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Louisiana Art and Science Museum, Inc.
Baton Rouge, Louisiana
December 31, 2003

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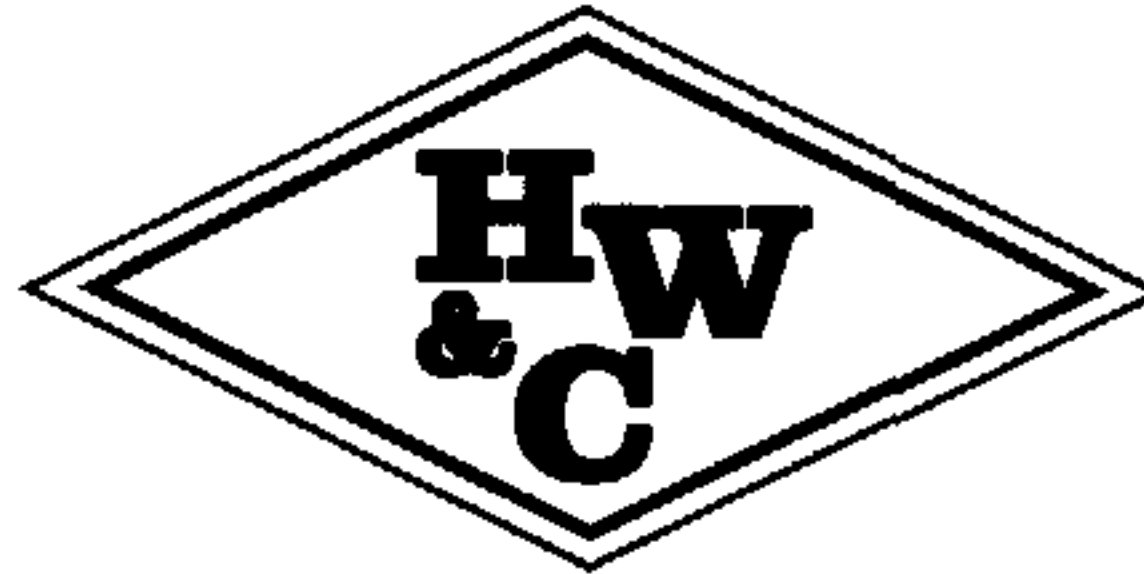
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HAWTHORN, WAYMOUTH & CARROLL, L.L.P.

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CERTIFIED PUBLIC ACCOUNTANTS

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April 21, 2004

Independent Auditor's Report

The Board of Trustees
Louisiana Art and Science Museum, Inc.
Baton Rouge, Louisiana

We have audited the accompanying statement of financial position of the

Louisiana Art and Science Museum, Inc.
(A Louisiana Non-Profit Corporation)
Baton Rouge, Louisiana

as of December 31, 2003, and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of the Louisiana Art and Science Museum, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Louisiana Art and Science Museum, Inc.'s 2002 financial statements, and in our report dated April 24, 2003, we expressed a *qualified opinion* on those financial statements because the Louisiana Art and Science Museum, Inc. did not make a provision for depreciation as required by generally accepted accounting principles.

We conducted our audit 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 audit provides a reasonable basis for our opinion.

As described in Note 1, the Louisiana Art and Science Museum, Inc. does not make a provision for depreciation of fixed assets as required by generally accepted accounting principles. The effect of this policy on the financial statements cannot be reasonably determined.

In our opinion, except for the omission of the information discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Art and Science Museum, Inc. as of December 31, 2003, and the results of its operations and cash flows for the year 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 a report dated April 21, 2004 on our consideration of the Louisiana Art and Science Museum, Inc.'s internal control over financial reporting and 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.

Yours truly,

Hawthorn, Weymouth & Carroll, L.L.P.

