

**Louisiana Art and Science Museum, Inc.
Baton Rouge, Louisiana
December 31, 2005**

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 8-9-06

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June 16, 2006

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, 2005, 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 2004 financial statements, and in our report dated May 31, 2005, 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 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.

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, 2005, 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 16, 2006, 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 should be considered in assessing the results of our audit.

Yours truly,

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

Louisiana Art and Science Museum, Inc.
 Statements of Financial Position
 December 31, 2005 With Comparative Totals at December 31, 2004

A s s e t s	<u>2005</u>	<u>2004</u>
Assets		
Cash and equivalents	\$422,494	\$487,533
Investments	271,249	134,426
Investments - Endowment	2,599,646	2,554,094
Accounts and grants receivable	238,217	34,807
Inventory	35,612	37,471
Prepaid expenses	45,545	31,558
Contributions receivable	98,104	390,426
Contributions receivable - Endowment	248,696	281,950
Furniture and equipment	490,745	485,307
Leasehold improvements	2,015,393	2,015,393
Beneficial interest in investments held by the Baton Rouge Area Foundation	685,174	675,235
Museum collections	<u> </u>	<u> </u>
<u>Total assets</u>	<u>7,150,875</u>	<u>7,128,200</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$98,440	\$52,097
Accrued payroll and other liabilities	<u>34,591</u>	<u>28,195</u>
<u>Total liabilities</u>	<u>133,031</u>	<u>80,292</u>
Net Assets		
Unrestricted		
Designated by Board of Trustees	3,287,414	3,342,112
Undesignated	<u>60,091</u>	<u>60,091</u>
	3,347,505	3,402,203
Temporarily restricted	136,823	134,426
Permanently restricted	<u>3,533,516</u>	<u>3,511,279</u>
<u>Total net assets</u>	<u>7,017,844</u>	<u>7,047,908</u>
<u>Total liabilities and net assets</u>	<u>7,150,875</u>	<u>7,128,200</u>

The accompanying notes are an integral part of these statements.

Louisiana Art and Science Museum, Inc.
 Statements of Activities
 Year Ended December 31, 2005
 With Comparative Totals for the Year Ended December 31, 2004

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2005 Total</u>	<u>2004 Total</u>
Public Support, Revenues and Reclassifications					
Government Appropriations					
East Baton Rouge City-Parish	\$691,240			\$691,240	\$666,240
State of Louisiana	192,790			192,790	
Admissions	530,869			530,869	502,946
Memberships	104,618			104,618	94,956
Contributions	109,584			109,584	434,190
Grants	185,525			185,525	172,422
Investment income	44,751	\$132,375	\$9,939	187,065	308,768
Other revenue	246,634			246,634	379,563
Change in value of contribution receivable	7,698		16,746	24,444	46,477
Net assets released from restriction	<u>134,426</u>	<u>(129,978)</u>	<u>(4,448)</u>		
<u>Total public support, revenues and reclassifications</u>	<u>2,248,135</u>	<u>2,397</u>	<u>22,237</u>	<u>2,272,769</u>	<u>2,605,562</u>
Expenses					
Programs - general museum	385,058			385,058	877,881
Program - Challenger	211,506			211,506	191,418
Program - Planetarium	576,495			576,495	581,903
Fund-raising	78,218			78,218	103,031
General and administrative	<u>1,051,556</u>			<u>1,051,556</u>	<u>1,026,451</u>
<u>Total expenses</u>	<u>2,302,833</u>			<u>2,302,833</u>	<u>2,780,684</u>
Increase (Decrease) in Net Assets	(54,698)	2,397	22,237	(30,064)	(175,122)
Net Assets, beginning of year	<u>3,402,203</u>	<u>134,426</u>	<u>3,511,279</u>	<u>7,047,908</u>	<u>7,223,030</u>
Net Assets, end of year	<u>3,347,505</u>	<u>136,823</u>	<u>3,533,516</u>	<u>7,017,844</u>	<u>7,047,908</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, 2005
 With Comparative Totals for the Year Ended December 31, 2004

