can be used in accordance with donor restrictions, are as follows:

	<u>2003</u>	<u>2002</u>
Operations	\$ 9,692,309	8,692,309
Art accessions	4,303,392	4,251,002
Curatorship	2,000,000	2,000,000
Directorship	1,000,000	1,000,000
Scholar program	300,000	300,000
Gallery maintenance	118,782	118,782
Education	14,405	14,405
	<u>\$ 17,428,888</u>	<u>16,376,498</u>

(7) Pension Plan

Civil service employees of the Museum are eligible for membership in the City of New Orleans Employees' Retirement System. However, effective January 1, 2000, the Museum has adopted a Defined Benefit Pension Plan for non-Civil Service employees. An employee will be vested in the plan after completing five years of full-time service. The Museum has a contributory retirement plan. The Museum's pension expense for 2003 and 2002 totaled \$83,186 and \$209,379, respectively.

The Museum's annual contribution to the pension fund is based on the amount determined by the actuary of the fund, which includes amortization of past service costs over a period of 30 years.

The actuarially computed value of vested benefits of the Museum's employees in the City's pension plan is not available. Pension payments for these employees are the responsibility of the City.

The report on the City of New Orleans Employee's Retirement System can be obtained from the City of New Orleans, Perdido Street, New Orleans, Louisiana.

NEW ORLEANS MUSEUM OF ART

Notes to Financial Statements

December 31, 2003

(7) Pension Plan (continued)

In 2000, the Museum established a defined benefit retirement plan (the Plan) for any employee who is eligible for participation upon his anniversary date nearest completion of one year of service and attainment of age 21. On April 23, 2001, the Museum received a favorable determination letter on their plan from the Internal Revenue Service.

The normal retirement date is the first day of the month that coincides with or next following a participant's 65th birthday or later. The normal retirement benefit is paid monthly beginning on the participant's normal retirement date in an amount equal to 1.5% of the average of the final five years' compensation multiplied by the years of service at retirement. Early retirement for a participant can begin on the first day of the month following his attainment of age 55 and completion of 10 years of service. Disability retirement is available upon total and permanent disability with 10 years of service. Participants vest 100% after five years of service or the attainment of normal retirement age.

The most recent projected pension benefit obligations were computed based on the actuarial valuation performed as of January 1, 2003 and 2002 for the years ended December 31, 2003 and 2002, respectively. Significant actuarial assumptions used in the valuation include (a) 1983 Group Annuity Mortality Table (unisex rates) at 7% interest to the normal form of benefit; (b) a rate of return on the investment of present and future assets of 6.31% per year compounded annually, and (c) projected salary increases including an inflation component of 3% compounded annually. The Museum bears all costs of the Plan. The cost method used is the frozen initial liability cost method. The Museum contributes at least the minimum contribution required by the Internal Revenue Code and ERISA. The Museum contributes such amounts as are necessary to provide assets sufficient to meet the benefits to be paid to Plan participants. The contributions of the Museum are made in amounts, determined by an enrolled actuary, sufficient to fund the Plan's current service cost plus amortization of any unfunded amounts over 30 years.

The following table sets forth the plan's funded status and amounts recognized in the Museum's statement of financial position as of December 31:

	<u>2003</u>	<u>2002</u>
Actuarial present value of benefit obligation:		
Vested benefit obligation	\$ 376,725	308,526
Nonvested benefit obligation	<u>53,654</u>	<u>24,918</u>
Accumulated benefit obligation	430,379	333,444
Effect of projected future compensation levels	<u>41,567</u>	<u>26,928</u>
Projected benefit obligation for service rendered to date	471,946	360,372

NEW ORLEANS MUSEUM OF ART

Notes to Financial Statements

December 31, 2003

(7) Pension Plan (continued)

	<u>2003</u>	<u>2002</u>
Projected benefit obligation for service rendered to date, continued from previous page	\$ 471,946	360,372
Less plan assets at fair value	<u>(192,441)</u>	<u>(103,252)</u>
Deficiency in plan assets over projected benefit obligation	279,505	257,120
Unrecognized prior service cost	(126,739)	(138,261)
Unrecognized additional liability	140,038	203,010
Unrecognized net asset	<u>(54,866)</u>	<u>(91,677)</u>
Accrued pension liability included in accounts payable and other liabilities in the statements of financial position	\$ <u>237,938</u>	<u>230,192</u>

Included in deposits and other in the statement of financial position at December 31, 2003 and 2002 is an intangible asset of \$140,038 and \$203,010, respectively, which will be amortized as actuarially determined.

Net periodic pension cost included the following components for the years ended December 31 and is as follows:

	<u>2003</u>	<u>2002</u>
Service cost - benefits earned during the period	\$ 41,537	30,468
Interest cost on projected benefit obligation	22,493	19,180
Actual return on plan assets	(92,987)	11,217
Net amortization and deferral	<u>123,657</u>	<u>(7,738)</u>
Net periodic pension expense	\$ <u>94,700</u>	<u>53,127</u>

(8) Note Payable

As of December 31, 2003 and 2002, the Museum had \$1,000,000 and \$300,000 short-term unsecured notes payable due in 2004, respectively; interest accrues at 4% per annum.

NEW ORLEANS MUSEUM OF ART

Notes to Financial Statements

December 31, 2003

(9) Expenses

Expenses by natural classification and function have been incurred for the following:

	Year ended December 31, 2003					
	Total	Adminis- trative and general	Program			Total
			Arts	Education	Development	
Salaries, wages and benefits	\$ 3,016,542	1,347,550	974,605	255,928	438,459	1,668,992
Office and occupancy	684,352	187,707	411,246	827	84,572	496,645
Capital outlay	4,086,401	4,086,401	-	-	-	-
Professional services and printing	3,081,897	429,270	2,363,828	35,750	253,049	2,652,627
Other contractual Services	920,765	126,031	143,459	9,021	642,254	794,734
Supplies and material	270,554	90,046	130,408	12,895	37,205	180,508
Cost of goods sold	535,651	531,097	3,670	362	522	4,554
Depreciation	462,873	49,990	355,811	44,667	12,405	412,883
Art accessions	699,168	-	634,168	65,000	-	699,168
	<u>\$ 13,758,203</u>	<u>6,848,092</u>	<u>5,017,195</u>	<u>424,450</u>	<u>1,468,466</u>	<u>6,910,111</u>

NEW ORLEANS MUSEUM OF ART

Notes to Financial Statements

December 31, 2003

(9) Expenses (continued)

