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**REPORT**  
**THE AMISTAD RESEARCH CENTER**  
**DECEMBER 31, 1999 AND 1998**

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 08-23-00

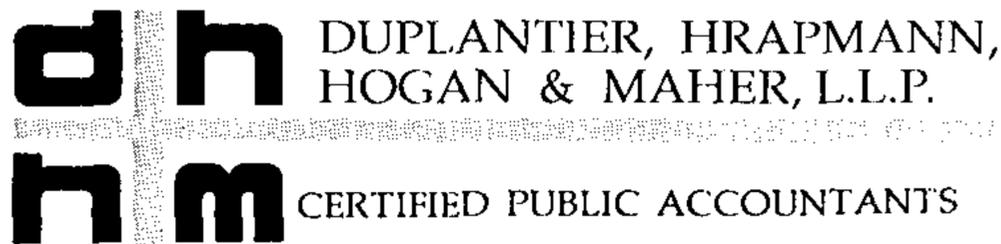
THE AMISTAD RESEARCH CENTER

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## INDEPENDENT AUDITOR'S REPORT

March 3, 2000

Board of Directors  
The Amistad Research Center  
Tulane University  
6823 St. Charles Avenue  
New Orleans, Louisiana 70118

We have audited the accompanying statements of financial position of The Amistad Research Center (a nonprofit organization) as of December 31, 1999 and 1998, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide 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 Amistad Research Center as of December 31, 1999 and 1998, and its changes in net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2000, on our consideration of Amistad Research Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedules on pages 14-16, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements. In our opinion, these schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Duplantier, Hrapmann, Hogan & Maher, L.L.P.*

THE AMISTAD RESEARCH CENTER  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 1999 AND 1998

	1999	1998
<b>ASSETS</b>		
Cash (Note 1)	\$ 5,602	\$ 34,366
Cash - restricted (Note 1)	501,069	209,355
Accounts receivable (Note 5)	52,286	40,258
Pledges receivable (less allowance for uncollectible pledges of \$37,939 for 1999 and \$-0- for 1998 (Note 11))	308,419	383,290
Grants receivable (Note 1)	12,750	25,000
Inventory (Note 1)	323,576	370,676
Prepaid expenses	1,140	2,475
Office furniture and equipment, net (Notes 1 and 7)	50,862	15,257
Investments (New Orleans Friends of Amistad) (Notes 1 and 3)	34,939	32,697
Endowment investments (Notes 1 and 3)	<u>2,759,932</u>	<u>2,564,530</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 4,050,575</u></b>	<b><u>\$ 3,677,904</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Accounts payable and other accrued expenses	\$ <u>18,170</u>	\$ <u>12,377</u>
Total liabilities	<u>18,170</u>	<u>12,377</u>
NET ASSETS: (Page 3)		
Unrestricted	632,900	582,338
Temporarily restricted (Note 9)	588,454	473,008
Permanently restricted (Note 10)	<u>2,811,051</u>	<u>2,610,181</u>
Total net assets	<u>4,032,405</u>	<u>3,665,527</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 4,050,575</u></b>	<b><u>\$ 3,677,904</u></b>

See accompanying notes.

THE AMISTAD RESEARCH CENTER  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUES</b>				
Grants:				
Temporarily restricted	\$ --	\$ 132,925	\$ --	\$ 132,925
Tulane University	91,385	--	--	91,385
United Church Board for Homeland Ministries	80,000	--	--	80,000
Interest income (Note 3)	91,533	1,249	--	92,782
Contributions, special events and fundraising (Note 1):				
Capital Campaign	330,389	168,147	3,202	501,738
Gala	--	--	--	--
Memberships	12,969	--	--	12,969
In-kind rent (Note 2)	44,100	10,500	--	54,600
Prints (net of cost and discount of \$44,750)	13,790	--	--	13,790
Prints retired to collection	(67,000)	--	--	(67,000)
Other public support	147,376	165	--	147,541
Net realized and unrealized gains and losses (Note 3)	--	--	197,668	197,668
Royalties	18,043	--	--	18,043
Museum shop and other activities	27,152	--	--	27,152
Net assets released from restrictions	<u>197,540</u>	<u>(197,540)</u>	<u>--</u>	<u>--</u>
 Total public support and revenues	 <u>987,277</u>	 <u>115,446</u>	 <u>200,870</u>	 <u>1,303,593</u>
<b>EXPENSES:</b>				
Finance and administration	164,437	--	--	164,437
Archives and library	334,614	--	--	334,614
Programs and development	437,664	--	--	437,664
 Total expenses	 <u>936,715</u>	 <u>--</u>	 <u>--</u>	 <u>936,715</u>
 Change in net assets	 50,562	 115,446	 200,870	 366,878
 Net assets as of beginning of year	 <u>582,338</u>	 <u>473,008</u>	 <u>2,610,181</u>	 <u>3,665,527</u>
 NET ASSETS AS OF END OF YEAR	 <u>\$ 632,900</u>	 <u>\$ 588,454</u>	 <u>\$ 2,811,051</u>	 <u>\$ 4,032,405</u>

See accompanying notes.

