

RIVER ROAD AFRICAN AMERICAN MUSEUM AND GALLERY
Donaldsonville, Louisiana

FINANCIAL REPORT
(Compiled)

June 30, 2004

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 2-16-05

RIVER ROAD AFRICAN AMERICAN MUSEUM AND GALLERY
Donaldsonville, Louisiana

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(Compiled)

June 30, 2004

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Directors
River Road African American Museum and Gallery
Donaldsonville, Louisiana

We have compiled the accompanying statement of assets and net assets - modified cash basis of **RIVER ROAD AFRICAN AMERICAN MUSEUM AND GALLERY** (a nonprofit organization) as of June 30, 2004, and the related statement of revenues, expenses and net assets - modified cash basis for the year then ended, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report, dated December 28, 2004, on the results of our agreed upon procedures.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
December 28, 2004

RIVER ROAD AFRICAN AMERICAN MUSEUM & GALLERY
Donaldsonville, Louisiana

STATEMENT OF ASSETS AND NET ASSETS - MODIFIED CASH BASIS

June 30, 2004

(See Independent Accountants' Compilation Report)

ASSETS

CURRENT

Cash \$ 6,789

OTHER ASSETS

Artifacts 14,596

Design plan 12,226

Total other assets 26,822

PROPERTY - net of accumulated depreciation 85,111

Total assets \$ 118,722

NET ASSETS

NET ASSETS - unrestricted \$ 118,722

The accompanying notes to the financial statements
are an integral part of this statement.

RIVER ROAD AFRICAN AMERICAN MUSEUM & GALLERY
Donaldsonville, Louisiana

STATEMENT OF REVENUES, EXPENSES AND NET ASSETS - MODIFIED CASH BASIS

For the year ended June 30, 2004

(See Independent Accountants' Compilation Report)

REVENUES AND SUPPORT

Contributions and grants	\$ 69,754
Membership dues	110
Fundraising	<u>23,402</u>
Total revenues and support	<u>93,266</u>

EXPENSES

Program services	28,017
Administrative	32,443
Fundraising	<u>18,783</u>
Total expenses	<u>79,243</u>

Increase in net assets 14,023

NET ASSETS

Beginning of year	<u>104,699</u>
End of year	<u>\$ 118,722</u>

The accompanying notes to the financial statements
are an integral part of this statement.

RIVER ROAD AFRICAN AMERICAN MUSEUM & GALLERY

Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS

(See Independent Accountants' Compilation Report)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations

River Road African American Museum & Gallery (Museum) is a non-profit corporation within the meaning of Section 501(c)(3) of the Internal Revenue Code. The purpose of the Museum & Gallery is to collect and preserve art, artifacts and buildings for the purpose of promoting education about African American history and culture in the United States and Louisiana.

Basis of accounting

The Museum prepares its financial statements on the modified cash basis of accounting but *includes depreciation of capitalized assets*. Under this basis, revenues are recognized when received rather than when earned, and expenses are recognized when cash is disbursed rather than when the obligation is incurred.

The Museum reports 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. The Museum does not have any temporarily restricted or permanently restricted net assets.

The statement of activities presents expenses of the Museum's operations functionally between program service, administrative and fundraising.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect reported amounts and related disclosures of the financial statements. Actual results could differ from those estimates. Estimates are used primarily when accounting for depreciation in these financial statements.

Revenue

The Museum is primarily funded by contributions and grant proceeds from governmental sources. *Since the Museum derives a significant portion of its revenues from governmental sources (59%), the loss of such funding would have a material adverse affect of the organization.* Supplementary funding is provided by fundraising activities.

The Museum primarily receives support from contributors that are in Ascension Parish.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

The Museum considers cash in bank accounts as cash. The Museum has no cash equivalents at June 30, 2004. The Museum typically maintains cash at a local bank that may, at times, exceed the FDIC limits. Management believes the risk is limited. As of June 30, 2004, there were no uninsured balances.

Equipment and depreciation

Equipment is recorded at cost. Depreciation is computed using the straight-line method over the estimated service lives of the assets.

Volunteer services

A substantial number of unpaid volunteers have made a significant contribution of service to develop the Museum's programs, principally in fund raising activities, educational projects, operations, and board participation. The value of these services are not reflected in these statements since there is no objective basis for measurement or valuation.

Income tax status

The Museum qualifies as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code.

NOTE 2 - PROPERTY

A summary of property, related service lives, and accumulated depreciation at June 30, 2004 is as follows:

<u>Equipment</u>	<u>Estimated Service Life</u>	
Land	-	\$ 25,635
Buildings	-	60,801
Furniture	5 years	2,710
Research library	5 years	<u>731</u>
		89,877
Less accumulated depreciation		<u>(4,766)</u>
Property, net of accumulated depreciation		<u>\$ 85,111</u>

Depreciation expense was \$152 for the year ended June 30, 2004. The buildings owned by the Museum have not been placed in service and are currently idle property. As such, no depreciation has been recorded on this property.

NOTE 3 - DEBT

During 2004, the Museum retired debt of approximately \$7,000 and paid \$1,251 in interest relating to such debt. The Museum has a line of credit lending arrangement with its bank for \$20,000 which was unused but available at June 30, 2004.