	Year ended December 31, 2002					
	Total	Adminis- trative and general	Program			Total
			Arts	Education	Development	
Salaries, wages and benefits	\$ 2,857,516	1,417,588	788,930	257,271	393,727	1,439,928
Office and occupancy	435,166	288,579	76,652	5,888	64,047	146,587
Professional services and printing	1,364,072	257,049	718,142	101,246	287,635	1,107,023
Other contractual Services	330,738	129,363	58,357	7,838	135,180	201,375
Supplies and material	163,879	71,559	49,416	14,529	28,375	92,320
Cost of goods sold	234,477	231,217	-	2,502	758	3,260
Depreciation	465,161	50,237	357,570	44,888	12,466	414,924
Art accessions	<u>1,015,142</u>	<u>-</u>	<u>1,015,142</u>	<u>-</u>	<u>-</u>	<u>1,015,142</u>
	<u>\$ 6,866,151</u>	<u>2,445,592</u>	<u>3,064,209</u>	<u>434,162</u>	<u>922,188</u>	<u>4,420,559</u>

(10) Commitments and Contingencies

The Museum is party to various lawsuits in the ordinary course of its business. In the opinion of management, the effects of these suits, if any, will not have a material adverse effect. At December 31, 2003 and December 31, 2002, the Museum had an outstanding construction commitment related to the Sculpture Garden of approximately \$430,000 and \$2,684,000, respectively.

NEW ORLEANS MUSEUM OF ART

Combining Schedule of Financial Position

December 31, 2003

Assets	Operating		Equipment and Leasing	Endowment (Board Designated)	NOMA Volunteer Committee (Operating)	Fees (Operating)	Fellow (Program)	Delgado Society (Program)	Furniture in Art (Program)	Advocates (Program)	Chambers (Program)
	Operating	Equipment									
Current assets:											
Cash	\$ 441	-	-	-	5,226	-	-	-	69,976	-	-
Investments	961,603	-	-	-	132,704	-	-	-	-	2,863	-
Receivables	-	-	-	-	-	-	-	-	-	-	-
Interest	326	-	-	-	-	-	-	-	24	1	-
Promises to give	40,000	-	-	-	-	-	-	-	-	-	-
Grants	15,384	-	-	-	-	-	-	-	-	-	-
Inventories	341,771	-	-	-	-	-	-	-	-	-	-
Prepaid assets and other assets	14,684	-	-	-	-	-	-	-	-	-	-
Due from/to other funds	10,479	-	-	-	-	-	-	-	(70,000)	-	-
Deposits and other	1,848	-	-	-	-	-	-	-	-	-	-
Total current assets	1,386,536	-	-	-	137,930	-	-	-	-	2,864	-
Investments, long-term	-	-	-	3,148,690	-	-	-	-	-	-	-
Investment - Real Property	-	-	-	-	-	-	-	31,971	-	-	-
Building improvements and equipment	-	16,389,760	-	-	-	-	-	-	-	-	-
Total assets	\$ 1,386,536	16,389,760	-	3,148,690	137,930	402,400	186,868	31,971	-	2,864	-
Liabilities and Net Assets											
Current liabilities:											
Accounts payable and other liabilities	314,213	-	-	-	-	97,900	-	-	-	-	-
Notes payable	300,000	-	-	-	-	-	-	-	-	-	-
Salaries, taxes, withholdings and pension payable	168,219	-	-	-	-	140,038	-	-	-	-	-
Accumulated unused sick and vacation	507,173	-	-	-	-	-	-	-	-	-	-
Due to other funds	37,984	-	-	-	-	-	-	-	-	-	-
Total current liabilities	1,327,589	-	-	-	-	237,938	-	-	-	-	-
Net assets:											
Unrestricted	58,947	16,389,760	-	3,148,690	137,930	164,462	186,868	31,971	-	2,864	-
Restricted:											
Temporarily:	-	-	-	-	-	-	-	-	-	-	-
Long-term restriction	-	-	-	-	-	-	-	-	-	-	-
Available for use	-	-	-	-	-	-	-	-	-	-	-
Permanently	-	-	-	-	-	-	-	-	-	-	-
Total net assets	58,947	16,389,760	-	3,148,690	137,930	164,462	186,868	31,971	-	2,864	-
Total liabilities and net assets	\$ 1,386,536	16,389,760	-	3,148,690	137,930	402,400	186,868	31,971	-	2,864	-

See accompanying independent auditors' report.

(Continued)

NEW ORLEANS MUSEUM OF ART
 Combining Schedule of Financial Position

December 31, 2003

Assets	Friends of Photography (Program)	Friends of Ethnographic Art (Program)	Friends of Printing and Drawing (Program)	Friends of Decorative Art (Program)	Friends of Contemporary Art (Program)	Friends of Asia Art (Program)	Edith Stern (Program)	Subtotal Unrestricted Net Assets	NOMA (Art Purchase)	Fernett Miniature (Art Purchase)
Current assets:										
Cash	3,115	684	3,921	987	13,155	800	55,921	1,245,724	200	43,067
Investments										
Receivables:										
Interest	2	2	4		5		24	388	16	19
Promises to give								40,000		
Grants								15,364		
Inventories								341,771		
Prepaid assets and other assets								14,684		
Due from/to other funds								38,379	(112,514)	
Deposits and other								141,896		
Total current assets	3,117	686	3,925	987	13,155	800	55,945	1,843,883	(112,298)	43,086
Investments, long-term										
Investment - Real Property								3,531,991		
Building improvements and equipment								16,389,760		
Total assets	3,117	686	3,925	987	13,155	800	55,945	21,765,634	(112,298)	43,086
Liabilities and Net Assets										
Current liabilities:										
Accounts payable and other liabilities								412,113	4,320	
Notes payable								300,000		
Salaries, taxes, withholdings and pension payable								308,257		
Accumulated unused sick and vacation								507,173		
Due to other funds								37,984		
Total current liabilities								1,565,527	4,320	
Net assets:										
Unrestricted	3,117	686	3,925	987	13,155	800	55,945	20,200,107		
Restricted:										
Temporarily:										
Long-term restriction									(116,618)	43,086
Available for use										
Permanently										
Total net assets	3,117	686	3,925	987	13,155	800	55,945	20,200,107	(116,618)	43,086
Total liabilities and net assets	3,117	686	3,925	987	13,155	800	55,945	21,765,634	(112,298)	43,086

See accompanying independent auditors' report.

