

**Louisiana Art and Science Museum, Inc.**  
**Baton Rouge, Louisiana**  
**December 31, 2008**

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 7/29/09

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June 29, 2009

**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, 2008, and the related statements 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 2007 financial statements, and in our report dated June 27, 2008, we expressed an unqualified opinion on those financial statements.

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. 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.

In our opinion, 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, 2008, and the changes in its net assets and its 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 June 29, 2009, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important in assessing the results of our audit.

Yours truly,

*Hawthorn, Weyman & Carroll, L.L.P.*

Louisiana Art and Science Museum, Inc.  
 Statements of Financial Position  
 December 31, 2008 With Comparative Totals at December 31, 2007

	<u>2008</u>	<u>2007</u>
<b>A s s e t s</b>		
<b>Assets</b>		
Cash and equivalents	\$474,270	\$313,989
Investments	679,250	569,935
Investments - Endowment	2,076,975	2,872,391
Accounts and grants receivable	49,587	630,913
Inventory	29,182	39,870
Prepaid expenses	44,737	33,087
Contributions receivable		5,833
Contributions receivable - Endowment	138,543	176,085
Furniture and equipment	1,330,320	1,250,085
Leasehold improvements	1,877,411	1,877,411
Accumulated depreciation and amortization	(2,207,771)	(1,993,610)
Beneficial interest in investments held by the Baton Rouge Area Foundation	537,852	729,225
Museum collections	-----	-----
<u>Total assets</u>	<u>5,030,356</u>	<u>6,505,214</u>
<b>L i a b i l i t i e s   a n d   N e t   A s s e t s</b>		
<b>Liabilities</b>		
Accounts payable	104,375	436,504
Accrued payroll and other liabilities	<u>130,916</u>	<u>185,661</u>
<u>Total liabilities</u>	<u>235,291</u>	<u>622,165</u>
<b>Net Assets</b>		
Unrestricted		
Designated by Board of Trustees	1,872,289	1,894,079
Undesignated	<u>60,091</u>	<u>60,091</u>
	1,932,380	1,954,170
Temporarily restricted	109,315	151,178
Permanently restricted	<u>2,753,370</u>	<u>3,777,701</u>
<u>Total net assets</u>	<u>4,795,065</u>	<u>5,883,049</u>
<u>Total liabilities and net assets</u>	<u>5,030,356</u>	<u>6,505,214</u>

The accompanying notes are an integral part of these statements.

Louisiana Art and Science Museum, Inc.  
 Statements of Activities  
 Year Ended December 31, 2008  
 With Comparative Totals for the Year Ended December 31, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2008 Total</u>	<u>2007 Total</u>
<b>Public Support, Revenues and Reclassifications</b>					
Government Appropriations					
East Baton Rouge City-Parish	\$842,000			\$842,000	\$1,113,680
State of Louisiana	100,000			100,000	650,000
Admissions	564,831			564,831	588,073
Memberships	91,415			91,415	90,940
Contributions	452,299			452,299	148,133
Grants	271,852			271,852	230,816
Investment income	32,019	\$109,315	(\$1,036,789)	(895,455)	225,942
Other revenue	313,074			313,074	299,415
Change in value of contribution receivable			12,458	12,458	12,637
Net assets released from restriction	<u>151,178</u>	<u>(151,178)</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>Total public support, revenues     and reclassifications</u>	<u>2,818,668</u>	<u>(41,863)</u>	<u>(1,024,331)</u>	<u>1,752,474</u>	<u>3,359,636</u>
<b>Expenses</b>					
Programs					
General museum	939,537			939,537	818,323
Planetarium	924,802			924,802	612,907
Challenger					68,609
Supporting services					
Fund raising	149,050			149,050	141,910
General and administrative	<u>821,069</u>	<u>                    </u>	<u>                    </u>	<u>821,069</u>	<u>1,094,222</u>
<u>Total expenses</u>	<u>2,834,458</u>	<u>                    </u>	<u>                    </u>	<u>2,834,458</u>	<u>2,735,971</u>
<b>Increase (Decrease) in Net Assets, Before Collections Items not Capitalized</b>	(15,790)	(41,863)	(1,024,331)	(1,081,984)	623,665
Collection Items Purchased but not Capitalized	<u>(6,000)</u>	<u>                    </u>	<u>                    </u>	<u>(6,000)</u>	<u>(43,000)</u>
<b>Increase (Decrease) in Net Assets</b>	<u>(21,790)</u>	<u>(41,863)</u>	<u>(1,024,331)</u>	<u>(1,087,984)</u>	<u>580,665</u>
<b>Net Assets</b>					
Beginning of year, as previously stated	1,954,170	151,178	3,777,701	5,883,049	5,347,969
Prior period adjustment	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>(45,585)</u>
Beginning of year as restated	<u>1,954,170</u>	<u>151,178</u>	<u>3,777,701</u>	<u>5,883,049</u>	<u>5,302,384</u>
<b>Net Assets</b>					
End of year	<u>1,932,380</u>	<u>109,315</u>	<u>2,753,370</u>	<u>4,795,065</u>	<u>5,883,049</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, 2008**  
**With Comparative Totals for the Year Ended December 31, 2007**