	<u>2005</u>	<u>2004</u>
Cash Flows From Operating Activities		
(Decrease) in net assets	(\$30,064)	(\$175,122)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Investment (gain) loss	(59,744)	(243,555)
Change in value of contributions receivable	(24,444)	(46,477)
Changes in assets and liabilities		
(Increase) decrease in accounts and grants receivable	(203,410)	152,803
Decrease in contributions receivable	292,037	817,874
(Increase) decrease in inventory	1,859	(6,711)
(Increase) decrease in prepaid expenses	(13,987)	(10,730)
(Decrease) increase in accounts payable	46,343	(77,165)
(Decrease) Increase in accrued liabilities	<u>6,396</u>	<u>12,695</u>
<u>Net cash provided by operating activities</u>	<u>14,986</u>	<u>423,612</u>
Cash Flows From Investing Activities		
Payments for equipment and leasehold improvements	(5,438)	(205,551)
Proceeds from investment sales and maturities	2,937,739	1,608,589
Purchase of investments	<u>(3,062,326)</u>	<u>(1,518,582)</u>
<u>Net cash provided (used) by investing activities</u>	<u>(130,025)</u>	<u>(115,544)</u>
Cash Flows From Financing Activities		
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>
Net Increase (Decrease) in Cash and Equivalents	(65,039)	358,068
Cash and Equivalents, beginning of year	<u>487,533</u>	<u>129,465</u>
Cash and Equivalents, end of year	<u>422,494</u>	<u>487,533</u>
Supplemental Information		
The Museum received certain donations of common stock valued at	<u>\$7,983</u>	<u>\$10,738</u>
The Museum converted a prepaid deposit on a project order paid in 2003 to a capital expenditure upon delivery and acceptance in 2004.	<u>None</u>	<u>\$122,000</u>

The accompanying notes are an integral part of these statements.

Louisiana Art and Science Museum, Inc.
Notes to Financial Statements
December 31, 2005

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, 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, 2004 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. 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 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, 2005

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.

Louisiana Art and Science Museum, Inc.
Notes to Financial Statements
December 31, 2005

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 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 2005 and 2004, advertising costs totaled \$68,325 and \$67,871, 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.

Note 2-Contributions Receivable

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

	<u>2005</u>	<u>2004</u>
Planetarium Equipment Endowment	\$300,000	\$350,000
Planetarium Support Funds	<u>98,466</u>	<u>398,486</u>
Unconditional promises to give before amortized discount	398,466	748,486
Less: unamortized discount	<u>(51,666)</u>	<u>(76,110)</u>
Net unconditional promises to give	<u>346,800</u>	<u>672,376</u>

(Continued)

Louisiana Art and Science Museum, Inc.
Notes to Financial Statements
December 31, 2005

Note 2-Contributions Receivable (Continued)

	<u>2005</u>	<u>2004</u>
Planetarium Equipment Endowment (Continued)		
Amounts due in:		
Less than one year	\$145,133	\$371,019
One to five years	203,333	277,467
Over five years	<u>50,000</u>	<u>100,000</u>
Total	<u>398,466</u>	<u>748,486</u>

The rate applied to discount these promises to give was 6% in 2005 and 2004.