(Continued)

NEW ORLEANS MUSEUM OF ART
 Combining Schedule of Financial Position

December 31, 2003

Assets	Bales (Art Purchase)	George Durvas	George Fritson (Art Purchase)	Robert Gandy (Art Purchase)	Benjamin J. Harrod (Art Purchase)	Curry Haldreich (Art Purchase)	Augusta M. Jordan (Art Purchase)	Maryn March (Art Purchase)	P.R. Norman (Art Purchase)	F.B. Richardson African (Art Purchase)
Current assets:										
Cash	\$ -	-	-	-	-	-	-	-	-	-
Investments	-	10,500	-	-	-	-	-	-	-	-
Receivables:										
Interest	-	2	-	-	-	-	-	-	-	-
Promises to give	-	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Prepaid assets and other assets	-	-	-	-	-	-	-	-	-	-
Due from/to other funds	-	-	-	-	-	-	-	-	-	-
Deposits and other	-	-	-	-	-	-	-	-	-	-
Total current assets	-	10,502	-	-	-	-	-	-	-	-
Promises to give	-	-	-	-	-	-	-	-	-	-
Investments, long-term	502,532	-	335,402	151,479	3,488	77,193	3,269	102,346	36,301	18,485
Investment - Real Property	-	-	-	-	-	-	-	-	-	-
Building improvements and equipment	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 502,532	10,502	335,402	151,479	3,488	77,193	3,269	102,346	36,301	18,485
Liabilities and Net Assets										
Current liabilities:										
Accounts payable and other liabilities	-	-	-	-	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-	-	-	-	-
Salaries, taxes, withholdings and pension payable	-	-	-	-	-	-	-	-	-	-
Accumulated unused sick and vacation	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-
Total current liabilities	-	-	-	-	-	-	-	-	-	-
Net assets:										
Unrestricted	-	-	-	-	-	-	-	-	-	-
Restricted:										
Temporarily:										
Long-term restriction	368,191	-	208,768	88,678	1,272	67,121	1,142	49,655	24,221	11,959
Available for use	134,341	10,502	126,634	62,801	2,216	10,072	2,127	52,691	12,080	6,526
Permanently	-	-	-	-	-	-	-	-	-	-
Total net assets	502,532	10,502	335,402	151,479	3,488	77,193	3,269	102,346	36,301	18,485
Total liabilities and net assets	\$ 502,532	10,502	335,402	151,479	3,488	77,193	3,269	102,346	36,301	18,485

See accompanying independent auditor's report.

NEW ORLEANS MUSEUM OF ART
 Combining Schedule of Financial Position

December 31, 2003

Assets	Current assets:	Carron Donaldson (Art Purchases)	Marble Silver (Art Purchases)	Quest for Immortality Exhibition	Elise Beaudin (Art Purchases)	Alvin Morin (Art Purchases)	Ernest Acquisitions Fund (Art Purchases)	Joel Weinstein (Art Purchases)	Folk Art (Art Purchases)	Chapman H. Hyman 1981 (Gallery Maintenance)	Chapman H. Hyman 1983 (Gallery Maintenance)
Cash	\$	-	-	-	-	-	-	-	-	-	-
Investments		-	12,790	242,142	-	-	-	-	-	-	-
Receivables		-	-	-	-	-	-	-	-	-	-
Interest		-	4	37	-	-	-	-	-	-	-
Promises to give		-	-	-	-	-	-	-	-	-	-
Grants		-	-	-	-	-	-	-	-	-	-
Inventories		-	-	-	-	-	-	-	-	-	-
Prepaid assets and other assets		-	-	-	-	-	-	-	-	-	-
Due from/to other funds		-	-	-	-	-	-	-	(74,578)	-	-
Deposits and other		-	-	-	-	-	-	-	-	-	-
Total current assets		-	12,794	242,142	-	-	-	-	(74,578)	-	-
Investments, long-term		38,682	426,260	-	50,994	4,324	665,756	2,223	154,574	52,137	3,569
Investment - Real Property		-	-	-	-	-	-	-	-	-	-
Building improvements and equipment		-	-	-	-	-	-	-	-	-	-
Total assets	\$	38,682	439,054	242,142	50,994	4,324	665,756	2,223	79,996	52,137	3,569
Liabilities and Net Assets											
Current liabilities:											
Accounts payable and other liabilities		-	-	430	-	-	-	-	-	-	-
Notes payable		-	-	-	-	-	-	-	-	-	-
Salaries, taxes, withholdings and pension payable		-	-	-	-	-	-	-	-	-	-
Accumulated unused sick and vacation		-	-	-	-	-	-	-	-	-	-
Due to other funds		-	-	-	-	-	-	-	-	-	-
Total current liabilities		-	-	430	-	-	-	-	-	-	-
Net assets:											
Unrestricted		-	-	-	-	-	-	-	-	-	-
Restricted:											
Temporarily:											
Long-term restriction Available for use		38,682	439,054	241,712	50,888	4,324	661,121	1,924	79,996	52,137	3,295
Permanently		-	-	-	106	-	4,635	299	-	-	274
Total net assets		38,682	439,054	241,712	50,994	4,324	665,756	2,223	79,996	52,137	3,569
Total liabilities and net assets	\$	38,682	439,054	242,142	50,994	4,324	665,756	2,223	79,996	52,137	3,569

See accompanying independent auditor's report.

(Continued)

NEW ORLEANS MUSEUM OF ART
Combining Schedule of Financial Position

December 31, 2003

Assets	George F. Lapeyre (Gallery Maintenance)	Starting Point (Program)	M.D. Van Horn (Education)	Library (Books)	Bevern Foundation (Program)	Montaine McDaniel Freeman (Directorship)	Reemery Foundation Descriptive Arts (Curatorship)	NVC Decent (Program)	Zamurray (Curatorship)	Patrick F. Taylor (Scholar Program)
Current assets:										
Cash	-	11,063	-	95,513	-	-	-	27,331	-	-
Investments	-	-	-	-	-	-	-	-	-	-
Receivables:										
Interest	-	5	-	42	-	-	-	11	-	-
Promises to give	-	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Prepaid assets and other assets	-	-	-	-	-	-	-	-	-	-
Due from/to other funds	-	-	-	-	-	-	-	-	-	-
Deposits and other	-	-	-	-	-	-	-	-	-	-
Total current assets		11,063		95,513				27,331		
Promises to give										
Investments, long-term	32,964	-	5,747	-	-	198,365	81,653	-	108,204	12,150
Investment - Real Property	-	-	-	-	-	-	-	-	-	-
Building improvements and equipment	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 32,964	\$ 11,063	\$ 5,747	\$ 95,513	\$ -	\$ 198,365	\$ 81,653	\$ 27,331	\$ 108,204	\$ 12,150
Liabilities and Net Assets										
Current liabilities:										
Accounts payable and other liabilities	-	-	-	-	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-	-	-	-	-
Salaries, taxes, withholdings and pension payable	-	-	-	-	-	-	-	-	-	-
Accumulated unused sick and vacation	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-
Total current liabilities										
Net assets:										
Unrestricted	-	-	-	-	-	-	-	-	-	-
Restricted:										
Temporarily:										
Long-term restriction	32,964	-	3,054	-	-	198,365	81,653	-	108,204	12,150
Available for use	-	11,063	2,693	95,513	-	-	-	27,331	-	-
Permanently	-	-	-	-	-	-	-	-	-	-
Total net assets	\$ 32,964	\$ 11,063	\$ 5,747	\$ 95,513	\$ -	\$ 198,365	\$ 81,653	\$ 27,331	\$ 108,204	\$ 12,150
Total liabilities and net assets	\$ 32,964	\$ 11,063	\$ 5,747	\$ 95,513	\$ -	\$ 198,365	\$ 81,653	\$ 27,331	\$ 108,204	\$ 12,150

(Continued)

See accompanying independent auditors' report.