Louisiana Art and Science Museum, Inc.
Statements of Financial Position
December 31, 2003 With Comparative Totals at December 31, 2002

	A s s e t s	<u>2003</u>	<u>2002</u>
Assets			
Cash and equivalents		\$129,465	\$922,982
Investments		166,521	73,012
Investments - Endowment		2,398,937	1,614,230
Accounts receivable		187,610	42,470
Inventory		30,760	15,638
Prepaid expenses		142,828	95,260
Contribution receivable		690,599	959,318
Contribution receivable - Endowment		806,814	1,296,436
Furniture and equipment		479,299	428,470
Leasehold improvements		1,693,850	1,563,570
Beneficial interest in investments held by the Baton Rouge Area Foundation		641,109	533,655
Museum collections		<u> </u>	<u> </u>
<u>Total assets</u>		<u>7,367,792</u>	<u>7,545,041</u>
Liabilities and Net Assets			
Liabilities			
Accounts payable		\$129,262	\$171,401
Accrued payroll and other liabilities		<u>15,500</u>	<u>50,303</u>
<u>Total liabilities</u>		<u>144,762</u>	<u>221,704</u>
Net Assets			
Unrestricted			
Designated by Board of Trustees		2,853,723	2,695,483
Undesignated		<u>60,091</u>	<u>60,091</u>
		2,913,814	2,755,574
Temporarily restricted		462,356	1,123,442
Permanently restricted		<u>3,846,860</u>	<u>3,444,321</u>
<u>Total net assets</u>		<u>7,223,030</u>	<u>7,323,337</u>
<u>Total liabilities and net assets</u>		<u>7,367,792</u>	<u>7,545,041</u>

The accompanying notes are an integral part of these statements.

Louisiana Art and Science Museum, Inc.
Statements of Activities
Year Ended December 31, 2003
With Comparative Totals for the Year Ended December 31, 2002

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2003 Total</u>	<u>2002 Total</u>
Public Support, Revenues and Reclassifications					
East Baton Rouge City-Parish					
Government Appropriations	\$591,240			\$591,240	\$591,240
Admissions	560,344			560,344	130,526
Memberships	100,775			100,775	73,290
Contributions	130,704	\$272,614		403,318	379,603
Grants	145,024	139,790		284,814	197,806
Investment income (loss)	23,794	206,814	\$342,161	572,769	(278,832)
Change in value of contribution receivable		45,032	60,378	105,410	211,357
Net assets released from restriction	1,325,336	(1,325,336)			
Other revenue	<u>371,099</u>	_____	_____	<u>371,099</u>	<u>142,570</u>
<u>Total public support, revenues and reclassifications</u>	<u>3,248,316</u>	<u>(661,086)</u>	<u>402,539</u>	<u>2,989,769</u>	<u>1,447,560</u>
Expenses					
Programs - general museum	686,723			686,723	548,538
Program - Challenger	183,586			183,586	207,974
Program - Planetarium operations	242,938			242,938	
Program - Planetarium start-up expenses	1,136,265			1,136,265	844,104
Fund-raising	45,229			45,229	47,387
General and administrative	<u>795,335</u>	_____	_____	<u>795,335</u>	<u>495,740</u>
<u>Total expenses</u>	<u>3,090,076</u>	_____	_____	<u>3,090,076</u>	<u>2,143,743</u>
Increase (Decrease) in Net Assets	158,240	(661,086)	402,539	(100,307)	(696,183)
Net Assets, beginning of year	<u>2,755,574</u>	<u>1,123,442</u>	<u>3,444,321</u>	<u>7,323,337</u>	<u>8,019,520</u>
Net Assets, end of year	<u>2,913,814</u>	<u>462,356</u>	<u>3,846,860</u>	<u>7,223,030</u>	<u>7,323,337</u>

The accompanying notes are an integral part of these statements.

Louisiana Art and Science Museum, Inc.
Statements of Cash Flows
Year Ended December 31, 2003
With Comparative Totals for the Year Ended December 31, 2002