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>2005</u>	<u>2004</u>
Common and preferred stocks	\$893,518	\$969,409
Mutual funds - equity securities	1,151,600	691,540
Mutual funds - debt securities	<u>825,777</u>	<u>1,027,571</u>
	<u>2,870,895</u>	<u>2,688,520</u>

Investment activity is detailed as follows:

Interest and dividend income	\$136,667	\$75,368
Investment gains	59,744	243,555
Investment management fees	<u>(9,346)</u>	<u>(10,155)</u>
	<u>187,065</u>	<u>308,768</u>

Note 4-Contributions

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

	<u>2005</u>	<u>2004</u>
Unrestricted		
Corporate	\$68,743	\$100,822
Private	33,031	54,835
Memorial	<u>7,810</u>	<u>240</u>
Total unrestricted	<u>109,584</u>	<u>155,897</u>

(Continued)

Louisiana Art and Science Museum, Inc.
Notes to Financial Statements
December 31, 2005

Note 4-Contributions (Continued)

	<u>2005</u>	<u>2004</u>
(Continued)		
Temporarily restricted		
Corporate		\$185,000
Individual		<u>93,293</u>
<u>Total temporarily restricted</u>		<u>278,293</u>

Note 5-Grants

Further details of grant revenue received by the Museum follows:

	<u>2005</u>	<u>2004</u>
Arts Council of Greater Baton Rouge	\$7,505	\$13,825
Louisiana Division of the Arts	53,095	48,948
Louisiana Endowment for the Humanities	1,950	5,000
National Endowment for the Arts		11,000
American Express	10,000	
Entergy		1,000
Healthrich		3,500
ExxonMobil	1,500	4,000
Junior League	4,000	3,000
Baton Rouge Area Foundation	41,500	15,000
Other	171	534
Challenger		
N.A.S.A.	2,700	
S.O.N.		3,500
U.S. Department of Education	58,104	56,144
Southeastern Museums Conference	5,000	
Louisiana Endowment for the Arts - Josephine		<u>6,971</u>
	<u>185,525</u>	<u>172,422</u>

Note 6-Other Revenue

Other revenue is detailed as follows:

	<u>2005</u>	<u>2004</u>
Fund raising events		
(net of expenses of \$21,415 and \$21,742)	<u>\$134,634</u>	<u>\$150,226</u>
Josephine Exhibit		
Ticket sales		101,550
Building and equipment rental		<u>15,119</u>
		<u>116,669</u>
(Continued - amounts carried forward)	<u>134,634</u>	<u>266,895</u>

Louisiana Art and Science Museum, Inc.
Notes to Financial Statements
December 31, 2005

Note 6-Other Revenue (Continued)

	<u>2005</u>	<u>2004</u>
(Continued - amounts brought forward)	<u>\$134,634</u>	<u>\$266,895</u>
Workshops and other programs less artist fees	<u>1,334</u>	<u>2,408</u>
ExxonMobil Ambassador Science fees	<u>10,000</u>	<u>5,000</u>
Building use rental	<u>11,385</u>	<u>17,430</u>
Museum shop		
Sales	155,771	165,363
Less cost of sales	<u>78,703</u>	<u>87,373</u>
	<u>77,068</u>	<u>77,990</u>
Concessions		
Sales	1,127	1,639
Less cost of sales	<u>985</u>	<u>1,731</u>
	<u>145</u>	<u>(92)</u>
Birthday party revenue	16,109	13,714
Less birthday party expenses	<u>7,588</u>	<u>5,700</u>
	<u>8,521</u>	<u>8,014</u>
Exhibit rental	1,000	1,000
Miscellaneous	<u>2,546</u>	<u>918</u>
	<u>3,546</u>	<u>1,918</u>
<u>Total</u>	<u>246,634</u>	<u>379,563</u>

Note 7-Beneficial Interest in Investments Held by Others

In the statement of financial position at December 31, 2005 and 2004, the aggregate transfers to a recipient organization, for which the Louisiana Art and Science Museum, Inc. is specified as the beneficiary, amounted to \$685,174 and \$675,235, 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 4,200 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.

Louisiana Art and Science Museum, Inc.
Notes to Financial Statements
December 31, 2005

Note 8-Museum Collections (Continued)

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.