THE AMISTAD RESEARCH CENTER  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUES</b>				
Grants:				
Temporarily restricted	\$ --	\$ 65,550	\$ --	\$ 65,550
Tulane University	89,857	--	--	89,857
United Church Board for Homeland Ministries	80,000	--	--	80,000
Interest income (Note 3)	84,900	1,146	--	86,046
Contributions, special events and fundraising (Note 1):				
Capital Campaign	44,342	547,125	13,289	604,756
Gala	44,980	--	--	44,980
Memberships	20,775	--	--	20,775
In-kind rent (Note 2)	44,100	4,375	--	48,475
Prints (net of cost and discount of \$21,240)	3,760	--	--	3,760
Prints retired to collection	--	--	--	--
Other public support	143,423	650	--	144,073
Net realized and unrealized gains and losses (Note 3)	--	--	344,851	344,851
Royalties	27,190	--	--	27,190
Museum shop and other activities	29,292	--	--	29,292
Net assets released from restrictions	<u>156,712</u>	<u>(156,712)</u>	<u>--</u>	<u>--</u>
 Total public support and revenues	 <u>769,331</u>	 <u>462,134</u>	 <u>358,140</u>	 <u>1,589,605</u>
<b>EXPENSES:</b>				
Finance and administration	154,553	--	--	154,553
Archives and library	231,509	--	--	231,509
Programs and development	294,232	--	--	294,232
 Total expenses	 <u>680,294</u>	 <u>--</u>	 <u>--</u>	 <u>680,294</u>
Change in net assets	89,037	462,134	358,140	909,311
Net assets as of beginning of year	<u>493,301</u>	<u>10,874</u>	<u>2,252,041</u>	<u>2,756,216</u>
<b>NET ASSETS AS OF END OF YEAR</b>	<b><u>\$ 582,338</u></b>	<b><u>\$ 473,008</u></b>	<b><u>\$ 2,610,181</u></b>	<b><u>\$ 3,665,527</u></b>

See accompanying notes.

THE AMISTAD RESEARCH CENTER  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	1999	1998
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 366,878	\$ 909,311
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	11,063	6,906
Bad debt expense	37,939	703
Net realized and unrealized gains and losses on investments	(197,668)	(344,851)
Donated equipment	(24,000)	--
Contributions restricted for permanent investments	(3,202)	(13,289)
(Increase) decrease in:		
Certificate of deposit	--	34,101
Accounts receivable	(12,028)	5,705
Pledges receivable	36,932	(383,290)
Grants receivable	12,250	(25,000)
Inventory	47,100	(80,050)
Prepaid expenses	1,335	(2,475)
Increase (decrease) in:		
Accounts payable and other accrued expenses	5,793	(17,163)
Net cash provided by operating activities	<u>282,392</u>	<u>90,608</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of equipment	(22,668)	(2,249)
Liquidation of investments	24	49,929
Net cash provided by (used in) investing activities	<u>(22,644)</u>	<u>47,680</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Contributions restricted for permanent investment	3,202	13,289
Net cash provided by financing activities	<u>3,202</u>	<u>13,289</u>
Net increase in cash	262,950	151,577
Cash at beginning of year	<u>243,721</u>	<u>92,144</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 506,671</u>	<u>\$ 243,721</u>

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:**

Cash paid during the year for:

Income taxes	\$ --	\$ --
Interest	\$ --	\$ --
Non-cash investing activity:		
Received donation of equipment	\$ 24,000	\$ --

See accompanying notes.

THE AMISTAD RESEARCH CENTER  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998

Nature of Activities:

The Amistad Research Center (the Center) is a manuscript library for the study of ethnic history and culture and race relations in the United States. The Center is among the largest of the Nation's repositories specializing in the history of African-Americans.