	<u>2003</u>	<u>2002</u>
Cash Flows From Operating Activities		
Increase (Decrease) in net assets	(\$100,307)	(\$696,183)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Realized and unrealized (gain) loss from investments	(501,612)	335,032
Change in value of contributions receivable	(105,410)	(159,961)
Contributions restricted for Planetarium		(230,000)
Changes in assets and liabilities		
(Increase) decrease in receivables	(145,140)	6,239
(Increase) decrease in inventory	(15,122)	(2,619)
(Increase) decrease in prepaid expenses	(47,568)	(80,247)
(Decrease) increase in accounts payable	(42,139)	53,853
(Decrease) Increase in accrued liabilities	<u>(34,803)</u>	<u>4,007</u>
<u>Net cash provided (used) by operating activities</u>	<u>(992,101)</u>	<u>(769,879)</u>
Cash Flows From Investing Activities		
Purchase of equipment and leasehold improvements	(181,109)	(74,810)
Proceeds from investment sales and maturities	1,719,908	529,233
Purchase of investments	<u>(2,203,152)</u>	<u>(832,565)</u>
<u>Net cash provided (used) by investing activities</u>	<u>(664,353)</u>	<u>(378,142)</u>
Cash Flows From Financing Activities		
Proceeds from contributions restricted for Planetarium	<u>862,937</u>	<u>978,209</u>
<u>Net cash provided by financing activities</u>	<u>862,937</u>	<u>978,209</u>
Net Increase (Decrease) in Cash and Equivalents	(793,517)	(169,812)
Cash and Equivalents, beginning of year	<u>922,982</u>	<u>1,092,794</u>
Cash and Equivalents, end of year	<u><u>129,465</u></u>	<u><u>922,982</u></u>
Supplemental Information		
The Museum received 2,670 common shares of Bank One Corp. The contributions were restricted for Planetarium start-up costs.	<u><u> </u></u>	<u><u>\$100,939</u></u>

The accompanying notes are an integral part of these statements.

Louisiana Art and Science Museum, Inc.
Notes to Financial Statements
December 31, 2003 and 2002

Note 1-Significant Accounting Policies and Presentations

A. Background and Purpose

The Louisiana Art and Science Museum, Inc., is a nonprofit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified as a public charity. The organization changed its name from the Louisiana Art and Science Center, Inc., in August, 2002.

The Museum has as its purpose the operation of projects and exhibits such as the Irene W. Pennington Planetarium, Discovery Depot, Science Station, Challenger Missions and the Museum's exhibits, devoted to the development of intellectual skills, creative abilities, and the acquisition of knowledge and inspiration of the present and future generations of Louisiana citizens. Revenues are derived primarily from contributed public and governmental support and admissions.

B. Basis of Presentation

The financial statements of the Louisiana Art and Science Museum, Inc. have been prepared on the accrual basis of accounting.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2002 from which the summarized information was derived.

C. Classification of Net Assets

The Louisiana Art and Science Museum, Inc. follows the provisions of Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations." Accordingly, the net assets of the Louisiana Art and Science Museum, Inc. are reported in each of the following three classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

Restricted assets are created by donor-imposed restrictions on the use of the support. Temporarily restricted assets consist substantially for the support of the Planetarium start-up and its operating costs, and the Josephine Exhibit. Permanently restricted net assets arise from the Planetarium Operations and Equipment Endowment Fund which is invested in perpetuity, the income from which is expendable to support the new Planetarium annual operations and replace its equipment in the future. All other net assets, including board-designated or appropriated amounts, are legally unrestricted and are reported as unrestricted.

Louisiana Art and Science Museum, Inc.
Notes to Financial Statements
December 31, 2003 and 2002

Note 1-Significant Accounting Policies and Presentations (Continued)

D. Contributed Support

Contributed support is reported as unrestricted or as restricted depending on the existence of donor stipulations that limit the use of the support. 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 reported in the statement of activity as net assets released from restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated cash flows. The discounts on these amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts will be included in contribution revenue.

E. Contributed Facilities and Services

The Museum occupies without charge certain premises located in government provided buildings. The value of this service is not reflected in these statements since there is no clearly measurable basis of the rental value of the historical building.

A number of unpaid volunteers have made significant contributions of their time to develop the Museum's programs, principally in fund raising and educational programs. The value of this contributed time is not reflected in these statements because the Museum does not control the performance of these volunteers.

F. Statement of Cash Flows

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

G. Concentrations

The Museum operates its activities exclusively in downtown Baton Rouge, Louisiana. Although its programs are varied, it is dependant on the economic conditions of the Baton Rouge area to support its activities.

H. Investments

Investments in debt and equity securities are stated at fair values obtained from quoted market prices. Donations of investments are recorded at fair value at the date of donation. Investment income, including gains and losses on investments, interest and dividends, is included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law. (See also Note 3.)

Louisiana Art and Science Museum, Inc.
Notes to Financial Statements
December 31, 2003 and 2002

Note 1-Significant Accounting Policies and Presentations (Continued)

I. Inventory

Inventory is stated at the lower of cost or market determined by the first-in, first-out method.