NEW ORLEANS MUSEUM OF ART
Combining Schedule of Financial Position

December 31, 2003

Assets	Louisiana Purchase Exhibition	Beetholf Sculpture Garden (Capital)	Building Expenses (Capital)	Wach Fund 2163	Wach Fund 2263	Substantive Temporarily Restricted	Operating Endowment Principal	Bebe (Art Purchase) Principal	George Fiferon (Art Purchase) Principal	Robert Coody (Art Purchase) Principal
Current assets:										
Cash	\$ -	40,948	(18,852)	-	-	21,996	-	-	-	-
Investments	-	71,050	183,388	2,300	2,400	701,649	-	-	-	-
Receivables:										
Interest	-	-	27	-	-	163	-	-	-	-
Promises to give	-	1,050,087	-	-	-	1,050,087	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Prepaid assets and other assets	-	-	-	-	-	-	-	-	-	-
Due from/to other funds	27,959	1,087,091	900,000	-	-	1,827,958	-	-	-	-
Deposits and other	-	-	-	-	-	-	-	-	-	-
Total current assets	27,959	2,249,076	1,064,563	2,300	2,400	3,601,853	-	-	-	-
Promises to give	-	242,392	-	-	-	242,392	1,129,000	-	-	-
Investments, long-term	-	257,480	263,322	-	-	3,588,899	8,563,309	1,569,862	844,732	492,170
Investment - Real Property	-	-	-	-	-	-	-	-	-	-
Building improvements and equipment	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 27,959	2,748,948	1,327,885	2,300	2,400	7,433,144	9,692,309	1,569,862	844,732	492,170

Liabilities and Net Assets

Current liabilities:	
Accounts payable and other liabilities	637,798
Notes payable	700,000
Salaries, taxes, withholdings and pension payable	-
Accumulated unused sick and vacation	-
Due to other funds	1,828,353
Total current liabilities	3,166,151

Net assets:

Unrestricted	-
Restricted:	
Temporarily:	
Long-term restriction	2,069,768
Available for use	2,197,225
Permanently	
Total net assets	4,266,993
Total liabilities and net assets	7,433,144

See accompanying independent auditors' report.

(Continued)

NEW ORLEANS MUSEUM OF ART
 Combining Schedule of Financial Position

December 31, 2003

Assets	Benjamin J. Harrod (Art Purchases) Principal	Carris Haldarick (Art Purchases) Principal	Augusta M. Jourdan (Art Purchases) Principal	Merris Merris (Art Purchases) Principal	P.R. Newman (Art Purchases) Principal	F.R. Richardson African Art (Art Purchases) Principal	Carmen Donaldson (Art Purchases) Principal	Ellen Beutloff (Art Purchases) Principal	Alvin Merris (Art Purchases) Principal	Joel Weinstein (Art Purchases) Principal
Current assets:										
Cash	\$ -	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-
Receivables:										
Interest	-	-	-	-	-	-	-	-	-	-
Promises to give	-	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Prepaid assets and other assets	-	-	-	-	-	-	-	-	-	-
Due from/to other funds	-	-	-	-	-	-	-	-	-	-
Deposits and other	-	-	-	-	-	-	-	-	-	-
Total current assets	-	-	-	-	-	-	-	-	-	-
Promises to give	-	-	-	-	-	-	-	-	-	-
Investments, long-term	5,604	303,797	4,483	100,000	122,673	150,150	405,210	250,000	22,294	22,417
Investment - Real Property	-	10,000	-	-	-	-	-	-	-	-
Building improvements and equipment	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 5,604	313,797	4,483	100,000	122,673	150,150	405,210	250,000	22,294	22,417
Liabilities and Net Assets										
Current liabilities:										
Accounts payable and other liabilities	-	-	-	-	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-	-	-	-	-
Salaries, taxes, withholdings and pension payable	-	-	-	-	-	-	-	-	-	-
Accumulated unused sick and vacation	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-
Total current liabilities	-	-	-	-	-	-	-	-	-	-
Net assets:										
Unrestricted	-	-	-	-	-	-	-	-	-	-
Restricted:										
Temporarily:										
Long-term restriction	-	-	-	-	-	-	-	-	-	-
Available for use	-	-	-	-	-	-	-	-	-	-
Permanently	5,604	313,797	4,483	100,000	122,673	150,150	405,210	250,000	22,294	22,417
Total net assets	5,604	313,797	4,483	100,000	122,673	150,150	405,210	250,000	22,294	22,417
Total liabilities and net assets	\$ 5,604	313,797	4,483	100,000	122,673	150,150	405,210	250,000	22,294	22,417

(Continued)

See accompanying independent auditor's report.

NEW ORLEANS MUSEUM OF ART
 Combining Schedule of Financial Position

December 31, 2003

Assets	Chapman H. Hyams 1961 (Gallery Maintenance) Principal	Chapman H. Hyams 1963 (Gallery Maintenance) Principal	George F. Lapeyre (Gallery Maintenance) Principal	M.D. Van Horn Trust (Education) Principal	M.D. Van Horn Trust (Education) Principal	Moistine McDaniel Frasca (Directorship) Principal	Rosemary Foundation Decorative Arts (Curatorship) Principal	Zemurray Curatorial (Curatorship) Principal
Current assets:								
Cash	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Receivables:								
Interest	-	-	-	-	-	-	-	-
Promises to give	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Prepaid assets and other assets	-	-	-	-	-	-	-	-
Due from/to other funds	-	-	-	-	-	-	-	-
Deposits and other	-	-	-	-	-	-	-	-
Total current assets	-	-	-	-	-	-	-	-
Promises to give	-	-	-	-	-	-	-	-
Investments, long-term	58,286	4,460	56,036	9,066	35,642	1,000,000	1,000,000	1,000,000
Investment - Real Property	-	-	-	-	-	-	-	-
Building improvements and equipment	-	-	-	-	-	-	-	-
Total assets	\$ 58,286	\$ 4,460	\$ 56,036	\$ 9,066	\$ 35,642	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Liabilities and Net Assets								
Current liabilities:								
Accounts payable and other liabilities	-	-	-	-	30,303	-	-	-
Notes payable	-	-	-	-	-	-	-	-
Salaries, taxes, withholdings and pension payable	-	-	-	-	-	-	-	-
Accumulated unused sick and vacation	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Total current liabilities	-	-	-	-	30,303	-	-	-
Net assets:								
Unrestricted	-	-	-	-	-	-	-	-
Restricted:								
Temporarily:								
Long-term restriction	-	-	-	-	-	-	-	-
Available for use	-	-	-	-	-	-	-	-
Permanently	58,286	4,460	56,036	9,066	5,339	1,000,000	1,000,000	1,000,000
Total net assets	\$ 58,286	\$ 4,460	\$ 56,036	\$ 9,066	\$ 5,339	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Total liabilities and net assets	\$ 58,286	\$ 4,460	\$ 56,036	\$ 9,066	\$ 35,642	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000

See accompanying independent auditors' report.

