

**LAKE PONTCHARTRAIN BASIN  
MARITIME MUSEUM, INC.**

Audits of Financial Statements

Years Ended December 31, 2008 and 2007

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 12/9/09



LAPORTE SEHRT  
ROMIG HAND  
CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditor's Report

To the Board of Directors of  
Lake Pontchartrain Basin Maritime Museum, Inc.  
Madisonville, Louisiana

We have audited the accompanying statements of financial position of Lake Pontchartrain Basin Maritime Museum, Inc. (the Museum), a nonprofit corporation, as of December 31, 2008 and 2007, 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. 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 Museum as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses on page 11 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 audits 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.

A Professional Accounting Corporation

July 6, 2009

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**LAKE PONTCHARTRAIN BASIN MARITIME MUSEUM, INC.**  
**Statements of Financial Position**  
**December 31, 2008 and 2007**

	2008	2007
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents		
Unrestricted	\$ 173,070	\$ 152,823
Temporarily Restricted	23,112	-
Certificates of Deposit	-	70,000
Accounts Receivable	18,903	10,155
Gift Shop Inventory	27,805	17,379
<b>Total Current Assets</b>	<b>242,890</b>	<b>250,357</b>
<b>Property and Equipment</b>		
Building and Improvements	2,765,890	2,765,890
Museum Exhibits	471,092	471,092
Furniture and Equipment	112,164	95,604
Bulkhead and Dock	91,726	79,726
Miscellaneous Fixed Assets	25,744	25,744
	<b>3,466,616</b>	<b>3,438,056</b>
Less: Accumulated Depreciation	<b>(902,662)</b>	<b>(768,289)</b>
<b>Net Property and Equipment</b>	<b>2,563,954</b>	<b>2,669,767</b>
<b>Total Assets</b>	<b>\$ 2,806,844</b>	<b>\$ 2,920,124</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 4,050	\$ -
Accrued Expenses	12,507	28,194
Payroll Taxes Payable	1,411	1,437
Deferred Revenue	-	6,194
Other Current Liabilities	4,135	5,300
<b>Total Current Liabilities</b>	<b>22,103</b>	<b>41,125</b>
<b>Net Assets</b>		
Unrestricted	2,761,629	2,878,999
Temporarily Restricted	23,112	-
<b>Total Net Assets</b>	<b>2,784,741</b>	<b>2,878,999</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,806,844</b>	<b>\$ 2,920,124</b>

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

**LAKE PONTCHARTRAIN BASIN MARITIME MUSEUM, INC.**  
**Statements of Activities**  
**For the Years Ended December 31, 2008 and 2007**

	2008	2007
<b>Unrestricted Net Assets</b>		
<b>Unrestricted Support and Revenues</b>		
Wooden Boat Festival	\$ 367,484	\$ 422,877
Grant Income	71,444	12,306
Facility Event Room Rental Revenue	49,531	73,000
Wooden Boat Building	27,861	34,989
Gift Shop Sales - Net	17,619	17,621
Museum Admission Fees and Membership Dues	16,593	13,451
Donations and Contributions	14,959	4,680
Other Income	4,182	7,575
Lighthouse Renovation Contributions	-	2,515
	<hr/>	<hr/>
<b>Total Unrestricted Support and Revenues</b>	<b>569,673</b>	<b>589,014</b>
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Net Assets Released from Restrictions	67,208	-
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<b>Total Support, Revenues, and Reclassifications</b>	<b>636,881</b>	<b>589,014</b>
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<b>Expenses</b>		
<b>Program Services</b>		
Maritime Research and Educational Programs	138,174	12,662
Lighthouse Restoration	98,852	-
Wooden Boat Building	69,190	80,256
Museum and Exhibits	45,802	142,077
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<b>Total Program Services</b>	<b>352,018</b>	<b>234,995</b>
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<b>Support Services</b>		
Fundraising	360,691	350,814
Management and General	41,542	80,509
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<b>Total Support Services</b>	<b>402,233</b>	<b>431,323</b>
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<b>Total Expenses</b>	<b>754,251</b>	<b>666,318</b>
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<b>Change in Unrestricted Net Assets</b>	<b>(117,370)</b>	<b>(77,304)</b>
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<b>Temporarily Restricted Net Assets</b>		
Lighthouse Renovation Contributions	90,320	-
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Net Assets Released from Restrictions	(67,208)	-
	<hr/>	<hr/>
<b>Change in Temporarily Restricted Net Assets</b>	<b>23,112</b>	<b>-</b>
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<b>Change in Net Assets</b>	<b>(94,258)</b>	<b>(77,304)</b>
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<b>Net Assets, Beginning of Year</b>	<b>2,878,999</b>	<b>2,956,303</b>
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<b>Net Assets, End of Year</b>	<b>\$ 2,784,741</b>	<b>\$ 2,878,999</b>
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The accompanying notes are an integral part of these financial statements.