	<u>2008</u>	<u>2007</u>
<b>Cash Flows From Operating Activities</b>		
Increase (Decrease) in net assets before collection items not capitalized	(\$1,081,984)	\$623,665
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Investment (gain) loss	1,057,723	(532)
Uncollectible pledges		10,000
Amortization and depreciation	214,161	132,744
Change in value of contributions receivable	(12,458)	(12,637)
Changes in assets and liabilities		
(Increase) decrease in accounts and grants receivable	581,326	(601,975)
Decrease in contributions receivable	5,833	2,500
(Increase) decrease in inventory	10,688	(8,592)
(Increase) decrease in prepaid expenses	(11,650)	19,410
(Decrease) increase in accounts payable	(332,129)	338,587
Increase in accrued liabilities	<u>(54,745)</u>	<u>66,670</u>
<u>Net cash provided by operating activities</u>	<u>376,765</u>	<u>569,840</u>
<b>Cash Flows From Investing Activities</b>		
Payments for equipment and leasehold improvements	(80,235)	(699,981)
Purchases of non-capitalized collection items	(6,000)	(43,000)
Proceeds from investment sales and maturities	1,092,357	619,204
Purchase of investments	<u>(1,272,606)</u>	<u>(845,716)</u>
<u>Net cash provided (used) by investing activities</u>	<u>(266,484)</u>	<u>(969,493)</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from contributions permanently restricted	<u>50,000</u>	<u>50,000</u>
<u>Net cash provided by financing activities</u>	<u>50,000</u>	<u>50,000</u>
<b>Net Increase (Decrease) in Cash and Equivalents</b>	160,281	(349,653)
<b>Cash and Equivalents, beginning of year</b>	<u>313,989</u>	<u>663,642</u>
<b>Cash and Equivalents, end of year</b>	<u><u>474,270</u></u>	<u><u>313,989</u></u>

The accompanying notes are an integral part of these statements.

**Louisiana Art and Science Museum, Inc.**  
**Notes to Financial Statements**  
**December 31, 2008**

**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 Museum has as its purpose the operation of projects and exhibits such as the Irene W. Pennington Planetarium, Discovery Depot, Science Station 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, 2007 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 Planetarium operating costs. Permanently restricted net assets arise from the Planetarium Operations and Equipment Endowment Fund which is invested in perpetuity, with the provision that 5% of end of year market value is expendable to support the Planetarium annual operations and replace its equipment in the future. Also, funds held by the Baton Rouge Area Foundation (see Note 7) are permanently restricted. All other net assets, including board-designated or appropriated amounts, are legally unrestricted and are reported as unrestricted.

**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 activities as net assets released from restrictions.

Louisiana Art and Science Museum, Inc.  
Notes to Financial Statements  
December 31, 2008

**Note 1-Significant Accounting Policies and Presentations (Continued)**

D. Contributed Support (Continued)

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 dependent 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. 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.

