

THE CHILDREN'S MUSEUM of SOUTHWEST LOUISIANA, INC.
Lake Charles, Louisiana

Financial Statements
December 31, 2023

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Broussard & Company
Certified Public Accountants

To the Board of Directors of
The Children's Museum of Southwest Louisiana, Inc.
Lake Charles, Louisiana

Management is responsible for the accompanying financial statements of The Children's Museum of Southwest Louisiana, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

Supplementary Information

The supplementary information on page 14 is presented for the purpose of additional analysis and is not required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on such supplementary information.

Broussard and Company

Lake Charles, Louisiana
June 15, 2024

THE CHILDREN'S MUSEUM OF SOUTHWEST LOUISIANA, INC.
Statement of Financial Position
As of December 31, 2023

Assets	
Current Assets	
Cash and cash equivalents	\$ 486,420
Total Current Assets	486,420
 Property and Equipment	
Property and equipment	200,064
Construction in progress	516,565
	716,629
Less: accumulated depreciation	(105,247)
Total Property and Equipment	611,382
 Other Assets	
Endowment investment	125,125
	125,125
Total Assets	\$ 1,222,927
 Liabilities and Net Assets	
Current Liabilities	
Accounts payable	\$ 1,446
Payroll liabilities	2,550
Other accrued liabilities	546
Total Current Liabilities	4,542
 Net Assets	
Without donor restrictions	1,217,385
With donor restrictions	1,000
Total Net Assets	1,218,385
Total Liabilities and Net Assets	\$ 1,222,927

See accompanying notes to financial statements.

THE CHILDREN'S MUSEUM OF SOUTHWEST LOUISIANA, INC.
Statement of Activities
For the Year Ended December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
Support:			
United Way	\$ -	\$ 3,212	\$ 3,212
Contributions	149,329	1,500	\$ 150,829
Grants	-	27,000	27,000
Special events	40,118		40,118
Miscellaneous	11,989	-	11,989
Total support	<u>201,436</u>	<u>31,712</u>	<u>233,148</u>
Net assets released from restrictions	<u>139,440</u>	<u>(139,440)</u>	<u>-</u>
Total Support and Revenues	<u>340,876</u>	<u>(107,728)</u>	<u>233,148</u>
Functional Expenses			
Program Services	98,674	-	98,674
Management and general	38,011	-	38,011
Fundraising	<u>11,542</u>	<u>-</u>	<u>11,542</u>
Total Functional Expenses	<u>148,227</u>	<u>-</u>	<u>148,227</u>
Excess Functional Expenses over Support and Revenues	<u>192,649</u>	<u>(107,728)</u>	<u>84,921</u>
Other Income/(Expense)			
Net investment income	<u>1,617</u>	<u>-</u>	<u>1,617</u>
Total Income/(Expense)	<u>1,617</u>	<u>-</u>	<u>1,617</u>
Change in Net Assets	194,266	(107,728)	86,538
Net Assets - Beginning of Year	<u>1,023,119</u>	<u>108,728</u>	<u>1,131,847</u>
Net Assets - End of Year	<u>\$ 1,217,385</u>	<u>\$ 1,000</u>	<u>\$ 1,218,385</u>

See accompanying notes to financial statements.

THE CHILDREN'S MUSEUM OF SOUTHWEST LOUISIANA, INC.
Schedule of Functional Expenses
For the Year Ended December 31, 2023

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$ 57,893	\$ 28,945	\$ 9,648	\$ 96,486
Payroll taxes and fringe benefits	11,364	5,682	1,894	18,940
Total compensation	<u>69,257</u>	<u>34,627</u>	<u>11,542</u>	<u>115,426</u>
Advertising	1,169	-	-	1,169
Contract labor	333	-	-	333
Bank charges	-	896	-	896
Program expense	5,525	-	-	5,525
Insurance	3,021	336	-	3,357
Office expense	1,192	132	-	1,324
Dues and subscriptions	3,354	373	-	3,727
Professional fees	7,543	838	-	8,381
Storage rent	2,677	297	-	2,974
Supplies	545	61	-	606
Postage	299	33	-	332
Telephone	1,223	136	-	1,359
Training, conferences and travel	2,536	282	-	2,818
Total functional expenses	<u>\$ 98,674</u>	<u>\$ 38,011</u>	<u>\$ 11,542</u>	<u>\$ 148,227</u>

See accompanying notes to financial statements.