J. Property and Equipment

Property and equipment are reported at historical costs, except those arising from donations which are recorded at current values at the date of donation. The Museum does not record depreciation on its fixed assets. The Museum's policy is to capitalize betterments and renewals but to expense all maintenance and repairs when incurred.

The Museum collections acquired by the Museum are not included in fixed assets. They are captioned on the statement of financial position with no dollar value, as they are not required to be capitalized. A further description of the collections is presented in Note 7.

K. 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 2-Contributions Receivable

Included in contributions receivable are the following unconditional promises to give:

	<u>2003</u>	<u>2002</u>
Planetarium Operations Endowment	\$500,000	\$1,000,000
Planetarium Equipment Endowment	400,000	450,000
Planetarium Support Funds	<u>720,000</u>	<u>1,033,751</u>
Unconditional promises to give before amortized discount	1,620,000	2,483,751
Less: unamortized discount	<u>(122,587)</u>	<u>(227,997)</u>
Net unconditional promises to give	<u>1,497,413</u>	<u>2,255,754</u>
Amounts due in:		
Less than one year	990,000	1,040,000
One to five years	480,000	1,243,751
Over five years	<u>150,000</u>	<u>200,000</u>
Total	<u>1,620,000</u>	<u>2,483,751</u>

Louisiana Art and Science Museum, Inc.
Notes to Financial Statements
December 31, 2003 and 2002

Note 2-Contributions Receivable (Continued)

The rate applied to discount these promises to give was 6% in 2003 and 2002.

Management considers all receivables to be fully collectible and no allowance for uncollectible amounts is required.

Note 3-Investments

Following is a summary of investments classified by major type:

	<u>2003</u>	<u>2002</u>
Common stocks	\$914,614	\$525,666
Mutual funds - debt securities	973,960	738,054
Mutual funds - equity securities	<u>676,884</u>	<u>423,522</u>
	<u>2,565,458</u>	<u>1,687,242</u>

Investment activity is detailed as follows:

Interest and dividend income	\$79,589	\$62,703
Unrealized gains (losses)	431,698	(317,499)
Realized gains (losses)	69,914	(17,533)
Investment management fees	<u>(8,432)</u>	<u>(6,503)</u>
	<u>572,769</u>	<u>(278,832)</u>

Note 4-Contributions

Contributions classified as unrestricted and temporarily restricted which were recognized by the Museum are as follows:

	<u>2003</u>	<u>2002</u>
Unrestricted		
Corporate	\$108,142	\$89,465
Private	21,864	28,504
Donation boxes	198	510
Memorial	<u>500</u>	<u>20</u>
<u>Total unrestricted</u>	<u>130,704</u>	<u>118,499</u>
Temporarily restricted		
Corporate	171,000	82,500
Individual	<u>101,614</u>	<u>178,604</u>
<u>Total temporarily restricted</u>	<u>272,614</u>	<u>261,104</u>

Louisiana Art and Science Museum, Inc.
Notes to Financial Statements
December 31, 2003 and 2002

Note 5-Grants

Further details of grant revenue received by the Museum follows:

	<u>2003</u>	<u>2002</u>
YouthALIVE!		
Baton Rouge Area Foundation		\$750
Art Council of Greater Baton Rouge	\$3,791	7,469
Louisiana Division of the Art	40,728	41,858
Louisiana Endowment for the Humanities	2,000	11,380
National Endowment for the Art		5,000
Entergy	6,000	
Junior League	5,100	5,605
Baton Rouge Area Foundation Art Collection	15,000	21,000
Other	2,198	
Challenger		
NASA	15,000	
Baton Rouge Area Foundation		5,000
Entergy		1,000
U.S. Department of Education	55,207	98,744
Baton Rouge Convention and Visitors - Josephine	137,490	
Louisiana Endowment for the Art - Josephine	<u>2,300</u>	<u> </u>
	<u>284,814</u>	<u>197,806</u>

Note 6-Other Revenue

Other revenue is detailed as follows:

	<u>2003</u>	<u>2002</u>
Fund raising events (net of expenses of \$26,987 and \$29,056)	<u>\$118,300</u>	<u>\$116,248</u>
Josephine Exhibit		
Ticket sales	140,226	
Building and equipment rental	<u>24,821</u>	
	<u>165,047</u>	
Workshops and other programs	<u>21,406</u>	<u>13,265</u>
Building use rental	<u>13,320</u>	<u>250</u>
Museum shop		
Sales	145,246	33,801
Less cost of sales	<u>92,088</u>	<u>26,932</u>
	<u>53,158</u>	<u>6,869</u>