Amistad Research Center, which was incorporated in the State of Tennessee, was liquidated as of May 1, 1988 and re-incorporated in the State of Louisiana. The new entity continued its operations as in the past and transferred its assets and liabilities from the Tennessee corporation to the corporation chartered in the State of Louisiana.

As disclosed in Note #2 Tulane University provides the Center with operating space free of any rent as well as an annual operating subsidy. In addition, the United Church Board of Homeland Ministries provides a significant annual grant to the Center. The loss of support from either of these two entities could have a significant impact on the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A summary of the Amistad Research Center's accounting policies applied in the preparation of the accompanying financial statements is as follows:

Method of Accounting:

The financial statements of the organization have been prepared utilizing the accrual basis of accounting.

Financial Statement Presentation:

As of January 1, 1996, the Center elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Center 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. In addition, the Center is required to present a statement of cash flows.

Contributions - Public Support and Revenue:

The Center also elected to adopt SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, effective January 1, 1996. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

THE AMISTAD RESEARCH CENTER  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Contributions - Public Support and Revenue: (Continued)

Unconditional promises to give are recorded as received. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Promises to give are unsecured. An allowance for uncollectible promises has been accrued based upon an analysis of estimated collections.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. 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 activities as net assets released from restrictions.

Endowment contributions and investments are permanently restricted by the donor. Investment earnings, i.e. realized and unrealized gains, are recorded in permanently restricted net assets and are to remain a part of the endowment fund. Interest income earned is unrestricted and temporarily restricted.

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 and are provided by individuals 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.

Inventory:

Inventories are stated at the lower of cost or market. Poster inventory is calculated by the first-in, first-out method; whereas, print inventory is accounted for under the specific identification method.

Investments:

Effective January 1, 1996, the organization adopted SFAS No. 124 *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. The fair values of investments are based on quoted market prices for those or similar investments. Unrealized gains and losses are included in the change in net assets.

THE AMISTAD RESEARCH CENTER  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Office Furniture and Equipment:

Furniture and equipment are stated at cost. The organization uses the straight-line method of depreciation over an estimated useful life of 3 to 5 years.

Income Taxes:

The Amistad Research Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Because the organization files a Federal 990 information return as required of nonprofit organizations and reflected no non-business related income, the organization paid no income taxes for the years ended December 31, 1999 and 1998.

Cash and Cash Equivalents:

The financial statements include statements of cash flows showing cash provided and used by operating, investing and financing activities for unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. For purposes of the statement of cash flows, the organization classifies as cash all funds on deposit with financial institutions. Included in cash are funds which are temporarily restricted as reflected in temporarily restricted net assets of the Center.

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Expenses:

Expenses are charged directly to finance and administration, archives and library or program and development in general categories based on specific identification. Indirect expenses have been allocated based on salary expenditures or based on management's estimate of usage of the facility.

THE AMISTAD RESEARCH CENTER  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998

2. LEASE:

Amistad Research Center entered into a leasing arrangement commencing January 1, 1987, with Tulane University whereby Amistad Research Center would move its operations to the Tulane Campus. The lease was for a period of ten (10) years, free of any rental assessment, and terminated on the 31st day of December 1996. The lease is automatically renewable for eighteen successive five-year terms. At the end of the original lease term, the organization exercised the renewal option for an additional five years.

The in-kind rent contribution for the years ended December 31, 1999 and 1998 was \$44,100 which was based on comparable rental sites.

During the term of the lease, Tulane shall contribute to Amistad Research Center annually an unrestricted cash-operating subsidy. The amount contributed for 1999 and 1998 was \$91,385 and \$89,857, respectively.

Amistad also entered into an agreement with Freeport McMoRan, Inc. whereby Freeport McMoRan provides office space in order that Amistad may conduct its capital campaign. The in-kind rent contribution for the years ended December 31, 1999 and 1998 was \$10,500 and \$4,375, respectively, which was based on comparable rental sites.

3. INVESTMENTS:

The following is a summary of the investments held by the United Church Board for Amistad Research Center as of December 31, 1999 and 1998.

