

TWIN CITY ART FOUNDATION, INC.
MONROE, LOUISIANA

FINANCIAL STATEMENTS
AND
ACCOUNTANT'S REPORT

APRIL 30, 1997

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 8-26-98

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MONROE, LOUISIANA
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Twin City Art Foundation, Inc.
Monroe, Louisiana

We have audited the accompanying statement of financial position of the Twin City Art Foundation, Inc (a nonprofit organization) as of April 30, 1997, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 Twin City Art Foundation, Inc. as of April 30, 1997 and the changes in net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 4, 1998, on our consideration of Twin City Art Foundation, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.



Marcus, Robinson and Hassell
August 4, 1998
Monroe, Louisiana

TWIN CITY ART FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
APRIL 30, 1997

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents (Notes 1 & 2)

414,658.32

FIXED ASSETS, NET (Notes 1 & 3)

508,167.18

TOTAL ASSETS

922,825.50

LIABILITIES AND NET ASSETS

LIABILITIES

0

NET ASSETS

Unrestricted:

Operating

414,658.32

Fixed Assets

508,167.18

TOTAL NET ASSETS

922,825.50

TOTAL LIABILITIES AND NET ASSETS

922,825.50

See Notes to Financial Statements

TWIN CITY ART FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 1997

PUBLIC SUPPORT & REVENUE

Art School	4,730.00
Membership	36,680.50
Sales, Art	6,826.25
Fundraisers	1,450.00
Adult Education Programs	505.00
Miscellaneous	1,420.58
Grants	24,594.73
Juried Exhibit	3,040.00
Donated Facilities	510,000.00
Investment Income	<u>24,416.73</u>
<u>TOTAL PUBLIC SUPPORT AND REVENUE</u>	<u>613,663.79</u>

EXPENSES

Art School	3,651.77
Bank Charges	418.07
Decentralized Grants	15,901.98
Docent Program	317.94
Employee Search	53.90
Entertainment - Museum & Exhibits	2,506.51
Fundraisers	1,729.61
Gallery & Artists	4,077.05
Insurance	1,867.00
Juried Competition	4,762.67
Lectures and Presentations	6,922.01
Library	107.95
Memberships and Subscriptions	571.90
Miscellaneous	2,181.27
Office Supplies and Postage	2,468.88
Permanent Collection	6,670.80
Printing & Publications	7,340.78
Public Relations	543.43
Show Productions	15,388.09
Special Events	396.82
Appraisal and Professional - No. 2nd Building	6,322.69
Operating Expense - No. 2nd Building	10,655.84
Depreciation	<u>6,925.00</u>
<u>TOTAL EXPENSES</u>	<u>101,781.96</u>

CHANGE IN NET ASSETS

	511,881.83
<u>NET ASSETS, Beginning of Year</u>	<u>410,943.67</u>
<u>NET ASSETS, End of Year</u>	<u>922,825.50</u>

See Notes to Financial Statements

TWIN CITY ART FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED APRIL 30, 1997

<u>OPERATING ACTIVITIES</u>	
Change in Net Assets	511,881.83
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	6,925.00
Noncash Contributions of Assets	<u>(510,000.00)</u>
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	8,806.83
<u>INVESTING ACTIVITIES</u>	
Purchases of Property and Equipment	<u>(5,092.18)</u>
<u>NET CASH USED IN INVESTING ACTIVITIES</u>	<u>(5,092.18)</u>
<u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u>	3,714.65
<u>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</u>	<u>410,943.67</u>
<u>CASH AND CASH EQUIVALENTS, END OF YEAR</u>	<u>414,658.32</u>

See Notes to Financial Statements

TWIN CITY ART FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 1997

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Income Taxes

The Foundation is exempt from Federal and State income taxes under Section 501 © 3 of the Internal Revenue Code. Therefore, no provision for income taxes has been made in these financial statements.

Property and Equipment

Assets have been recorded at cost when cost could be determined, and at estimated cost when cost records could not be located. All donated assets have been recorded at estimated fair value on the date of donation. Fixed assets are depreciated over estimated useful lives of five to thirty-two years using the straight line method.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following at April 30, 1997.

Bank One - Checking	1,092.37
Bank One - Checking (Petty Cash)	218.14
Central Bank - Checking	18,800.41
Central Bank - Savings	3,810.69
Hibernia Bank - Savings	67,373.42
Bank One - CD	100,000.00
Regions Bank - CD	17,015.97
Regions Bank - Savings	6,347.32
First Republic Bank - CD	100,000.00
Capital Bank - CD	<u>100,000.00</u>
<u>TOTAL CASH AND CASH EQUIVALENTS</u>	<u>414,658.32</u>

At April 30, 1997, the carrying amount of cash at Bank One totaled \$101,617.64 which exceeds the FDIC insured limit by \$1,617.64.

NOTE 3 - FIXED ASSETS

<u>Assets</u>	
Furniture and Equipment	5,092.18
Buildings	427,000.00
Land	<u>83,000.00</u>
	515,092.18
Accumulated Depreciation	<u>(6,925.00)</u>
<u>Net Fixed Assets</u>	<u>508,167.18</u>

NOTE 4 - SALARIES AND PENSION PLAN

The City of Monroe pays the employees of the Foundation. Thus no salaries or pensions are recognized as a Foundation expense.

TWIN CITY ART FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 1997

NOTE 5 - DONATED SERVICES AND FACILITIES

The Foundation receives donated services from a variety of unpaid volunteers. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under SFAS No. 116 have not been satisfied.

The Foundation occupies without charge the Masur Museum. The estimated fair rental value of the premises is not included as support or expense.

A building and land were bequeathed to the Foundation on November 4, 1996. The appraised value of the building and land has been capitalized and recorded as an asset and as support in the statement of activities.

NOTE 6 - ART COLLECTION

In conformity with the practice followed by most museums, art objects purchased and donated are not included in the balance sheet.

The amount of objects purchased for the year ended April 30, 1997 total \$6,670.80 as reflected as an expense in the Statement of Activity.

SUPPLEMENTAL INFORMATION

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Twin City Art Foundation, Inc.
Monroe, Louisiana

We have audited the financial statements of Twin City Art Foundation, Inc. (a nonprofit organization) as of and for the year ended April 30, 1997, and have issued our report dated August 4, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Twin City Art Foundation, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provision 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Twin City Art Foundation, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Marcus, Robinson & Hassell

Marcus, Robinson and Hassell
Monroe, Louisiana
August 4, 1998

TWIN CITY ART FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 1997

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Twin City Art Foundation, Inc., was incorporated in 1974 as a nonprofit corporation based in Monroe, Louisiana. It was organized exclusively for charitable, educational and scientific purposes and particularly, the teaching, development, and promotion of the visual arts through the operation of museums and schools, including the development and presentation of a permanent collection of works of art for periodic display to the public. The corporation is operated by a committee and no one on the committee receives compensation. It has a membership of approximately 500 and is co-sponsored by the City of Monroe, Louisiana, which acts as a Friend to the Foundation.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Public Support and Revenue

Contributions are recorded when received and are generally available for unrestricted use unless specifically restricted by the donor.

Grants and other contributions are recorded when received and are generally available for unrestricted use unless specifically restricted by the donor.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are proved by individual possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

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 those estimates.

Cash and Cash Equivalents

Cash in checking, savings and certificates of deposits is considered cash and cash equivalents for the purposes of the statement of cash flows.