(Continued)

Louisiana Art and Science Museum, Inc.
Notes to Financial Statements
December 31, 2003 and 2002

Note 6-Other Revenue (Continued)

	<u>2003</u>	<u>2002</u>
SEPA Conference Hosting		
Conference revenue	\$59,884	
Less conference expenses	<u>59,884</u>	
	<u>0</u>	
Concessions		
Sales	1,663	\$1,474
Less cost of sales	<u>1,718</u>	<u>1,600</u>
	<u>(55)</u>	<u>(126)</u>
Birthday party revenue	11,588	10,237
Birthday party expenses	<u>12,165</u>	<u>9,480</u>
	<u>(577)</u>	<u>757</u>
Exhibit rental	500	2,000
Proceeds from collection deaccession		1,441
Miscellaneous		<u>1,866</u>
	<u>500</u>	<u>5,307</u>
<u>Total</u>	<u>371,099</u>	<u>142,570</u>

Note 7-Beneficial Interest in Investments Held by Others

In the statement of financial position at December 31, 2003 and 2002, the aggregate transfers to a recipient organization, for which the Louisiana Art and Science Museum, Inc. is specified as the beneficiary, amounted to \$641,109 and \$533,655, respectively, is recorded as a beneficial interest in the investments held by the Baton Rouge Area Foundation. Variance power was not granted to the recipient organization. Amounts are distributed to the Museum quarterly based on 5% of the current market value of the investment account.

Note 8-Museum Collections

The Louisiana Art and Science Museum, Inc., has approximately 5,800 objects in its permanent collection. The collection is varied with holdings in the areas of fine Art, crafts, ethnographic artifacts, Louisiana history and natural science.

Objects for the collections are received mainly through donations of the objects and through private donations for the purchase of objects. Some objects are purchased with funds from other earned and unearned revenue sources. Due to the nature of record-keeping and cataloging of the collections, and the intangible value of the objects, it is not feasible to place a dollar value on the collections.

The Museum's stewardship policy is to acquire objects with intrinsic values within the scope of its long range goals. The Museum strives to provide proper conservation measures to protect the objects for posterity and exhibition. If objects are sold, those funds may only be used for future acquisitions to the collection.

Louisiana Art and Science Museum, Inc.
Notes to Financial Statements
December 31, 2003 and 2002

Note 9-Functional Expenses

The costs of providing programs and other activities are summarized on a functional basis as follows:

	<u>Program</u>				<u>Fund-raising</u>	<u>Management and General</u>	<u>2003 Total</u>	<u>2002 Total</u>
	<u>General Museum</u>	<u>Challenger</u>	<u>Planetarium Operations</u>	<u>Planetarium Start-Up</u>				
Salaries, wages and benefits	\$317,110	\$127,818	\$139,580	\$163,416	\$43,450	\$506,524	\$1,297,898	\$995,487
Insurance	11,266	2,472	1,061	1,243		15,132	31,174	23,137
Services and professional fees	45,355	12,100	44,337	84,203		50,168	225,494	185,533
Supplies and travel	54,733	36,559	10,394	26,004		79,763	218,122	223,117
Occupancy	21,027	1,770	11,698	86,010		116,343	236,848	141,256
Collections								37,547
Conservation	3,187						3,187	3,040
Public relations		2,867	35,868	111,944	1,779	27,405	179,863	46,329
Exhibit materials - Planetarium				663,445			663,445	488,297
Josephine Exhibit expenses	<u>234,045</u>						<u>234,045</u>	
	<u>686,723</u>	<u>183,586</u>	<u>242,938</u>	<u>1,136,265</u>	<u>45,229</u>	<u>795,335</u>	<u>3,090,076</u>	<u>2,143,743</u>

Note 10-Concentration of Credit Risk

At various times during years 2003 and 2002, cash on deposit with one banking institution exceeded the \$100,000 insured by the Federal Deposit Insurance Corporation. Management monitors the financial condition of the financial institution on a regular basis, along with their balances in cash to minimize this potential risk.