(Continued)

NEW ORLEANS MUSEUM OF ART

Combining Schedule of Financial Position

December 31, 2003

Assets	Patrick F. Taylor (Scholar) Principal		Subtotal Permanently Restricted		2003 Total	
Current assets:						
Cash	\$				27,663	
Investments					1,947,373	
Receivables:						
Interest					551	
Promises to give					1,090,087	
Grants					15,384	
Inventories					341,771	
Prepaid assets and other assets					14,684	
Due from/to other funds					1,866,337	
Deposits and other					141,886	
Total current assets					5,445,736	
Promises to give					1,371,392	
Investments, long-term		300,000	1,129,000		1,371,392	
Investment - Real Property			16,320,191		23,441,081	
Building improvements and equipment			10,000		10,000	
Total assets	\$	300,000	17,459,191		46,657,969	
Liabilities and Net Assets						
Current liabilities:						
Accounts payable and other liabilities			30,303		1,060,214	
Notes payable					1,000,000	
Salaries, taxes, withholdings and pension payable					308,257	
Accumulated unused sick and vacation					507,173	
Due to other funds					1,866,337	
Total current liabilities			30,303		4,761,981	
Net assets:						
Unrestricted						20,200,107
Restricted:						
Temporarily:						
Long-term restriction						2,069,768
Available for use						2,197,225
Permanently		300,000	17,428,888			17,428,888
Total net assets		300,000	17,428,888			41,895,988
Total liabilities and net assets	\$	300,000	17,459,191			46,657,969

See accompanying independent auditors' report.

NEW ORLEANS MUSEUM OF ART
 Combining Schedule of Activities, Unrestricted Net Assets

Year ended December 31, 2002

Support and revenue:	Operating		Endowment (Net Designated)	NOMA Volunteer Commission (Operations)	Friends Benefits (Operations)	Fellowships (Programs)	Deeds Society (Programs)	Partners in Art (Programs)	Admission (Programs)	Chautauque (Programs)	Friends of Photography (Programs)	Friends of Ethnographic Art (Programs)	Friends of Printing and Drawing (Programs)
	Operating	Endowment (Net Designated)											
\$	234,734	-	-	-	-	-	-	-	-	-	-	-	-
City of New Orleans	130,349	-	-	-	-	-	-	-	-	-	-	-	-
Grants - State of Louisiana	5,802	-	-	10,715	-	-	-	-	-	-	165	25	1,000
Individual contributions	715,189	-	-	-	-	-	-	-	-	-	-	-	-
Annual appeal	176,497	-	-	-	-	-	-	-	-	-	-	-	-
Corporate support	211,473	-	-	-	73,010	-	19,484	23,528	1,140	1,063	770	500	1,150
Alumni memberships	-	-	-	227,833	-	-	-	-	-	-	-	-	-
Odyssey Ball, net of direct expenses	-	-	-	136,239	-	-	-	-	-	-	-	-	-
Special benefits, net of direct expenses	52,300	-	-	-	-	-	-	-	-	-	-	-	-
Legacies and Bequests	131,600	-	-	-	-	-	-	-	-	-	-	-	-
Foundations	-	-	-	-	-	-	-	-	-	-	-	-	-
Total support	1,657,546	-	-	374,797	-	73,010	19,484	23,528	1,140	1,063	935	525	2,150
Revenue:	650,372	-	-	14,830	-	-	-	-	-	-	-	-	-
General membership dues	104,250	-	-	-	-	-	-	-	-	-	-	-	-
Business and university memberships	1,270,807	-	-	-	-	-	-	-	-	163	-	-	-
Admission charges	28,120	-	-	-	-	-	-	-	-	-	-	-	-
Arts Quarterly, audio tours and other publications	7,853	-	-	-	-	-	-	-	-	-	-	-	-
Education programs	79,085	-	-	-	-	-	-	-	-	-	-	-	-
Exhibition programs	40,650	-	-	-	-	-	-	-	-	-	-	-	-
Special events	1,427	-	-	19,381	-	2,598	-	-	-	9,238	-	-	945
Members' events	2,143	-	-	1,537	-	-	-	72	6	2	13	16	34
Interest and dividends	15,686	-	-	-	-	35,466	14,534	-	-	-	-	-	-
Net appreciation in investments	1,933	-	2,220,106	-	31,621	-	-	-	-	-	-	-	-
Payroll	694,567	-	-	-	-	-	-	-	-	-	-	-	6,107
Dispositions	21,841	-	-	-	-	-	-	-	-	-	-	-	-
Museum shop	9,806	-	-	-	-	-	-	-	-	-	-	-	-
Museum café	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	2,947,230	-	2,220,106	36,238	31,526	38,464	14,534	72	6	9,623	13	16	7,086
Total revenue	4,604,776	-	2,220,106	411,923	31,526	111,474	24,068	23,600	1,146	10,510	948	341	9,234
Total revenue and support before net assets released from restrictions/transfers	4,914,772	-	(221,240)	(249,760)	-	-	(149,959)	(46,047)	-	4,996	-	-	-
Net assets released from restrictions/transfers	3,615,247	-	(221,240)	(249,760)	-	-	(149,959)	(46,047)	-	4,996	-	-	-
Total net assets released/transfers	13,133,795	-	1,998,866	61,265	31,526	111,474	(115,931)	(22,447)	1,146	15,506	948	341	9,234
Expenses:	947,346	1,713	-	-	-	-	-	-	-	-	-	-	-
Administrative	364,231	1,990	-	-	-	-	-	-	-	-	-	-	-
Security	370,900	19,857	-	-	-	-	-	-	-	-	-	-	-
Building	72,844	2,268	-	-	-	-	-	-	-	-	-	-	-
Computer Operations	690,236	13,747	-	-	-	-	-	-	-	-	-	-	-
Museum shop	51,149	10,415	-	-	-	-	-	-	-	-	-	-	-
Museum café	843,934	392,766	-	-	-	-	-	-	-	-	-	-	-
Art division:	820,437	53,046	-	-	-	-	-	-	-	-	-	-	-
Art acquisitions	3,051,995	-	-	-	-	-	-	-	-	-	-	-	-
Exhibition programs	120,341	-	-	-	-	-	-	-	-	-	-	-	-
Arts Quarterly	4,046,401	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	378,783	44,667	-	-	-	-	-	-	-	-	-	-	-
Education programs	1,367,563	12,403	-	-	-	1,897	-	-	-	-	-	-	-
Development and fund raising	37,527	-	-	66,600	-	1,897	187	-	161	15,739	-	-	2,343
Member activities	69,347	-	-	9,881	349	5,078	886	111	-	321	-	-	52
Restricted expenses	13,983,757	462,874	-	76,481	349	63,734	1,073	111	161	16,069	-	-	17,645
Total expenses	50,028	(462,874)	1,974,867	(15,216)	31,157	49,728	(117,004)	(22,538)	983	(334)	(1,601)	(5,299)	(9,409)
Changes in net assets	8,969	16,525,634	1,173,823	153,146	133,203	141,120	148,973	22,538	1,879	554	4,718	5,243	12,334
Net assets, beginning of year	58,947	16,389,760	5,148,650	137,950	164,463	186,608	31,971	-	2,664	-	3,117	686	3,923
Net assets, end of year	-	-	-	-	-	-	-	-	-	-	-	-	-

See accompanying independent auditor's report.