The Museum adopted Statement of Financial Accounting Standards No. 157, Fair Value Measurements ("FAS 157") as of January 1, 2008. Under FAS 157, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the "exit price") in an orderly transaction between market participants at the measurement date. FAS 157 establishes a hierarchical framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Museum. Unobservable inputs are inputs that reflect the Museum's assumptions about the assumptions market participants would use in pricing the asset or liability

Louisiana Art and Science Museum, Inc.  
Notes to Financial Statements  
December 31, 2008

**Note 1-Significant Accounting Policies and Presentations (Continued)**

H. Investments (Continued)

based on the best information available. Investments with readily available actively quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgement used in measuring fair value.

Assets measured and reported at fair value are classified and disclosed in one of the following categories:

Level I: Quoted prices (unadjusted) in active markets which are accessible at the measurement date.

Level II: Prices based on observable inputs corroborated by market data but no quoted active markets.

Level III: Prices based on unobservable inputs, including situations where there is little, if any, market activity for the assets or liabilities. The inputs used in the determination of fair value require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investments.

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. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from seven to ten years. 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 8.

K. Advertising

The Museum uses advertising to promote its programs among the community it serves. The production costs of advertising are expensed as incurred. During 2008 and 2007, advertising costs totaled \$69,492 and \$78,382, respectively.

L. 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.

Louisiana Art and Science Museum, Inc.  
Notes to Financial Statements  
December 31, 2008

**Note 2-Contributions Receivable**

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

	<u>2008</u>	<u>2007</u>
Planetarium Equipment Endowment	\$150,000	\$200,000
Planetarium Support Funds	_____	<u>5,833</u>
Unconditional promises to give before amortized discount	150,000	205,833
Less: unamortized discount	<u>11,457</u>	<u>23,915</u>
Net unconditional promises to give	<u>138,543</u>	<u>181,918</u>
Amounts due in:		
Less than one year	50,000	55,833
One to five years	<u>100,000</u>	<u>150,000</u>
<u>Total</u>	<u>150,000</u>	<u>205,833</u>

The rate applied to discount these promises to give was 5% in 2008 and 6% in 2007.

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>2008</u>	<u>2007</u>
Common and preferred stocks	\$304,426	\$877,339
Mutual funds - equity securities	1,005,673	1,166,408
Mutual funds - debt securities	<u>1,446,126</u>	<u>1,398,579</u>
	<u>2,756,225</u>	<u>3,442,326</u>

Investment activity is detailed as follows:

Interest and dividend income	\$171,478	\$236,204
Investment gains (losses)	(1,057,723)	532
Investment management fees	<u>(9,210)</u>	<u>(10,794)</u>
	<u>(895,455)</u>	<u>225,942</u>

**Louisiana Art and Science Museum, Inc.**  
**Notes to Financial Statements**  
**December 31, 2008**

**Note 4-Assets Measured at Fair Value on a Recurring Basis**

Assets measured at fair value on a recurring basis comprise the following:

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Un- observable Inputs (Level 3)	Total
<b>December 31, 2008</b>				
Investments	<u>\$2,756,225</u>	<u>-</u>	<u>-</u>	<u>\$2,756,225</u>
<b>December 31, 2007</b>				
Investments	<u>\$3,442,326</u>	<u>-</u>	<u>-</u>	<u>\$3,442,326</u>

Generally, for all investments, fair value is determined by reference to quoted market prices and other relevant information generated by market transactions.

**Note 5-Contributions**

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

Unrestricted	2008	2007
Corporate	\$78,625	\$49,140
Private	123,674	98,993
Other	<u>250,000</u>	<u>-</u>
<u>Total unrestricted</u>	<u>452,299</u>	<u>148,133</u>

**Note 6-Grants**

Further details of grant revenue received by the Museum follows:

	2008	2007
Arts Council of Greater Baton Rouge	\$15,337	\$24,773
Louisiana Division of the Arts	74,570	65,000
Louisiana Endowment for the Humanities	19,272	40,085
Community Fund for the Arts	68,903	52,958
National Endowment for the Arts	10,000	10,000
Corporate	25,000	3,000
Baton Rouge Area Foundation	54,770	25,000
Other	<u>4,000</u>	<u>10,000</u>
	<u>271,852</u>	<u>230,816</u>

**Louisiana Art and Science Museum, Inc.**  
**Notes to Financial Statements**  
**December 31, 2008**

**Note 7-Other Revenue**

Other revenue is detailed as follows:

	<u>2008</u>	<u>2007</u>
Fund raising events (net of expenses of \$24,569 and \$22,641)	<u>\$145,044</u>	<u>\$171,718</u>
Workshops, programs and events, less expenses	<u>27,993</u>	<u>1,033</u>
Building use rental	<u>11,493</u>	<u>13,160</u>
Museum shop		
Sales	194,578	197,096
Less cost of sales	<u>102,772</u>	<u>97,352</u>
	<u>91,806</u>	<u>99,744</u>
Concessions		
Sales	843	1,017
Less cost of sales	<u>1,598</u>	<u>1,323</u>
	<u>(755)</u>	<u>(306)</u>
Birthday party revenue	22,381	21,060
Less birthday party expenses	<u>8,348</u>	<u>6,994</u>
	<u>14,033</u>	<u>14,066</u>
Miscellaneous	<u>23,460</u>	<u>          </u>
<u>Total</u>	<u>313,074</u>	<u>299,415</u>

**Note 8-Endowment Funds**

The Museum's endowment consist of two funds to support its Planetarium operations and equipment replacement. These funds are donor restricted. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Museum has adopted investment policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding for the Planetarium while maintaining the purchasing power of the endowment assets over the long-term. Accordingly, the investment policy seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risks. Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. Although, the Museum expects its endowment assets, over time, to produce an average rate of return in excess of 5% annually, actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

**Louisiana Art and Science Museum, Inc.**  
**Notes to Financial Statements**  
**December 31, 2008**

**Note 8-Endowment Funds (Continued)**

The donors of the Museum's endowment approved appropriation for distributions of 5% of the fund's fair value at year end preceding the year in which the distribution is planned with all investment income and appreciation restricted to the endowment fund.

Endowment net asset composition at December 31, 2008 and 2007 are as follows:

	December 31, 2008		December 31, 2007	
	Permanently Restricted	Total	Permanently Restricted	Total
Donor-restricted endowment funds	<u>\$2,076,975</u>	<u>\$2,076,975</u>	<u>\$2,872,391</u>	<u>\$2,872,391</u>

Changes in endowment net assets as of December 31, 2008 and 2007 are as follows:

	2008	2007
Endowment net assets, beginning of year	\$2,872,391	\$2,802,660
Contributions	50,000	50,000
Investment returns	(736,101)	170,909
Amounts appropriated for expenditures	<u>(109,315)</u>	<u>(151,178)</u>
Endowment net assets, end of year	<u>2,076,975</u>	<u>2,872,391</u>

**Note 9-Beneficial Interest in Investments Held by Others**

In the statement of financial position at December 31, 2008 and 2007, the aggregate transfers to a recipient organization, for which the Louisiana Art and Science Museum, Inc. is specified as the beneficiary, amounted to \$537,852 and \$729,225, 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 10-Museum Collections**

The Louisiana Art and Science Museum, Inc., has approximately 4,200 objects in its permanent collection. The collection is varied with holdings in the areas of fine art, crafts, ethnographic artifacts, 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, 2008

**Note 11-Functional Expenses**

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

	<u>Programs</u>		<u>Supporting Services</u>		<u>2008 Total</u>	<u>2007 Total</u>
	<u>General Museum</u>	<u>Planetarium</u>	<u>Fund- raising</u>	<u>Management and General</u>		
Salaries, wages and benefits	\$383,845	\$487,066	\$122,743	\$527,970	\$1,521,624	\$1,480,865
Insurance	12,939	5,528		19,024	37,491	37,551
Services and professional fees	255,340	99,027		46,022	400,389	217,581
Supplies	16,477	9,006	189	28,923	54,595	61,251
Printing and postage	71,216	25,806	12,585	10,929	120,536	99,158
Occupancy	74,226	67,895		176,283	318,404	263,836
Travel	1,345	7,813	256	3,618	13,032	17,279
Conservation	7,617				7,617	281
Public relations and marketing	49,236	75,796	13,277	8,300	146,609	143,046
Train relocation costs						272,379
Depreciation and amortization	67,296	146,865			214,161	132,744
Uncollectible pledges	_____	_____	_____	_____	_____	<u>10,000</u>
	<u>939,537</u>	<u>924,802</u>	<u>149,050</u>	<u>821,069</u>	<u>2,834,458</u>	<u>2,735,971</u>

**Note 12-Concentration of Credit Risk**

At various times during years 2008 and 2007, cash on deposit with one banking institution exceeded the \$100,000 (raised to \$250,000 in October 2008) 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 13-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 2008 were \$16,217 and 2007 were \$18,118.