**LAKE PONTCHARTRAIN BASIN MARITIME MUSEUM, INC.**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2008 and 2007**

	2008	2007
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ (94,258)	\$ (77,304)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	134,373	146,047
(Increase) Decrease in:		
Accounts Receivable	(8,748)	(9,155)
Inventory	(10,426)	(7,184)
Increase (Decrease) in:		
Accounts Payable	4,050	-
Accrued Expenses	(15,687)	23,802
Deferred Revenue	(6,194)	(12,306)
Payroll Taxes Payable	(26)	(2,234)
Other Liabilities	(1,165)	4,562
<b>Net Cash Provided by Operating Activities</b>	<u>1,919</u>	<u>66,228</u>
<b>Cash Flows from Investing Activities</b>		
Redemption (Purchase) of Certificate of Deposit	70,000	(70,000)
Purchase of Property and Equipment	(28,560)	(11,489)
<b>Net Cash Provided by (Used in) Investing Activities</b>	<u>41,440</u>	<u>(81,489)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	43,359	(15,261)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>152,823</u>	<u>168,084</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 196,182</u>	<u>\$ 152,823</u>

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

# LAKE PONTCHARTRAIN BASIN MARITIME MUSEUM, INC.

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies

#### **Nature of Activities**

The Lake Pontchartrain Basin Maritime Museum, Inc. (the Museum) was created as a nonprofit corporation in July, 1991 to operate an educational maritime museum which preserves the marine, naval and maritime history, and cultural heritage of the Lake Pontchartrain Basin. The largest single source of income is from the annual Wooden Boat Festival held each fall on the Tchefuncte River.

#### **Basis of Accounting**

The financial statements of the Museum have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred. All significant receivables, payables, and other liabilities are recorded.

#### **Financial Statement Presentation**

The Museum has adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Museum is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Museum is required to present a statement of cash flows. As of December 31, 2008 and 2007, the Museum had \$23,112 of temporarily restricted net assets for the purpose of renovating the Tchefuncte River Lighthouse.

The Museum has also adopted SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the donor imposed time or purpose restrictions. Restricted contributions, for which the restriction is met in the same year, are classified as unrestricted.

#### **Cash Equivalents**

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

#### **Accounts Receivable**

Accounts receivables consist of amounts due for tuition in the boat building class and facility event room services. Management expects the amounts to be fully collectible, therefore, no allowance for uncollectible amounts is reflected within the financial statements.

#### **Inventories - Gift Shop**

The Museum gift shop inventory consists of items purchased for resale and is carried at cost.

#### **Property and Equipment**

All acquisitions of property and equipment in excess of \$1,000 whose useful lives extend beyond a one-year period and betterments which naturally add to the value of related assets or materially extend the useful lives of assets are capitalized. Property and equipment are stated at historical cost or estimated fair value at the date of donation.

**LAKE PONTCHARTRAIN BASIN MARITIME MUSEUM, INC.**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Property and Equipment (Continued)**

Depreciation is provided on the straight-line basis over the following estimated useful lives of the assets:

Building and Improvements	39 Years
Museum Exhibits	5 - 10 Years
Furniture and Equipment	5 - 7 Years
Bulkhead and Dock	15 Years

**Donated Services**

Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Museum. Volunteers also provided program and fundraising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under SFAS No. 116 were not met.

**Income Taxes**

The Museum is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Therefore, income taxes are not provided for in the accompanying financial statements.

**Use of Estimates**

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

**Functional Expenses**

The costs of providing the various programs have been summarized on a functional basis in the statement of activities. Certain functional expenses have been allocated between program services and supporting services based on an analysis of personnel time utilized for the related activities.