Note 9-Functional Expenses

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

	Program			Fund-raising	Management and General	2005 Total	2004 Total
	General Museum	Challenger	Planetarium Operations				
Salaries, wages and benefits	\$195,237	\$138,327	\$269,295	\$61,769	\$789,817	\$1,454,445	\$1,540,407
Insurance	3,154	2,689	3,815		26,633	36,291	34,304
Services and professional fees	51,030	12,145	98,297		37,090	198,562	214,480
Supplies	14,953	26,464	26,053		27,939	95,409	85,599
Printing and postage	57,892	6,054	25,716		14,451	104,113	82,314
Occupancy	42,168	20,679	88,518		147,181	298,546	248,746
Travel		3,954	8,106		1,575	13,635	17,250
Conservation	1,243					1,243	7,569
Public relations	19,381	1,194	56,695	16,449	6,870	100,589	111,624
Exhibit materials - Planetarium							2,580
Josephine Exhibit expenses							435,811
	<u>385,058</u>	<u>211,506</u>	<u>576,495</u>	<u>78,218</u>	<u>1,051,556</u>	<u>2,302,833</u>	<u>2,780,684</u>

Note 10-Concentration of Credit Risk

At various times during years 2005 and 2004, 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.

Louisiana Art and Science Museum, Inc.
Notes to Financial Statements
December 31, 2005

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 2005 were \$16,565 and 2004 were \$15,600.

Note 12-Legal Matters

The Museum has received communication from an heir of a deceased artist disputing the ownership of certain sculptures included in the Museum's collection. The Museum believes it has legal ownership of all its collection items and will vigorously defend its position on this matter.

Note 13-Reclassification of Permanently Restricted Asset

During 2004, a donor of assets previously restricted for a permanent endowment allowed \$500,000 of their donation to be used for unrestricted operations.

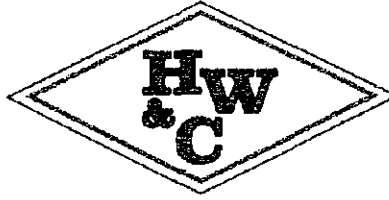
Note 14-Reclassifications

Certain reclassifications have been made to the 2004 financial statements to conform with classifications used in 2005. These reclassifications had no effect on net assets.

Supplementary Information

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

J. CHARLES PARKER, C.P.A.
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CERTIFIED PUBLIC ACCOUNTANTS

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June 16, 2006

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, 2005, which is presented in the preceding section of this report. The supplementary information on page 18 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, 2005

	<u>Balance</u> <u>12-31-04</u>	<u>Additions</u>	<u>Deductions</u>	<u>Fund</u> <u>Transfers</u>	<u>Balance</u> <u>12-31-05</u>
Designated					
Museum collections	\$158,887				\$158,887
Train	99,925				99,925
YouthALIVE!	7,604				7,604
Building maintenance	36,711				36,711
Challenger Learning Center	34,187				34,187
Discovery Depot	6,739				6,739
Technology	7,492				7,492
Marketing	8,101				8,101
Children's programing	316,911				316,911
Equipment and improvements	2,500,701			\$5,438	2,506,139
Museum development	<u>164,854</u>	<u>\$2,248,135</u>	<u>\$2,302,833</u>	<u>(5,438)</u>	<u>104,718</u>
	3,342,112	2,248,135	2,302,833		3,287,414
Undesignated	<u>60,091</u>	_____	_____	_____	<u>60,091</u>
Totals	<u>3,402,203</u>	<u>2,248,135</u>	<u>2,302,833</u>	_____	<u>3,347,505</u>

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



CERTIFIED PUBLIC ACCOUNTANTS

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June 16, 2006

**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, 2005, and have issued our report thereon dated June 16, 2006, 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.

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 that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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.

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 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 Findings and Questioned Costs
Year Ended December 31, 2005**

Findings - Financial Statement Audit

None.

Louisiana Art and Science Museum, Inc.
Schedule of Prior Year Findings
Year Ended December 31, 2005

Findings - Financial Statement Audit

None.