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TWIN CITY ART FOUNDATION, INC.  
MONROE, LOUISIANA

FINANCIAL STATEMENTS  
AND  
ACCOUNTANT'S REPORT

APRIL 30, 1999

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 SEP 22 1999

TWIN CITY ART FOUNDATION, INC.  
MONROE, LOUISIANA  
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
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, 1999, 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, 1999 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 September 8, 1999, 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*

Marcus, Robinson and Hassell  
September 8, 1999  
Monroe, Louisiana

TWIN CITY ART FOUNDATION, INC.  
STATEMENT OF FINANCIAL POSITION  
APRIL 30, 1999

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents (Notes 1 & 2)

488,920.12

FIXED ASSETS, NET (Notes 1 & 3)

491,103.86

TOTAL ASSETS

980,023.98

LIABILITIES AND NET ASSETS

LIABILITIES

NET ASSETS

Unrestricted:

Operating

488,920.12

Fixed Assets

491,103.86

TOTAL NET ASSETS

980,023.98

TOTAL LIABILITIES AND NET ASSETS

980,023.98

See Notes to Financial Statements

TWIN CITY ART FOUNDATION, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED APRIL 30, 1999

PUBLIC SUPPORT & REVENUE

Art School	4,610.00
Membership	33,930.30
Sales, Art	4,557.73
Fundraisers	13,225.00
Miscellaneous	3,694.01
Grants	16,999.00
Juried Exhibit	8,710.00
Corporate, Inkind	300.00
Special Events	952.00
Insurance Proceeds	40,470.00
Investment Income	<u>21,745.49</u>
<u>TOTAL PUBLIC SUPPORT AND REVENUE</u>	<u>149,193.53</u>

EXPENSES

Art School	4,045.43
Bank Charges	1,011.02
Decentralized Grants	9,208.07
Docent Program	126.55
Entertainment - Museum & Exhibits	2,162.93
Fundraisers	7,166.76
Gallery & Artists	3,417.13
Insurance	4,047.00
Juried Competition	8,014.65
Lectures and Presentations	928.15
Library	320.78
Memberships and Subscriptions	370.00
Miscellaneous	1,576.32
Office Supplies and Postage	2,257.37
Permanent Collection	8,680.00
Printing & Publications	2,975.55
Public Relations	735.99
Show Productions	23,337.58
Special Events	1,391.59
Legal & Professional	7,950.00
Plans - Museum Renovations	1,850.00
Miscellaneous, Inkind	300.00
Operating Expense - No. 2nd Building	4,594.99
Depreciation	<u>16,171.66</u>
<u>TOTAL EXPENSES</u>	<u>112,639.52</u>

CHANGE IN NET ASSETS

36,554.01

NET ASSETS, Beginning of Year

943,469.97

NET ASSETS, End of Year

980,023.98

See Notes to Financial Statements

TWIN CITY ART FOUNDATION, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED APRIL 30, 1999

<u>OPERATING ACTIVITIES</u>	36,554.01
Change in Net Assets	
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	<u>16,171.66</u>
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	52,725.67
<u>NET CASH USED IN INVESTING ACTIVITIES</u>	<u>0</u>
<u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u>	52,725.67
<u>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</u>	436,194.45
<u>CASH AND CASH EQUIVALENTS, END OF YEAR</u>	<u>488,920.12</u>

See Notes to Financial Statements

TWIN CITY ART FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 1999

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 Foundation 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.

TWIN CITY ART FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 1999

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES- CONTINUED

Income Taxes

The Foundation is exempt from Federal and State income taxes under Section 501 ( c ) 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, 1999.

Bank One - Checking	17,305.11
Bank One - Checking (Petty Cash)	460.15
Bank One - CD	18,709.02
Bank One - Money Market	47,984.09
Hibernia Bank - CD	104,461.75
Horizons - CD	100,000.00
First Republic Bank - CD	100,000.00
Progressive Bank - CD	<u>100,000.00</u>
<u>TOTAL CASH AND CASH EQUIVALENTS</u>	<u>488,920.12</u>

At April 30, 1999, the CD at Hibernia Bank totaled \$104,461.75 which exceeds the FDIC insured limit by \$4,461.75.

NOTE 3 - FIXED ASSETS

Assets

Furniture and Equipment	20,372.18
Buildings	427,000.00
Land	<u>83,000.00</u>
	530,372.18
Accumulated Depreciation	<u>(39,268.32)</u>
<u>Net Fixed Assets</u>	<u>491,103.86</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, 1999

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.

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, 1999 total \$4,089.50 as reflected as an expense in the Statement of Activity.

NOTE 7 - INSURANCE PROCEEDS

The Foundation received insurance proceeds for hail damage to the building located at North 2<sup>nd</sup> street. The proceeds received during the year ended April 30, 1999 totaled \$40,470.00 and are included as revenue in the Statement of Activity. The proceeds are included in cash and cash equivalents as of April 30, 1999. As of the date of this report, there is no reserve or contingency made for roof repair to the building.

# MARCUS, ROBINSON and HASSELL

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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, 1999, and have issued our report dated September 8, 1999. 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. However, we noted other matters involving the internal control over financial reporting, which we have reported to the management of the Twin City Art Foundation, Inc. in a separate letter dated September 8, 1999.

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

*Marcus, Robinson & Hassell*

Marcus, Robinson and Hassell  
Monroe, Louisiana  
September 8, 1999

TWIN CITY ART FOUNDATION, INC.  
MONROE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
AS OF AND FOR THE YEAR ENDED APRIL 30, 1999

PART I - Summary of the Auditor's Results

Financial Statement Audit

- i. The type of audit report issued was unqualified.
- ii. There were no reportable conditions required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States.
- iii. There were no instances of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statement.

Audit of Federal Awards

During the year ended April 30, 1999, there was no federal financial assistance received by the Twin City Art Foundation, Inc.

PART II - Finding(s) relating to the financial statements which are required to be reported in accordance with Generally Accepted Government Auditing Standards:

NONE

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

In planning and performing our audit of the general purpose financial statements of the Twin City Art Foundation, Inc. for the year ended April 30, 1999, we considered its' internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the internal control structure. However, we noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to deficiencies in the design or operation of the internal control structure that, in our judgment could adversely affect the Twin City Art Foundation, Inc.'s ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements.

## Findings

The cash in Hibernia Bank exceeded the FDIC limit of protection by \$4,461.75. We recommend that cash balances in any one bank exceeding \$100,000 be collateralized or that no balances be retained at any one bank in excess of \$100,000.

## Management Corrective Action Plan

The excess cash will be removed from Hibernia Bank and deposited elsewhere.

This report is intended solely for the information and use of the Twin City Art Foundation's management and the Legislative Auditor of Louisiana. However, this report is a matter of public record and its distribution is not limited.

*Marcus, Robinson & Hassell*

Marcus, Robinson and Hassell  
September 8, 1999