**Note 14-Commitment**

During 2008, the Museum entered into contracts with two professional service firms for assistance with a master plan. As of December 31, 2008, the Museum was committed to pay \$115,730 upon completion of these contracts in 2009.

**Louisiana Art and Science Museum, Inc.**  
**Notes to Financial Statements**  
**December 31, 2008**

**Note 15-Other Events**

In May 2007, the Museum approved the closure of its Challenger Learning Center program. The Museum improvements and equipment used in the program were fully depreciated. During 2007, the Museum reported revenues of \$44,325 for the Challenger program and incurred expenses of \$68,609.

**Note 16-Reclassification**

Certain items of revenue and support have been reclassified from the 2007 financial statements to conform with classifications used in 2008 with no effect to the change in net assets.

**Note 17-Prior Period Adjustment**

The financial statements for the year December 31, 2007 have been restated to correct an error in the recording of accrued vacation pay. The effect of the error was to increase expenses by \$7,717 for the year ended December 31, 2007, and thereby reduce the previously reported change in unrestricted net assets from \$588,382 to \$580,665. Also, unrestricted net assets at the beginning of the year ending December 31, 2007 have been reduced by \$45,585 for this correction.

**Supplementary Information**

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

J. CHARLES PARKER, C.P.A.  
LOUIS C. MCKNIGHT, III, C.P.A.  
CHARLES H. PEVEY, JR., C.P.A.  
DAVID J. BROUSSARD, C.P.A.



CERTIFIED PUBLIC ACCOUNTANTS

8565 UNITED PLAZA BLVD., SUITE 200  
BATON ROUGE, LOUISIANA 70809  
(225) 923-3000 • FAX (225) 923-3008

June 29, 2009

**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, 2008, which is presented in the preceding section of this report. The supplementary information on page 19 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, such information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Yours truly,

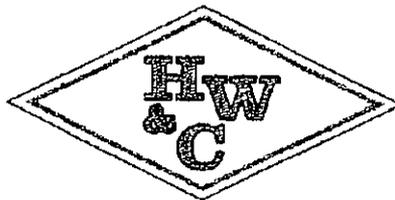
*Hawthorn, Waymouth & Carroll, L.L.P.*

Louisiana Art and Science Museum, Inc.  
 Schedule of Changes in Unrestricted Net Assets by Components  
 Year Ended December 31, 2008

	<u>Balance</u> <u>12-31-07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Fund</u> <u>Transfers</u>	<u>Balance</u> <u>12-31-08</u>
<b>Designated</b>					
Museum collections	\$130,504	\$15,000	\$12,925		\$132,579
Master Planning		297,582	165,805		131,777
Children's programing	365,441				365,441
Equipment and improvements	1,133,886		214,161	\$80,235	999,960
Museum development	<u>264,248</u>	<u>2,506,086</u>	<u>2,447,567</u>	<u>(80,235)</u>	<u>242,532</u>
	1,894,079	2,818,668	2,840,458		1,872,289
<b>Undesignated</b>	<u>60,091</u>	_____	_____	_____	<u>60,091</u>
<b>Totals</b>	<u>1,954,170</u>	<u>2,818,668</u>	<u>2,840,458</u>	_____	<u>1,932,380</u>

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

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June 29, 2009

**Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters 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, 2008, and have issued our report thereon dated June 29, 2009. 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.

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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana Art and Science Museum, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### 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 grant agreements, 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*.

This report is intended solely for the information and use of the Board of Trustees, 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, Wagnon & Carroll, L.L.P.*

**Louisiana Art and Science Museum, Inc.  
Schedule of Findings and Questioned Costs  
Year Ended December 31, 2008**

Findings - Financial Statement Audit

None.

Louisiana Art and Science Museum, Inc.  
Schedule of Prior Year Findings  
Year Ended December 31, 2008

Findings - Financial Statement Audit

None.