THE CHILDREN'S MUSEUM OF SOUTHWEST LOUISIANA, INC.
Statement of Cash Flows
For the Year Ended December 31, 2023

Cash Flows From Operating Activities	
Excess Functional Expenses over Support and Revenues	\$ 84,921
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Increase (decrease) in accounts payable	1,446
Increase (decrease) in payroll and other accrued liabilities	408
	<hr/>
Net Cash Provided by Operating Activities	86,775
	<hr/>
Cash Flows From Investing Activities	
Interest income	1,617
Capital purchases	(11,008)
	<hr/>
Net Cash Used by Investing Activities	(9,391)
	<hr/>
Net change in Cash, Cash Equivalents	77,384
Cash, Cash Equivalents and Restricted Cash - Beginning of Year	409,036
	<hr/>
Cash, Cash Equivalents and Restricted Cash - End of Year	<u>\$ 486,420</u>

See accompanying notes to financial statements.

THE CHILDREN’S MUSEUM OF SOUTHWEST LOUISIANA, INC.

**Notes to Financial Statements
December 31, 2023**

Note A – Summary of Significant Accounting Policies

Nature of Activities

The Children’s Museum of Southwest Louisiana, Inc. (the Museum) is a museum established for the purpose of educating the children of southwest Louisiana and surrounding areas in the arts and sciences and to promote their understanding of themselves and the world around them. The Children’s Museum support comes primarily from membership dues, admission fees, individual donors’ contributions, and various art agency grants. The Museum is heavily dependent on community support for contributions and memberships.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with U.S Generally Accepted Accounting Principles, which require the Museum to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Museum. These net assets may be used at the discretion of management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Museum or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Income Tax Status

The Museum was incorporated under the laws of the State of Louisiana on January 14, 1988. The Corporation is operated exclusively for charitable and educational services and has qualified for exemption from federal and state income taxes under Section 501 (c) (3) of the Internal Revenue Code. In addition, the Museum has been determined by the Internal Revenue Code not to be a private foundation within the meaning of section 509 (a) of the Internal Revenue Code. There is no unrelated business income for the year ended December 31, 2023.

THE CHILDREN'S MUSEUM OF SOUTHWEST LOUISIANA, INC.

**Notes to Financial Statements
December 31, 2023**

Note A – Summary of Significant Accounting Policies (continued)

Support and Revenue

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Membership dues paid to the Museum by private organizations and individuals are recognized when received.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Cash and Cash Equivalents

The Museum considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents. Assets reserved for property improvements on the statement of financial position include restricted cash received with restrictions imposed by donors (but not yet spent) to construct new exhibits.

Property and Equipment

The Museum capitalizes all expenditures in excess of \$500 for property and equipment at cost, or if donated, at their estimated fair value on the date of donation. Depreciation is provided for in an amount sufficient to relate the cost of depreciable assets to operations over their estimated service lives on the straight-line basis. During the year ended December 31, 2023, depreciation expense was \$-0-.

Inventory

The gift shop inventory is stated at lower cost or market using the first-in, first-out method. Obsolete items are expensed at the time such obsolescence is determined.

THE CHILDREN'S MUSEUM OF SOUTHWEST LOUISIANA, INC.

Notes to Financial Statements
December 31, 2023

Note A – Summary of Significant Accounting Policies (continued)

Advertising Expense

The Museum expenses advertising costs as they are incurred. Advertising expenses for the year ended December 31, 2023, was \$1,169.

Paid Time Off

Full time employees receive two weeks of vacation or personal time in each calendar year. Any paid time off not used does not accrue and cannot be applied to future years of employment. Any time off taken by the employee in excess of two weeks will be deducted from the employee's salary in proportion to the excess time taken off. Since these benefits are not vested, there is no liability reflected in these financial statements.