Note 11-Retirement Plan

The Museum maintains a 401(k) qualified retirement plan which covers substantially all full-time employees. Under current provisions of the Plan, which are subject to change, the Museum matches 100% of eligible employee's contributions, not to exceed 3% of compensation. The Museum's contributions under the Plan for 2003 were \$14,511 and for 2002 were \$14,490.

Note 12-Commitments

As of December 31, 2003, the Museum was committed to spend approximately \$400,000 for costs related to the Planetarium Exhibit area and the Josephine Exhibit.

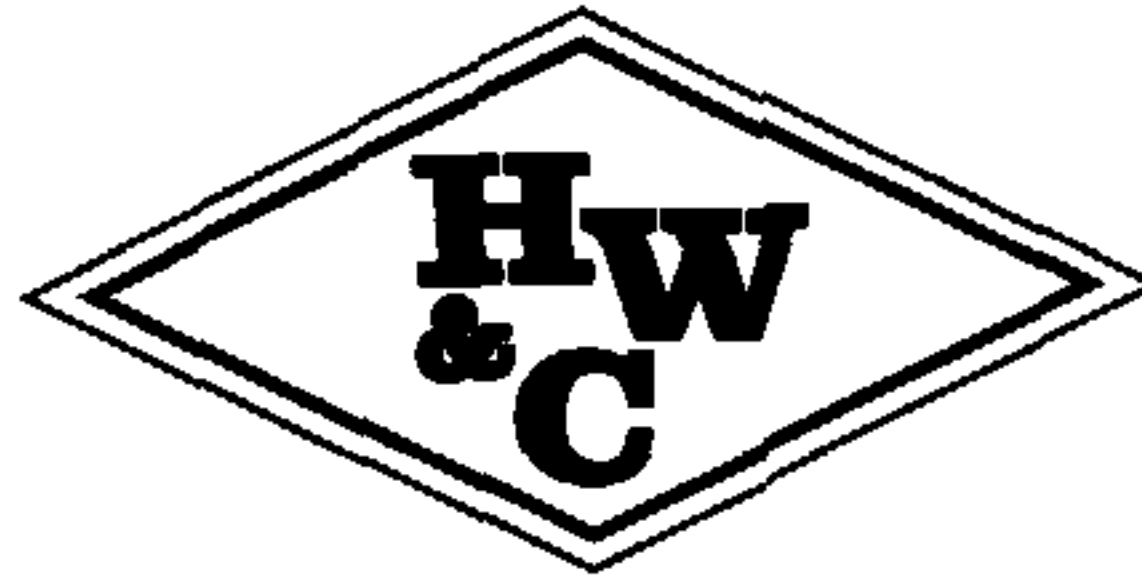
Note 13-Reclassifications

Certain reclassifications have been made to the 2002 financial statements to conform with classifications used in 2003. These reclassifications had no effect on net assets.

Supplementary Information

HAWTHORN, WAYMOUTH & CARROLL, L.L.P.

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CERTIFIED PUBLIC ACCOUNTANTS

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April 21, 2004

Auditor's Report on Supplementary Information

The Board of Trustees
Louisiana Art and Science Museum, Inc.
Baton Rouge, Louisiana

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole of the Louisiana Art and Science Museum, Inc. as of and for the year ended December 31, 2003, which is presented in the preceding section of this report. The supplementary information on page 17 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, except for the effects of the omission of depreciation of fixed assets as required by generally accepted accounting principles as explained in the third paragraph of our report on page 3, such information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Yours truly,