**Note 2. Description of Program Services**

**Museum and Exhibits**

To provide and maintain a maritime facility that serves children, families, and visitors as a repository to preserve the marine, naval and maritime history and cultural heritage of the Lake Pontchartrain Basin, lower Mississippi River, and the Gulf Coast, by collecting, exhibiting and interpreting records, documents, manuscripts, maps, photographs and other significant material that will illustrate and explain this history and the various industries associated with it.

# LAKE PONTCHARTRAIN BASIN MARITIME MUSEUM, INC.

## Notes to Financial Statements

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### Note 2. Description of Program Services (Continued)

#### **Wooden Boat Building**

To help preserve the centuries old wooden boat building tradition of Louisiana, the Museum offers classes that allow interested skippers, mostly novices with no experience, to build their own wooden boats, under the supervision of a master boat builder.

#### **Maritime Research and Educational Programs**

In association with Southeastern Louisiana University, Tulane University, the St. Tammany Parish School System, and others with an interest in history, maritime-related sciences, and education, the Museum is actively pursuing the research mission that initially inspired its founders. This has included historical research, the collection of maritime-related oral histories, the development of small underwater robots to both investigate local waters and inspire local students to pursue this fascinating scientific field, a collaborative program for college students related to museum management and exhibit construction, and participation in outreach programs to make the extremely interesting, but little known, history of this area more readily accessible to residents and visitors alike.

#### **Lighthouse Restoration**

Having been entrusted with the stewardship of the Tchefuncte River Lighthouse Station, the Museum has a special interest in the role that these gracious symbols of a past romantic era have played in maritime history. Thirty or more lighthouses have speckled Lake Pontchartrain and nearby gulf coastal waters over the past 200 years. Sadly, most have been replaced by more modern navigational aids and have disappeared or fallen into disrepair. The Museum plans extensive exhibits to preserve the storied history of lighthouses, particularly the ones in this region. Long-range plans include improving accessibility, restoring the entire light station - the light tower, the keeper's cottage, and outbuildings - to the site's turn-of-the-last-century condition, and amassing a collection of lighthouse models, artifacts, and other memorabilia that is second to none.

### Note 3. Description of Fundraising Activities

#### **Wooden Boat Festival**

About one half of the funding for the Museum's operations is provided by proceeds from the annual Madisonville Wooden Boat Festival, which attracts 30,000 or more wooden boat enthusiasts to the banks of the Tchefuncte River. Festival visitors participate in the viewing of boats cruising in the river, wooden boat building contests, educational workshops, food, fun, and entertainment to support the Museum and its programs.

#### **Facility Event Room Rental**

The Museum has available a rental space suitable for programs, workshops, meeting space and parties to generate additional sources of funding.

# LAKE PONTCHARTRAIN BASIN MARITIME MUSEUM, INC.

## Notes to Financial Statements

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### Note 4. Collections

In accordance with the provisions of SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, the Museum does not capitalize donated works of art or recognize them as revenues or gains. The majority of items in the Museum's collections are on loan from private parties. These collections include works of art, historical treasures and assets of a similar nature that are (a) held for exhibition to the public, for educational purposes or for research in furtherance of public service and not financial gain, (b) are protected, cared for and preserved, and (c) are subject to a policy requiring any proceeds from the sale of these items be reinvested in other collection items.

### Note 5. Commitments and Contracts

The land on which the Museum is built is owned by the Town of Madisonville (the Town). On May 31, 1996, the Town and the Museum entered into a management agreement allowing the Museum to establish, occupy, administer, manage, supervise, maintain and exercise operational control and custody over the museum building once construction was complete. The term of this agreement is for 99 years and expires on May 31, 2095. The Museum assumes the obligations of the day-to-day operations and upkeep of the building in lieu of other consideration to the Town (i.e. rent expense). In addition, the agreement states that the building contents and all furniture, fixtures, equipment, supplies, vessels, exhibits, artifacts, objects of art, paintings and all other movable things acquired by or donated to the Museum are the property of the Museum.

The Tchefuncte River Range Rear Light Property (the Property) is owned by the Town. On May 24, 2000, the Town and Museum entered into a management agreement allowing the Museum to restore, develop, preserve, manage and administer the Property, including its use as a tourist attraction. The term of this agreement is for 99 years and expires on May 24, 2099. The Museum assumes the obligation to maintain and exercise operational control and custody over the Property before and after the restoration of the lighthouse in lieu of other consideration to the Town. In addition, the agreement states that the Museum shall retain title to and possession of all of the contents and all furniture, fixtures, equipment, supplies, vessels, boats, exhibits, artifacts, objects of art, paintings and all other movable things acquired by or donated to the Museum for the use and benefit of the Property during the period of the agreement.