	<u>1999</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Investments held by United Church Board:			
Temporarily and Permanently Restricted Fund:			
Common Investment Fund -			
New Orleans Friends of Amistad	\$ 18,833	\$ 34,939	\$ 16,106
Common Investment Fund	1,760,023	2,759,932	999,909
Investment return is summarized as follows:			
Interest income			\$ 92,782
Net realized and unrealized gains and losses			<u>197,668</u>
Total investment income			<u>\$290,450</u>

THE AMISTAD RESEARCH CENTER  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998

3. INVESTMENTS: (Continued)

	<u>1998</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Investments held by United Church Board: Temporarily and Permanently Restricted Fund:			
Common Investment Fund -			
New Orleans Friends of Amistad	\$ 18,858	\$ 32,697	\$ 13,839
Common Investment Fund	1,745,842	2,564,530	818,688
Investment return is summarized as follows:			
Interest income			\$ 86,046
Net realized and unrealized gains and losses			<u>344,851</u>
Total investment income			<u>\$ 430,897</u>

4. HISTORICAL COLLECTION:

In conformity with the practice followed by many museums and research centers, historical manuscripts, art objects, microfilm and photographs which were purchased or donated are not included in the statement of financial position.

The appraised value of the manuscripts or objects acquired by donation is reported as revenue in the statement of activities. In 1999 and 1998 several prints were donated to the Center. These are reported as contributions under public support and revenue.

The cost of objects purchased, together with the value of objects acquired through donation are reported in the statement of activities as programmatic expenses.

5. ACCOUNTS RECEIVABLE:

Accounts receivable represents the amounts due from: (a) Tulane University for operations, (b) various art galleries for prints, posters and royalties and (c) employees and other. Accounts receivable, all of which are due within one year, are summarized as follows:

THE AMISTAD RESEARCH CENTER  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998

5. ACCOUNTS RECEIVABLE: (Continued)

	<u>1999</u>	<u>1998</u>
	<u>Unrestricted</u>	<u>Unrestricted</u>
Tulane University	\$ 21,678	\$ 15,484
Art galleries	29,701	22,997
Employees and other	<u>907</u>	<u>1,777</u>
Total	<u>\$ 52,286</u>	<u>\$ 40,258</u>

6. RETIREMENT PLAN:

After three years of employment, the Center allows all employees to participate in a pension plan for lay workers administered by the United Church of Christ. The Center contributes 11% of an employee's salary into the plan if the employee contributes 1% of his salary. An employee may pay up to 4% of his salary into the pension plan. The Center contributed a total of \$7,678 and \$16,081 to the plan during the years ended December 31, 1999 and 1998, respectively.

7. OFFICE FURNITURE AND EQUIPMENT:

A summary of office furniture and equipment follows:

	<u>1999</u>	<u>1998</u>
Office furniture and equipment	\$ 120,550	\$ 73,882
Less accumulated depreciation	<u>69,688</u>	<u>58,625</u>
Current basis	<u>\$ 50,862</u>	<u>\$ 15,257</u>

Depreciation expense totaled \$11,063 and \$6,906 for the years ended December 31, 1999 and 1998, respectively.

8. CONCENTRATION OF CREDIT RISK:

At the end of the year the Amistad Research Center had on deposit cash in Liberty Bank in excess of FDIC insurance limits of \$100,000. The uninsured portion is \$427,331 at December 31, 1999 and \$171,853 at December 31, 1998.

9. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are available for the following purposes or periods:

	<u>1999</u>	<u>1998</u>
Capital Campaign	\$ 563,569	\$ 395,422
Scholarships	2,932	2,369
Grants	13,868	67,297
Building fund	<u>8,085</u>	<u>7,920</u>
	<u>\$ 588,454</u>	<u>\$ 473,008</u>

THE AMISTAD RESEARCH CENTER  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998

9. TEMPORARILY RESTRICTED NET ASSETS: (Continued)

Net assets of \$197,540 and \$156,712 for the years ended December 31, 1999 and 1998, respectively, were released from temporarily restricted net assets by incurring expenses to satisfy the purpose or the time restriction specified by the donor.

10. PERMANENTLY RESTRICTED NET ASSETS:

Net assets were permanently restricted for the following purposes at December 31, 1999 and 1998:

	<u>1999</u>	<u>1998</u>
Capital Campaign	\$ 16,491	\$ 13,289
United Church Board		
For Homeland Ministries:		
Endowment Fund	2,759,932	2,564,530
New Orleans Friends of		
Amistad Fund	<u>34,628</u>	<u>32,362</u>
	<u>\$ 2,811,051</u>	<u>\$ 2,610,181</u>

11. PLEDGES RECEIVABLE:

Unconditional pledges receivable, net of an allowance for uncollectible pledges of \$37,939 and \$-0-, as of December 31, 1999 and 1998, respectively, are summarized as follows:

	<u>1999</u>	<u>1998</u>
Expected to be collected in:		
Less than one year	\$ 106,156	\$ 253,782
One year to five years	<u>233,059</u>	<u>140,192</u>
	339,215	393,974
Less: 8.25% discount	<u>30,796</u>	<u>10,684</u>
Total	<u>\$ 308,419</u>	<u>\$ 383,290</u>