**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Board of Directors
River Road African American Museum and Gallery
Donaldsonville, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide*, enumerated below, which were agreed to by the management of the **RIVER ROAD AFRICAN AMERICAN MUSEUM AND GALLERY** (the Museum) and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Museum's compliance with certain laws and regulations during the year ended June 30, 2004, included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Federal, State and Local Awards

1. Determine the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

<u>Grant funds expended during the year ended June 30, 2004</u>		
<u>Grant Name</u>	<u>Grant Year</u>	<u>2004 expenditures</u>
ACT 14	2004	\$ 36,959
Economic Development	2003	5,355
Decentralized Arts Funding	2003	2,175
General Operating	2004	750
		<u>\$ 45,239</u>

2. For each Federal, state, and local award, we randomly selected six disbursements from each award administered during the period for testing.

The Museum received state, and local expenditure reimbursements during the fiscal year end. Some of the above awards include less than six disbursements. In those cases, we selected all disbursements made, which were less than six. As a result, we have selected 12 disbursements of the above funds for review.

The Museum did not receive any federal grants during the fiscal year.

3. For the items selected in procedure 2, we traced the selected disbursements to supporting documentation as to proper amount and payee.

We examined supporting documentation for each of the selected disbursements and found that payment was for the proper amount and made to the correct payee.

However, payments made to employees are made without employment taxes being withheld. Additionally, time records were not maintained for these disbursements to document the time provided to these specific grant activities. On the other hand, the awards provided a grant budget that included personnel expenditures as allowable for reimbursement.

We recommend that 1) the Museum properly report employee wages to taxing authorities rather than accounting for such disbursements as contract labor and 2) employees maintain time records to document personnel expenditures associated with grant activities.

4. For the items selected in procedure 2, we determined if the disbursements were properly coded to the correct fund and general ledger account.

All payments were properly coded to the correct general ledger account. The Museum administers one fund.

5. For the items selected in procedure 2, we determined whether the disbursements received approval from proper authorities.

Inspection of documentation supporting each of the selected disbursements indicated approvals from a member of the Board of Directors and the executive director of the Museum.

6. For the items selected in procedure 2 that related to federal awards, we determined whether the disbursements complied with the applicable specific program compliance requirements summarized in the Compliance Supplement; and for state and local awards, we determined whether the disbursements complied with the grant agreement.

The disbursements tested complied with the grant agreement. The disbursements were made in accordance with the agreement with the granting sources. The Museum did not receive any federal awards during the fiscal year.

7. For the programs selected for testing in item 2 that had been closed during the period, we compared the close-out report, when required, with the entity's financial records to determine whether the amounts agree.

No close out reports were prepared by the Museum other than the required expenditure reimbursement request submitted to each granting agency. Additionally, the grants relating to the ACT 14 and Economic Development were not closed as of June 30, 2004.

Meetings

8. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

The Museum is not subject to the open meetings law.

Comprehensive Budget

9. For all grants exceeding five thousand dollars, we determined that each applicable federal, state, or local grantor agency was provided with a comprehensive budget of those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

The Museum received grants exceeding five thousand dollars from three of the grants listed above. The funding received by the Museum for grants were from local sources through local appropriations or as a sub-recipient to a local agency.

Certain local agencies were provided with grant budgets for ACT 14 and decentralized arts funding. However, we were not presented with itemized expenditure budgets for the economic development grant. The executive director of the Museum indicated that a budget was not required as it was to be utilized for marketing and advertising.

Finally, each grant included a description of the purpose, estimates of the duration of the projects, and the goals associated with these project.

Prior Comments and Recommendations

10. We reviewed any prior-year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

There were no prior comments and recommendations filed with the 2003 report.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Museum and the Louisiana Legislative Auditor, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Faulk & Winkler, LLC

Certified Public Accountants

Baton Rouge, Louisiana
December 28, 2004

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Entities)
12/1/2004

Faulk & Winkler, LLC
6811 Jefferson Hwy.
Baton Rouge, LA 70806

In connection with your compilation of our financial statements as of June 30, 2004 and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of 12/1/2004.

Federal, State, and Local Awards

We have detailed for you the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes [X] No []

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes [X] No []

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes [X] No []

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes [X] No []

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

N/A

Yes [] No []

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes [X] No []

Prior Year Comments

We have resolved all prior-year recommendations and/or comments.

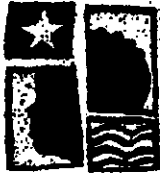
N/A

Yes [] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance which may occur up to the date of your report.

Cedric D. Vail Treasurer 12/1/2004 Date
Kathleen Stewart Executive Director 12/1/2004 Date



RIVER ROAD AFRICAN AMERICAN
MUSEUM

January 28, 2005

Louisiana Legislative Auditor:

The River Road African American Museum and Gallery submits the following corrective action plan for the year ended June 30, 2004.

Name and address of independent public accounting firm:

Faulk & Winkler, LLC
6811 Jefferson Highway
Baton Rouge, LA 70806

The finding from the June 30, 2004 agreed-upon procedures report is discussed below. The finding is numbered consistently with the number assigned in that report.

Finding – Agreed upon procedure No. 3.

Recommendation: The recommendation was that 1) the Museum report employee wages to taxing authorities rather than accounting for such disbursements as contract labor and 2) employees maintain time records to document personnel expenditures associated with grant activities.

Corrective Action Plan: The Museum intends to report payment of compensation to employees as required by taxing authorities. The Museum received this recommendation in December 2004 and intends to implement the recommendation for the 2005 calendar year.

Secondly, the Museum intends to document employee time associated with grant related activities to substantiate expenditures associated with wages claimed and reimbursed from grant sources. The Museum intends to implement this recommendation during 2005.

If you have any questions, please contact us at (225) 474-5553.

Sincerely,


Dr. Thomas J. Durant, Board President


Cedric Veal, Board Treasurer

Cc: Tommy, Lejeune, LLC, Faulk & Winkler