Donated Materials and Services

Donated exhibits, materials, supplies, and advertising are reflected as revenues in the accompanying statements at their estimated values at date of receipt. There were no receipts of in-kind donations in the current year. Volunteers have donated time to the Museum in furthering the Museum's programs and objectives. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.

Note B – Liquidity and Availability of Financial Assets

The following reflects the Museum's financial assets as of the balance sheet date, reduced by amounts available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. The Museum has \$486,420 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash and cash equivalents of \$486,420. The total of the financial assets subject to donor and other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date was \$1,000. The Museum has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations come due.

Financial assets, at year-end	\$ 486,420
Less those unavailable for general expenditure with one year due to:	
Contractual of donor-imposed restrictions	
Restricted by donor with time or purpose restrictions	<u>1,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 485,420</u>

THE CHILDREN’S MUSEUM OF SOUTHWEST LOUISIANA, INC.

**Notes to Financial Statements
December 31, 2023**

Note C – Cash and Cash Equivalents

The Museum maintains cash balances at several local financial institutions in Lake Charles, Louisiana. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2023, the Museum’s bank balances were fully insured.

Note D – Property and Equipment

The following is a summary of property and equipment as of December 31, 2023:

	Balance 12/31/2022	Additions	Disposals	Balance 12/31/2023
Construction in progress	\$ 516,565	\$ -	\$ -	\$ 516,565
Exhibits	200,064	-	-	200,064
Total	716,629	-	-	716,629
Accumulated Depreciation	(105,247)	-	-	(105,247)
Net Book Value	<u>\$ 611,382</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 611,382</u>

Depreciation expense for the year ended December 31, 2023, was \$-0-.

Note E – Restrictions on Net Assets

Net Assets with donor restrictions as of December 31, 2023, were as follows:

<u>Specific Purpose</u>	
Playground	<u>\$ 1,000</u>
Total Net Assets with donor restrictions	<u>\$ 1,000</u>

THE CHILDREN'S MUSEUM OF SOUTHWEST LOUISIANA, INC.

**Notes to Financial Statements
December 31, 2023**

Note F – Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Expenses were allocated in the accompanying financial statements to program and support services functional expense groups. The methods of allocation were based on the Museum's estimates of the relative proportion of various staff members' time and effort between program and support services as well as the Museum's estimates of the amount of each expense utilized for program or support service functions.

Note G – Commitments

On June 30, 2017, the Museum entered into a Cooperative Endeavor Agreement with the City of Lake Charles to assist and facilitate the development of a new children's museum of the City's lakefront property which is called the Port Wonder Project. As part of the agreement, the City shall pledge and commit \$650,000 toward site improvements and Museum construction. The Museum has spent \$516,565 for this project and is shown as construction in progress on the financial statements. The Port Wonder Project is currently moving forward as a ground-breaking ceremony took place on June 30, 2021. The ceremony was attended by officials from the City of Lake Charles, Museum management and board members, officials with the Department of Wildlife and Fisheries and the Governor of Louisiana, John Bel Edwards. The construction on the actual building began in the summer of 2023. Estimated completion is the fall of 2024.

Note H – Fair Value Measurements

The Museum determined the fair value of its assets and liabilities through a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. Level 1 inputs to the valuation methodology are based on unadjusted quoted prices for identical assets in active markets that the Museum has the ability to access. Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets and/or based on inputs that are derived principally from or corroborated by observable market data. Level 3 inputs are unobservable and are based on assumptions that market participants would utilize in pricing the asset.

The fair value of financial instruments, including cash, approximates the carrying value, principally because of the short maturity of those items and are considered Level 1 or Level 2.

Note I – Subsequent Events

The Museum has evaluated subsequent events through June 14, 2024, the date the financial statements were available to be issued. The recent coronavirus pandemic could have a detrimental impact on the Museum's operations and funding. The impact is unknown at the time the financial statements were available to be issued.