Pledges receivable at December 31, 1999 and 1998 are restricted as follows:

	<u>1999</u>	<u>1998</u>
Endowment	\$ 14,793	\$ 13,289
Specific programs	<u>51,127</u>	<u>329,625</u>
Total	<u>\$ 65,920</u>	<u>\$ 342,914</u>

THE AMISTAD RESEARCH CENTER  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998

11. PLEDGES RECEIVABLE: (Continued)

The Center began a national capital campaign in 1998 which will end in 2003. Pledges receivable due greater than one year are discounted at a rate of 8.25%, which is the estimated rate for both years for investments with comparable risk. The receivables are unsecured.

The Center has conditional promises to give from the Capital Campaign of \$90,000 and \$-0- as of December 31, 1999 and 1998, respectively.

12. RECLASSIFICATION:

Certain amounts from 1998 have been reclassified to conform with the 1999 presentation. There was no effect on previously reported net assets.

THE AMISTAD RESEARCH CENTER  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNCTIONAL EXPENSES  
 FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Finance and Administration</u>	<u>Programmatic Archives and Library</u>	<u>Fund Raising Programs and Development</u>	<u>Total</u>
Salaries	\$ 80,610	\$ 236,577	\$ 109,984	\$ 427,171
Payroll taxes and benefits	20,314	25,203	12,560	58,077
Art Curator/Consultant	--	--	6,440	6,440
Books, microfilm, periodicals	--	5,103	--	5,103
Appraisal fees	--	875	--	875
Archival supplies	--	13,858	--	13,858
Solinet fees	--	1,991	--	1,991
Exhibits	--	3,689	--	3,689
Travel	--	2,194	18,785	20,979
Professional development fees	577	4,420	7,827	12,824
Lodging and meals	--	698	2,093	2,791
Office supplies and postage	5,697	3,555	8,284	17,536
Depreciation	2,102	6,085	2,876	11,063
Accounting and auditing	17,699	--	--	17,699
Bad debts	--	--	37,939	37,939
Insurance	9,752	4,708	--	14,460
Telephone	1,057	1,145	943	3,145
Equipment repairs	2,684	258	757	3,699
Rent	8,379	24,255	21,966	54,600
Physical plant maintenance	4,622	--	--	4,622
Board expense	10,123	--	--	10,123
Gala	--	--	--	--
Membership	--	--	14,723	14,723
Marketing	--	--	22,737	22,737
Contingency	821	--	223	1,044
Grant and scholarship expenses	--	--	768	768
Management fees	--	--	126,853	126,853
Professional services	--	--	41,906	41,906
<b>TOTALS</b>	<u>\$ 164,437</u>	<u>\$ 334,614</u>	<u>\$ 437,664</u>	<u>\$ 936,715</u>

THE AMISTAD RESEARCH CENTER  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNCTIONAL EXPENSES  
 FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>Finance and Administration</u>	<u>Programmatic Archives and Library</u>	<u>Fund Raising Programs and Development</u>	<u>Total</u>
Salaries	\$ 70,449	\$ 148,069	\$ 52,260	\$ 270,778
Payroll taxes and benefits	17,950	21,821	10,538	50,309
Art Curator/Consultant	--	8,000	29,835	37,835
Books, microfilm, periodicals	--	4,806	--	4,806
Appraisal fees	--	180	--	180
Archival supplies	--	3,675	--	3,675
Solinet fees	--	2,182	--	2,182
Exhibits	--	915	--	915
Travel	--	2,709	5,247	7,956
Professional development fees	1,904	909	3,031	5,844
Lodging and meals	--	1,952	2,181	4,133
Office supplies and postage	4,171	7,673	5,333	17,177
Depreciation	6,906	--	--	6,906
Accounting and auditing	14,155	--	--	14,155
Bad debts	703	--	--	703
Insurance	11,996	2,730	--	14,726
Telephone	1,526	373	251	2,150
Equipment repairs	1,363	1,260	136	2,759
Rent	11,466	24,255	12,754	48,475
Physical plant maintenance	1,611	--	--	1,611
Board expense	8,054	--	--	8,054
Gala	--	--	18,326	18,326
Membership	--	--	9,077	9,077
Marketing	--	--	5,943	5,943
Contingency	2,299	--	628	2,927
Grant and scholarship expenses	--	--	675	675
Management fees	--	--	138,017	138,017
Professional services	--	--	--	--
<b>TOTALS</b>	<u>\$ 154,553</u>	<u>\$ 231,509</u>	<u>\$ 294,232</u>	<u>\$ 680,294</u>