NEW ORLEANS MUSEUM OF ART
 Combining Schedule of Activities, Unrestricted Net Assets
 Year ended December 31, 2002

	Friends of Decorative Art (Program)	Friends of Contemporary Art (Program)	Friends of Adult Art (Program)	Edith Stern (Program)	Total
Support and revenue:					
Support:					
City of New Orleans	-	-	-	-	234,724
Grants - State of Louisiana	-	-	-	-	130,349
Individual contributions	1,973	-	-	-	19,682
Annual support	-	-	-	-	714,189
Corporate support	-	-	-	-	176,497
Artists' memberships	600	1,600	800	-	325,142
Odyssey Ball, net of direct expenses	-	-	-	-	227,833
Special benefits, net of direct expenses	-	-	-	-	188,739
Legacies and Requests	-	-	-	1,267	1,267
Post-deduct	-	-	-	-	131,000
Total support	2,573	1,600	800	1,267	2,180,432

	Friends of Decorative Art (Program)	Friends of Contemporary Art (Program)	Friends of Adult Art (Program)	Edith Stern (Program)	Total
Revenue:					
General membership dues	-	-	-	-	665,202
Business and university memberships	-	-	-	-	104,290
Admission charges	-	-	-	-	1,271,072
Arts Quarterly, audio tours and other publications	-	-	-	-	38,120
Education programs	-	-	-	-	7,033
Exhibition programs	-	-	-	-	79,085
Special events	-	-	-	-	40,896
Members' events	-	-	-	-	34,509
Interest and dividends	-	33	-	157	3,808
Net appreciation in investments	-	-	-	-	1,317,463
Royalties	-	-	-	-	11,203
Donations	-	-	-	-	6,107
Museum shop	-	-	-	-	694,567
Museum cafe	-	-	-	-	21,841
Miscellaneous	-	-	-	-	9,806
Total revenue	-	33	-	157	5,204,956
Total revenue and support before net assets released from restrictions/transfers	2,573	1,633	800	1,424	7,465,388

	Friends of Decorative Art (Program)	Friends of Contemporary Art (Program)	Friends of Adult Art (Program)	Edith Stern (Program)	Total
Net assets released from restrictions/transfers:					
Net assets released from restrictions	-	-	-	-	4,914,772
Transfers	-	-	-	-	2,852,197
Total net assets released/transfers	-	-	-	-	7,766,969
Total revenue and support	2,573	1,633	800	1,424	15,239,357

	Friends of Decorative Art (Program)	Friends of Contemporary Art (Program)	Friends of Adult Art (Program)	Edith Stern (Program)	Total
Expenses:					
Administrative	-	-	-	-	949,039
Security	-	-	-	-	366,041
Building	-	-	-	-	398,760
Compass Operations	-	-	-	-	75,212
Museum shop	-	-	-	-	691,963
Museum cafe	-	-	-	-	61,564
Art division	-	-	-	-	1,145,800
Collections	-	-	-	-	645,514
Art acquisitions	-	-	-	-	3,105,041
Exhibition programs	-	-	-	-	120,841
Arts Quarterly	-	-	-	-	4,086,461
Capital Outlays	-	-	-	-	434,690
Education programs	-	-	-	-	1,468,463
Development and fund raising	-	-	-	-	113,718
Member activities	-	-	-	-	111,154
Rent/leased expenses	-	-	-	-	13,725,203
Total expenses	1,516	1,637	800	1,424	14,744,154
Change in net assets	957	1,032	-	1,000	18,725,953
Net assets, beginning of year	-	-	-	-	20,200,107
Net assets, end of year	957	1,032	800	1,000	20,200,107

See accompanying independent auditor's report.

NEW ORLEANS MUSEUM OF ART

Combining Schedule of Activities, Temporarily Restricted Net Assets

Year ended December 31, 2002

	NOMA (Art Purchase)	Portrait Miniature (Art Purchase)	Belen (Art Purchase)	George Dureau	Eleanore Meade	George Frierson (Art Purchase)	Robert Gardy (Art Purchase)	Benjamin J. Barrod (Art Purchase)	Carrie Heiderich (Art Purchase)	Augusta M. Jewrdan (Art Purchase)
Support and revenue:										
Support:										
Individual contributions	\$ 389,031	-	-	-	1,345	-	-	-	-	-
State grants	-	-	-	-	-	-	-	-	-	-
City grants	-	-	-	-	-	-	-	-	-	-
Corporate support	-	-	-	-	-	-	-	-	-	-
Legacies and bequests	13,526	-	-	-	-	-	-	-	-	-
Foundations	75,000	-	-	10,500	-	-	-	-	-	-
Total support	477,557	-	-	10,500	1,345	-	-	-	-	-
Revenue:										
General Admissions	-	-	-	-	-	-	-	-	-	-
Exhibition programs	-	-	-	-	-	-	-	-	-	-
Members' event	-	-	-	-	-	-	-	-	-	-
Interest and dividends	1	124	-	2	-	-	-	-	-	-
Net depreciation in Investments	1,617	-	398,379	-	-	227,243	124,273	1,748	76,615	1,490
Dispositions	11,511	-	-	-	-	-	-	-	-	-
Total revenue	13,129	124	398,379	2	-	227,243	124,273	1,748	76,615	1,490
Total revenue and support before net assets released	490,686	124	398,379	10,502	1,345	227,243	124,273	1,748	76,615	1,490

Net assets released from restrictions/transfers:

Net assets released from restrictions:

Art division - art acquisitions

Capital Outlays

Education programs

Development and fund raising

Member activities

Restricted expenses

Total net assets released

Transfers

Total net assets released/transfers

Changes in net assets

Net assets, beginning of year

Net assets, end of year

(421,508)	-	-	-	(2,250)	-	-	(4,910)	-	(28,902)	-
(65,000)	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
(65)	-	-	-	-	-	-	-	-	-	-
(486,573)	-	-	(4,653)	-	-	(2,665)	(5,016)	(21)	(992)	(17)
(906)	-	-	(4,653)	-	(2,250)	(2,665)	(9,926)	(21)	(29,894)	(17)
(487,479)	-	-	(4,653)	905	(1,345)	(2,665)	(9,926)	(21)	(29,894)	(17)
3,207	124	393,726	10,502	-	224,578	114,347	1,727	1,473	46,721	1,473
(119,825)	42,962	108,806	-	-	110,824	37,132	1,761	30,472	30,472	1,796
(116,618)	43,086	502,532	10,502	-	335,402	151,479	3,488	77,193	77,193	3,269

See accompanying independent auditors' report.