### Note 6. Functional Allocation of Expenses

All overhead costs, except salaries and related payroll taxes are allocated 10% to museum and exhibits, 15% to the wooden boat building class, 15% to educational programs, 10% to lighthouse restoration, 40% to fundraising activities, and the remaining 10% to management and general.

LAKE PONTCHARTRAIN BASIN MARITIME MUSEUM, INC.

Notes to Financial Statements

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**Note 6. Functional Allocation of Expenses (Continued)**

Depreciation expense for 2008 and 2007 is allocated as follows:

	2008	2007
Museum and Exhibits	\$ 13,437	\$ 48,926
Wooden Boat Building	20,156	24,098
Educational Programs	20,156	-
Lighthouse Restoration	13,437	-
Fundraising	53,750	48,926
Management and General	13,437	24,097
<b>Total</b>	<b>\$ 134,373</b>	<b>\$ 146,047</b>

**Note 7. Advertising Expense**

The Museum uses advertising to promote its programs among the audience it serves. The production costs of advertising are expensed as incurred. During 2008 and 2007, advertising costs totaled \$19,997 and \$24,371, respectively.

**Note 8. Contingencies**

The Museum has one pending litigation involving minor covenant restrictions regarding the docking of the boat named *Cotton Blossom*. In order to avoid further costs and delays the parties have been negotiating a settlement. The Museum and its attorneys have estimated the possible exposure to the organization to be no more than \$25,000 and have not accrued any amounts in the accompanying financial statements related to this contingency.

**SUPPLEMENTAL INFORMATION**

LAKE PONTCHARTRAIN BASIN MARITIME MUSEUM, INC.  
 Schedule of Functional Expenses  
 For the Year Ended December 31, 2008

	Program Services					Supporting Services				Total
	Museum and Exhibits	Wooden Boat Building	Educational Programs	Lighthouse Restoration	Management and General	Wooden Boat Festival	Other	Fundraising		
Materials and Supplies	\$ 91	\$ 8,076	\$ 39,975	\$ 58,413	\$ -	\$ 19,288	\$ 16,162	\$ -	\$ 142,005	
Depreciation	13,437	20,156	20,156	13,437	13,437	26,875	26,875	-	134,373	
Salaries, Taxes, and Benefits	8,290	1,401	38,628	3,098	4,201	8,403	2,801	-	66,822	
Utilities	5,838	8,758	8,758	5,838	5,838	12,799	11,677	-	59,506	
Executive Director	4,798	7,197	7,197	4,798	4,798	9,596	9,596	-	47,980	
Contract Labor	-	3,700	-	-	-	40,775	-	-	44,475	
Professional Fees	4,359	6,538	6,538	4,359	4,359	8,718	8,718	-	43,589	
Insurance	3,283	4,924	4,924	3,283	3,283	15,228	6,565	-	41,490	
Merchandise Purchases	-	-	-	-	-	33,255	-	-	33,255	
Repairs and Maintenance	2,632	3,948	3,948	2,632	2,632	7,185	5,265	-	28,242	
Miscellaneous	580	870	4,428	580	580	12,878	2,476	-	22,392	
Equipment Rental	-	-	-	-	-	21,260	-	-	21,260	
Advertising	262	394	394	262	262	17,898	525	-	19,997	
Office Supplies and Expenses	1,456	2,184	2,184	1,456	1,456	6,330	2,911	-	17,977	
Security	-	-	-	-	-	13,492	-	-	13,492	
Janitorial and Cleaning	696	1,044	1,044	696	696	4,612	1,392	-	10,180	
Festival Entertainment	-	-	-	-	-	4,700	-	-	4,700	
Printing and Graphic Design	80	-	-	-	-	2,436	-	-	2,516	
<b>Total</b>	<b>\$ 45,802</b>	<b>\$ 69,190</b>	<b>\$ 138,174</b>	<b>\$ 98,852</b>	<b>\$ 41,542</b>	<b>\$ 255,728</b>	<b>\$ 94,963</b>	<b>\$ -</b>	<b>\$ 754,251</b>	