THE CHILDREN’S MUSEUM OF SOUTHWEST LOUISIANA, INC.

**Notes to Financial Statements
December 31, 2023**

Note J – Revenue Recognition

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers (Topic 606). The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Museum adopted the new standard effective January 1, 2020, the first day of The Museum’s fiscal year, using the full retrospective method.

As part of the adoption of the ASU, the Museum elected to use the following transition practical expedients: (i) completed contracts that begin and end in the same annual reporting period have not been restated; (ii) the Museum used the known transaction price for completed contracts; (iii) to exclude disclosures of transaction prices allocated to remaining performance obligations when The Museum expects to recognize such revenue for all periods prior to the date of initial application of the ASU; and (iv) The Museum has reflected the aggregate of all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price.

The majority of the Museum’s revenue is recognized over time based on the terms of the respective grants or randomly based on donor contributions. Revenue recognized over time primarily consists of performance obligations that are satisfied within one year or less. In addition, the majority of the Museum’s revenue streams do not contain variable consideration and contract modifications are generally minimal. For these reasons, there is not a significant impact as a result of electing these transition practical expedients.

The adoption of this ASU did not have a significant impact on the Museum’s financial statements. Based on the Museum’s evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues as a result of the adoption.

THE CHILDREN’S MUSEUM OF SOUTHWEST LOUISIANA, INC.

**Notes to Financial Statements
December 31, 2023**

Note K – Disaggregation of Revenue from Contracts with Customers

The Museum reports revenues based on the following categories: contributions, grants from governmental agencies and other organizations, and operating revenues. The Museum has determined that these categories can be used to meet the objective of the disaggregation disclosure requirements, which is to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The following table disaggregates the Museum’s revenue based on type and on the timing of satisfaction of performance obligations for the year ended December 31, 2023:

	<u>Contributions</u>	<u>Grants</u>	<u>Special Events</u>
Performance obligations satisfied at a point in time	\$ -	\$ -	\$ -
Performance obligations satisfied over time	150,829	27,000	40,118
Total	\$ 150,829	\$ 27,000	\$ 40,118

Note L – Contract Balances

Contract assets include unbilled amounts resulting from sales under contracts when the percentage-of-completion cost-to-cost method of revenue recognition is utilized, and revenue recognized exceeds the amount billed to the customer. Contract liabilities include billings in excess of revenue recognized. Contract assets and contract liabilities were as follows for the year ended December 31, 2023:

	<u>2023</u>
Contract assets	\$ -
Contract liabilities	-

Note M – Endowment

The Museum established a permanent endowment fund known as The Children’s Museum of Southwest Louisiana Fund (the Fund) on December 17, 2021, with the Community Foundation of Southwest Louisiana. The Museum may request all of any part of the assets of the Fund be distributed to the Museum at any time. All such distributions requests from the Fund shall be in writing signed by no less than two of the three Duly Authorized Representatives. The Museum designates as dully authorized representatives the Executive Director, the President and the Treasurer of the Board of Directors. Distributions from the Fund shall be made at such times, in such amounts, in such ways and for such charitable, educational, scientific, literary, or religious purposes or any combination of such purposes and for administrative purposes related to the Fund, all in furtherance of the qualified tax-exempt purposes of the Museum. The original contribution was \$125,000 and current year net investment gains amounted to \$11,008 with the ending balance as of December 31, 2023, of \$125,125.

SUPPLEMENTAL INFORMATION

THE CHILDREN'S MUSEUM OF SOUTHWEST LOUISIANA, INC.
December 31, 2023

Note: This schedule is required for all local auditees, including quasi-public entities.

Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer

Year Ended: December 31, 2023

Agency Head: Allyson Montgomery

Purpose	Amount
Salary	58,235
Benefits-insurance	9,693
Benefits-retirement	4,455
Benefits (other--HSA account)	1,900
Car allowance	-
Reimbursements (meals)	-
Travel (mileage, parking, tolls, taxi, etc)	-
Registration fees	-
Conference travel (air fare)	-
Housing / Hotel	-
FY TOTAL:	74,283