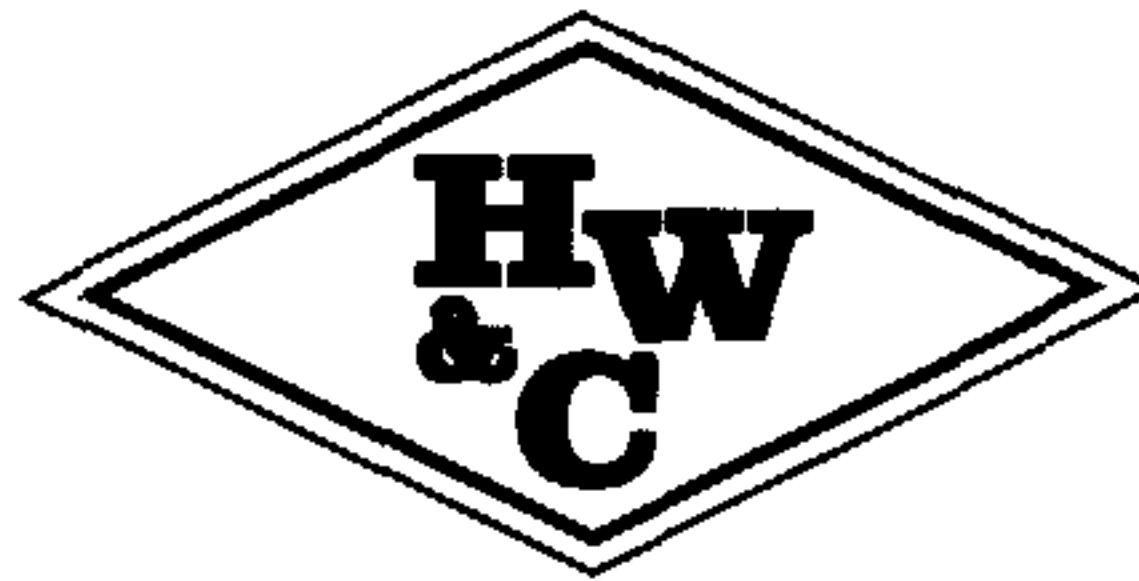
Hawthorn, Waymouth & Carroll, L.L.P.

Louisiana Art and Science Museum, Inc.
Schedule of Changes in Unrestricted Net Assets by Components
Year Ended December 31, 2003

	<u>Balance</u> <u>12-31-02</u>	<u>Additions</u>	<u>Deductions</u>	<u>Fund</u> <u>Transfers</u>	<u>Balance</u> <u>12-31-03</u>
Designated					
Museum collections	\$105,227	\$38,660			\$143,887
Train	99,925				99,925
Museum shops	60,467			(\$60,467)	-
YouthALIVE!	11,192		\$3,588		7,604
Building maintenance	36,711				36,711
Challenger Learning Center	22,558	15,000	3,371		34,187
Discovery Depot	6,739				6,739
Technology	7,492				7,492
Marketing	8,101				8,101
Children's programing	222,271	94,640			316,911
Equipment and improvements	1,992,040			181,110	2,173,150
Planetarium start-up costs		1,255,524	1,136,265	(119,259)	
Museum development	<u>122,760</u>	<u>1,844,492</u>	<u>1,946,852</u>	<u>(1,384)</u>	<u>19,016</u>
	2,695,483	3,248,316	3,090,076		2,853,723
Undesignated	<u>60,091</u>	_____	_____	_____	<u>60,091</u>
Totals	<u>2,755,574</u>	<u>3,248,316</u>	<u>3,090,076</u>	_____	<u>2,913,814</u>

HAWTHORN, WAYMOUTH & CARROLL, L.L.P.

J. CHARLES PARKER, C.P.A.
LOUIS C. McKNIGHT, III, C.P.A.
ANTHONY J. CRISTINA, III, C.P.A.
CHARLES R. PEVEY, JR., C.P.A.
DAVID J. BROUSSARD, C.P.A.



CERTIFIED PUBLIC ACCOUNTANTS

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April 21, 2004

**Report on Compliance and on Internal Control over Financial
Reporting Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

The Board of Trustees
Louisiana Art and Science Museum, Inc.
Baton Rouge, Louisiana

We have audited the financial statements of the Louisiana Art and Science Museum, Inc. as of and for the year ended December 31, 2003, and have issued our report thereon dated April 21, 2004, which was qualified due to the omission of depreciation of fixed assets. 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 Louisiana Art and Science Museum, Inc.'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 instance of noncompliance that is required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Louisiana Art and Science Museum, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be

material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the 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 Board of Directors, management, the Louisiana Legislative Auditor, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

Hawthorn, Waymouth & Carroll, L.L.P.

Louisiana Art and Science Museum, Inc.
Schedule of Prior Year Findings
Year Ended December 31, 2003

Findings - Financial Statement Audit

2002-1 Audit Report Compliance

The audit report was delayed past the due date of June 30, 2003 due to revisions in financial statements caused by changes in reporting requirements for beneficial interests in assets held by others.

Management's Response

Management agrees that financial statement preparation and audit planning will in the future be made to insure timely reporting.

Current Status

The Management has implemented procedures that have resulted in timely reporting.