(Continued)

NEW ORLEANS MUSEUM OF ART

Combining Schedule of Activities, Temporarily Restricted Net Assets

Year ended December 31, 2002

	Mervin Morris (Art Purchase)	P.R. Norman (Art Purchase)	F.B. Richardson African (Art Purchase)	Carmen Donaldson (Art Purchase)	Martale Silver (Art Purchase)	Quest for Immortality Exhibition	Elise Beaufort (Art Purchase)	Alvin Merila (Art Purchase)	Ernst Acquisition Fund (Art Purchase)	Jed Westcott (Art Purchase)
Support and revenue:										
Support:										
Individual contributions	-	-	-	-	-	-	-	-	-	-
State grants	-	-	-	-	-	-	-	-	-	-
City grants	-	-	-	-	-	-	-	-	-	-
Corporate support	-	-	-	-	-	-	-	-	-	-
Legacies and bequests	-	-	-	-	-	-	-	-	-	-
Foundations	-	-	-	-	-	-	-	-	-	-
Total support	-	-	-	-	-	-	-	-	-	-
Revenue:										
General Admissions	-	-	-	-	5,000	-	-	-	-	-
Exhibition programs	-	-	-	-	-	-	-	-	-	-
Members' event	23,391	-	-	-	25	(353)	-	-	-	-
Interest and dividends	20,881	31,077	31,161	94,036	-	-	58,764	5,223	140,019	5,201
Net depreciation in investments	-	-	-	-	-	-	-	-	-	-
Disaccessions	-	-	-	-	-	-	-	-	-	-
Total revenue	44,272	31,077	31,161	94,036	5,025	(353)	58,764	5,223	140,019	5,201
Total revenue and support before net assets released	44,272	31,077	31,161	94,036	5,025	(353)	58,764	5,223	140,019	5,201

Net assets released from restrictions/transfers:

Net assets released from restrictions:

Art division - art accessions	(3,267)	(3,225)	-	-	-	-	-	-	-	-
Capital Outlays	-	-	-	-	-	-	-	-	-	-
Education programs	-	-	-	-	-	-	-	-	-	-
Development and fund raising	(9,295)	-	-	-	-	-	-	-	-	-
Member activities	-	-	-	-	-	-	-	-	-	-
Restricted expenses	(806)	(378)	(288)	(1,187)	(798)	-	(693)	(61)	(1,761)	(65)
Total net assets released	(13,368)	(3,703)	(288)	(1,187)	(798)	-	(693)	(61)	(1,761)	(65)
Transfers	-	-	(12,388)	(54,167)	-	(749,171)	(7,077)	(838)	(75,839)	(2,913)
Total net assets released/transfers	(13,368)	(3,703)	(12,388)	(55,354)	(798)	(749,171)	(7,770)	(899)	(77,600)	(2,978)
Changes in net assets	30,904	27,374	18,485	38,682	4,227	(749,524)	50,994	4,324	62,419	2,223
Net assets, beginning of year	71,442	8,927	-	-	434,827	991,236	-	-	603,337	-
Net assets, end of year	102,346	36,301	18,485	38,682	439,054	241,712	50,994	4,324	665,756	2,223

See accompanying independent auditors' report.

(Continued)

NEW ORLEANS MUSEUM OF ART
 Combining Schedule of Activities, Temporarily Restricted Net Assets

Year ended December 31, 2002

	Folk Art (Art Purchase)	Chapman H. Hyams 1951 (Gallery Maintenance)	Chapman H. Hyams 1952 (Gallery Maintenance)	George F. Lapeyre (Gallery Maintenance)	Starting Point (Program)	M.D. Van Horn (Education)	Library (Books)	Brown Foundation (Program)	Montine McDonald Freeman (Directorship)	Rosemary Foundation Decorative Arts (Curatorship)
Support and revenue:										
Support:										
Individual contributions	-	-	-	-	150	-	3,650	-	-	-
State grants	-	-	-	-	-	-	-	-	-	-
City grants	-	-	-	-	-	-	-	-	-	-
Corporate support	-	-	-	-	-	-	100	-	-	-
Legacies and bequests	-	-	-	-	-	-	-	-	-	-
Foundations	-	-	-	-	-	-	-	-	-	-
Total support	-	-	-	-	150	-	3,750	-	-	-
Revenue:										
General Admissions	-	-	-	-	-	-	-	-	-	-
Exhibitions programs	-	-	-	-	-	-	-	-	-	-
Members' event	(104)	2,675	208	-	32	1,496	277	111	-	-
Interest and dividends	29,813	15,860	1,166	17,108	-	2,895	-	-	234,152	157,763
Net depreciation in investments	-	-	-	-	-	-	-	-	-	-
Deaccessions	-	-	-	-	-	-	-	-	-	-
Total revenue	29,709	18,535	1,374	17,108	32	4,391	277	111	234,152	157,763
Total revenue and support before net assets released	29,709	18,535	1,374	17,108	182	4,391	4,027	111	234,152	157,763

Net assets released from restrictions/transfers:

Net assets released from restrictions:	
Art division - art accessions	(76,000)
Capital Outlays	-
Education programs	-
Development and fund raising	-
Member activities	-
Restricted expenses	(347)
Total net assets released	(76,347)
Transfers	
Total net assets released/transfers	(76,347)
Changes in net assets	(46,638)
Net assets, beginning of year	126,634
Net assets, end of year	\$ 79,996

See accompanying independent auditors' report.

