

OFFICIAL
FILE COPY

DO NOT SEND OUT

(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

995 00499

5915

12

TWIN CITY ART FOUNDATION, INC.
MONROE, LOUISIANA

FINANCIAL STATEMENTS
AND
ACCOUNTANT'S REPORT

APRIL 30, 1998

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 OCT 28 1998

TWIN CITY ART FOUNDATION, INC.
MONROE, LOUISIANA
TABLE OF CONTENTS
APRIL 30, 1998

	<u>PAGE</u>
Independent Auditor's Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to Financial Statements	5-7
Report on Compliance and on Internal Control Over Financial Reporting	8
Schedule of Findings and Questioned Costs	9

MARCUS, ROBINSON and HASSELL

CERTIFIED PUBLIC ACCOUNTANTS
P. O. BOX 2896
TELEPHONE 322-8106
MONROE, LOUISIANA 71207-2896

Harvey Marcus, CPA
John Robinson, CPA
Doyle Hassell, CPA

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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, 1998, 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, 1998 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 October 20, 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 & Hassell

Marcus, Robinson and Hassell
October 20, 1998
Monroe, Louisiana

TWIN CITY ART FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
APRIL 30, 1998

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents (Notes 1 & 2)

436,194.45

FIXED ASSETS, NET (Notes 1 & 3)

507,275.52

TOTAL ASSETS

943,469.97

LIABILITIES AND NET ASSETS

LIABILITIES

NET ASSETS

Unrestricted:

Operating

436,194.45

Fixed Assets

507,275.52

TOTAL NET ASSETS

943,469.97

TOTAL LIABILITIES AND NET ASSETS

943,469.97

See Notes to Financial Statements

TWIN CITY ART FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 1998

PUBLIC SUPPORT & REVENUE

Art School	5,645.00
Membership	21,835.00
Sales, Art	1,651.00
Fundraisers	23,865.00
Adult Education Programs	400.00
Miscellaneous	3,181.37
Grants	12,862.00
Juried Exhibit	4,275.00
Sponsors, Exhibits	1,750.00
Corporate, Inkind	300.00
Special Events	2,350.00
Donated Assets	15,280.00
Investment Income	<u>19,936.85</u>
<u>TOTAL PUBLIC SUPPORT AND REVENUE</u>	<u>113,331.22</u>

EXPENSES

Art School	3,435.30
Bank Charges	782.67
Decentralized Grants	1,659.29
Docent Program	63.59
Entertainment - Museum & Exhibits	1,839.45
Fundraisers	11,096.74
Gallery & Artists	915.00
Insurance	3,108.00
Juried Competition	9,590.64
Lectures and Presentations	939.05
Library	358.15
Memberships and Subscriptions	220.00
Miscellaneous	1,687.64
Office Supplies and Postage	2,023.73
Permanent Collection	4,089.50
Printing & Publications	769.17
Public Relations	856.95
Show Productions	15,929.14
Special Events	3,325.58
Trips/Tours	856.93
Sponsors/Exhibits	1,750.00
Miscellaneous, Inkind	300.00
Operating Expense - No. 2nd Building	10,918.57
Depreciation	<u>16,171.66</u>
<u>TOTAL EXPENSES</u>	<u>92,686.75</u>

CHANGE IN NET ASSETS

<u>NET ASSETS, Beginning of Year</u>	<u>922,825.50</u>
<u>NET ASSETS, End of Year</u>	<u>943,469.97</u>

See Notes to Financial Statements

TWIN CITY ART FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED APRIL 30, 1998

<u>OPERATING ACTIVITIES</u>	
Change in Net Assets	20,644.47
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	16,171.66
Noncash Contributions of Assets	<u>(15,280.00)</u>
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	21,536.13
<u>NET CASH USED IN INVESTING ACTIVITIES</u>	<u>0</u>
<u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u>	21,536.13
<u>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</u>	<u>414,658.32</u>
<u>CASH AND CASH EQUIVALENTS, END OF YEAR</u>	<u>436,194.45</u>

See Notes to Financial Statements

TWIN CITY ART FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 1998

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.

TWIN CITY ART FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 1998

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 © 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	1,632.89
Bank One - Checking (Petty Cash)	178.89
Central Bank - Checking	32,339.53
Central Bank - Savings	7,120.25
Hibernia Bank - Savings	77,098.47
Bank One - CD	17,824.42
Central Bank	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>436,194.45</u>

* At April 30, 1998, the carrying amount of cash at Central Bank totaled \$141,281.41 which exceeds the FDIC insured limit by \$41,281.41.

NOTE 3 - FIXED ASSETS

<u>Assets</u>	
Furniture and Equipment	20,372.18
Buildings	427,000.00
Land	<u>83,000.00</u>
	530,372.18
Accumulated Depreciation	<u>23,096.66</u>
<u>Net Fixed Assets</u>	<u>507,275.52</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, 1998

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, 1998 total \$4,089.50 as reflected as an expense in the Statement of Activity.

MARCUS, ROBINSON and HASSELL

CERTIFIED PUBLIC ACCOUNTANTS
P. O. BOX 2896
TELEPHONE 322-8106
MONROE, LOUISIANA 71207-2896

Harvey Marcus, CPA
John Robinson, CPA
Doyle Hassell, CPA

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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, 1998, and have issued our report dated October 20, 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. 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 October 20, 1998.

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
October 20, 1998

TWIN CITY ART FOUNDATION, INC.
MONROE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 1998

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, 1998, 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

MARCUS, ROBINSON and HASSELL

CERTIFIED PUBLIC ACCOUNTANTS
P. O. BOX 2896
TELEPHONE 322-8106
MONROE, LOUISIANA 71207-2896

10/20/98 11:05

Harvey Marcus, CPA
John Robinson, CPA
Doyle Hassell, CPA

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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, 1998, 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 Central Bank exceeded the FDIC limit of protection by \$41,284.14. 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 CD at Central Bank for \$100,000 has matured and been placed into another bank. There are currently no cash balances in excess of \$100,000 in any one bank.

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
October 20, 1998