(Continued)

NEW ORLEANS MUSEUM OF ART
 Combining Schedule of Activities, Temporarily Restricted Net Assets

Year ended December 31, 2002

	NVC Docent (Program)	Sunny Neuman	Zamurray (Curatorship)	Patrick F. Taylor (Scholar Program)	Louisiana Purchase Exhibition	Bestoff Sculpture Garden (Capital)	Building Expenses (Capital)	Welch 2183 (Capital)	Welch 2203 (Capital)	2000 Total
Support and revenue:										
Support:										
Individual contributions	\$ 1,618	25	-	-	23,122	772,319	-	-	-	1,191,260
State grants	-	-	-	-	206,300	-	410,424	-	-	616,724
City grants	-	-	-	-	248,375	-	-	-	-	248,375
Corporate support	-	-	-	-	166,408	-	-	-	-	166,408
Legacies and bequests	-	-	-	-	25,300	10,000	-	2,300	2,400	13,526
Foundations	-	-	-	-	669,505	782,319	410,424	2,300	2,400	125,500
Total support	1,618	25	-	-	669,505	782,319	410,424	2,300	2,400	2,361,893
Revenue:										
General Admissions	-	-	-	-	-	-	-	-	-	174,382
Exhibition programs	11,034	-	-	-	169,382	-	-	-	-	11,034
Members' event	63	-	-	53	4,092	5,162	2,302	-	-	39,557
Interest and dividends	-	-	225,731	67,172	-	92,606	47,355	-	-	2,109,348
Net depreciation in investments	-	-	-	-	-	-	-	-	-	11,511
Deaccessions	-	-	-	-	-	-	-	-	-	-
Total revenue	11,097	-	225,731	67,225	173,474	97,768	49,657	-	-	2,168,416
Total revenue and support before net assets released	12,715	25	225,731	67,225	842,979	880,087	460,081	2,300	2,400	4,532,309

Net assets released from restrictions/transfers:

Net assets released from restrictions:

Art division - art accessions	-	-	-	-	-	(78,675)	(1,000)	-	-	(628,437)
Capital Outlays	-	-	-	-	-	(3,674,768)	(411,633)	-	-	(4,086,401)
Education programs	-	-	-	-	-	(6,246)	-	-	-	(71,246)
Development and fund raising	-	-	-	-	-	(19,025)	-	-	-	(29,816)
Member activities	(6,904)	-	-	-	-	(30,623)	-	-	-	(37,527)
Restricted expenses	-	-	(2,783)	(840)	(727)	(38,724)	(772)	-	-	(68,345)
Total net assets released	(6,904)	-	(2,783)	(840)	(727)	(3,848,061)	(413,405)	-	-	(4,914,772)
Transfers	-	(25)	(114,744)	(840)	(727)	(990,500)	-	-	-	(3,852,197)
Total net assets released/transfers	(6,904)	(25)	(117,527)	(54,235)	(1,614,436)	(4,838,561)	(413,405)	-	-	(17,533,938)
Changes in net assets	5,811	-	108,204	12,150	(771,457)	(3,958,474)	46,676	2,300	2,400	(4,059,244)
Net assets, beginning of year	21,520	-	-	-	799,416	4,474,374	352,856	-	-	8,526,237
Net assets, end of year	\$ 27,331	-	108,204	12,150	27,959	515,900	399,532	2,300	2,400	4,266,993

See accompanying independent auditors' report.

NEW ORLEANS MUSEUM OF ART

Schedule 4

Combining Schedule of Activities, Permanently Restricted Net Assets

Year ended December 31, 2003

	Boles (Art Purchase) Principal	George Frierson (Art Purchase) Principal	Robert Gordy (Art Purchase) Principal	Benjamin J. Harrod (Art Purchase) Principal	Carrie Heiderich (Art Purchase) Principal	Augusta M. Jourdan (Art Purchase) Principal	Mervin Morais (Art Purchase) Principal
Support and revenue:							
Support -							
Individual contributions	\$ -	-	-	-	-	-	-
Revenue -							
Deaccessions	-	-	-	-	1,127	-	-
Total revenues and support	-	-	-	-	1,127	-	-
Net assets released and/or transferred	1,000,000	-	-	-	-	-	-
Changes in net assets	1,000,000	-	-	-	1,127	-	-
Net assets, beginning of year	8,692,309	844,732	492,170	5,604	312,670	4,483	100,000
Net assets, end of year	\$ 9,692,309	844,732	492,170	5,604	313,797	4,483	100,000

See accompanying independent auditors' report.

(Continued)

NEW ORLEANS MUSEUM OF ART

Schedule 4

Combining Schedule of Activities, Permanently Restricted Net Assets

Year ended December 31, 2003

	P.R. Norman (Art Purchase) Principal	F.B. Richardson African Art (Art Purchase) Principal	Carmen Donaldson (Art Purchase) Principal	Ellise Bestoff (Art Purchase) Principal	Alvin Merlin Acquisition (Art Purchase) Principal	Joel Weinstock (Art Purchase) Principal	Chapman H. Hyams 1951 (Gallery Maintenance) Principal	Chapman H. Hyams 1952 (Gallery Maintenance) Principal
Support and revenue:								
Support -								
Individual contributions	\$ 1,263	50,000	-	-	-	-	-	-
Revenue -								
Deaccessions	-	-	-	-	-	-	-	-
Total revenues and support	1,263	50,000	-	-	-	-	-	-
Net assets released and/or transferred	-	-	-	-	-	-	-	-
Changes in net assets	1,263	50,000	-	-	-	-	-	-
Net assets, beginning of year	121,410	100,150	405,210	250,000	22,294	22,417	58,286	4,460
Net assets, end of year	\$ 122,673	150,150	405,210	250,000	22,294	22,417	58,286	4,460

See accompanying independent auditors' report.

(Continued)

NEW ORLEANS MUSEUM OF ART

Schedule 4

Combining Schedule of Activities, Permanently Restricted Net Assets

Year ended December 31, 2003

	George F. Lapeyre (Gallery Maintenance) Principal	M.D. Van Horn (Education) Principal	M.D. Van Horn Remainder Trust (Education) Principal	Montize McDaniel Freeman (Directorship) Principal	RosaMary Foundation Decorative Arts (Curatorship) Principal	Zemurray Curatorial (Curatorship) Principal	Patrick F. Taylor (Scholar Program) Principal	2003 Total
Support and revenue:								
Support - Individual contributions	\$ -	-	-	-	-	-	-	51,263
Revenue - Deaccessions	-	-	-	-	-	-	-	1,127
Total revenues and support	-	-	-	-	-	-	-	52,390
Net assets released and/or transferred	-	-	-	-	-	-	-	1,000,000
Changes in net assets	-	-	-	-	-	-	-	1,052,390
Net assets, beginning of year	56,036	9,066	5,339	1,000,000	1,000,000	1,000,000	300,000	16,376,498
Net assets, end of year	\$ 56,036	9,066	5,339	1,000,000	1,000,000	1,000,000	300,000	17,428,888

See accompanying independent auditors' report.



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**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 Members of the Board
New Orleans Museum of Art:

We have audited the financial statements of the New Orleans Museum of Art (the Museum) as of and for the year ended December 31, 2003, and have issued our report thereon dated June 25, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether the Museum'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 Museum'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 internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily disclose all matters in 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 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 assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management of the Museum and federal awarding agencies and pass-through entities, such as the State of Louisiana Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24.513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite & Netterville

New Orleans, Louisiana
June 25, 2004