THE AMISTAD RESEARCH CENTER  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF OPERATING CASH RECEIPTS AND DISBURSEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 1999

CASH RECEIPTS:	
Endowment interest	\$ 87,049
Tulane Grant	85,191
United Church Board for Homeland Ministries	80,000
Memberships	12,969
Contributions	76,690
National Black United Fund	7,686
Other	5
Fine Arts Prints	33,086
Essence Art Royalties	12,414
Other Royalties	525
Fine Art Exhibit Fees	19,800
Photocopying	3,515
Interest Income	465
Posters	1,257
Building Fund	165
Scholarship	418
Grants - State of Louisiana	75,000
Grants - Louisiana Division of the Arts	1,725
Grants - New Orleans Arts Council	5,000
Grants - National Endowment for the Humanities	53,200
Grants - Community Arts	2,250
Grants - IMLS	8,000
Miscellaneous Income	2,205
Transfer from Capital Campaign	19,406
Total Cash Receipts	<u>588,021</u>
CASH DISBURSEMENTS:	
Salaries	395,611
Payroll taxes and benefits	54,283
Art Curator/Consultant	6,440
Books, microfilm, periodicals	4,994
Appraisal fees	875
Archival supplies	12,814
Solinet fees	1,945
Exhibits	3,454
Travel	5,449
Professional development fees	12,824
Lodging and meals	2,730
Office supplies and postage	13,455
Accounting and auditing	17,699
Insurance	14,460
Telephone	2,786
Equipment repairs	3,699
Physical plant maintenance	4,622
Board expense	9,729
Membership	14,723
Marketing	1,568
Contingency	678
Grant and scholarship expenses	768
Professional services	40,570
Equipment purchases	22,667
Inventory purchases	550
Total Cash Disbursements	<u>649,393</u>
TOTAL DECREASE IN CASH	(61,372)
Cash, beginning of year	<u>79,818</u>
CASH, END OF YEAR	<u>\$ 18,446</u>

THE AMISTAD RESEARCH CENTER  
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS  
FOR THE YEAR ENDED DECEMBER 31, 1999

March 3, 2000

Board of Directors  
The Amistad Research Center  
Tulane University  
6823 St. Charles Avenue  
New Orleans, Louisiana 70118

We have audited the financial statements of Amistad Research Center (a nonprofit organization) as of and for the year ended December 31, 1999, and have issued our report thereon dated March 3, 2000. 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.

Compliance

As part of obtaining reasonable assurance about whether Amistad Research Center'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 provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described below.

Legal Compliance: (99-4)

The Center received two sources of funding from the State of Louisiana; an appropriation as well as a grant from the Louisiana Division of the Arts. Each required submission of reports by specified dates.

The state appropriation required that the recipient provide written reports to the State Treasury at least every six months. Per our review, the Center submitted the report for the period July 1, 1998 to December 31, 1998 on May 24, 1999; henceforth, this report was not timely submitted. However, we noted that the final report regarding the appropriation for the period ending June 30, 1999 was timely submitted to the State Treasury on July 13, 1999.

The Division of the Arts grant required a final report to be submitted upon completion of service but no later than July 1, 1999. The Center did not submit the report until July 29, 1999.

We recommend that the Center take the necessary steps to ensure that all reporting requirements of the State of Louisiana are followed.

Internal Control Over Financial Reporting:

In planning and performing our audit, we considered Amistad Research Center'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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Amistad Research Center's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described below.

Grants: (99-1)

During the audit, we noted that the Center did not record grant receipts and disbursements in an organized manner in order to provide for an adequate audit trail. First, receipts and disbursements were deposited in or expended from incorrect bank accounts. Some grant receipts were deposited into the operating account. Additionally, certain grant expenses were paid from the operating account instead of the grant account; however, the cash accounts were not properly reimbursed. Second, grant expenses were not properly recorded in the general ledger. Some expenses were coded to grant expense accounts for each of the respective grants, without coding for natural classification. Other expenses were not coded to any grant account but were coded within their natural classification. In addition, certain grant expenses were not coded to the proper grant.

We recommend that the Center take the necessary steps to ensure that all grant activities are properly recorded in the general ledger as well as to ensure that an adequate audit trail exists to support the activities.

Capital Campaign: (99-2)

The Center has recorded pledges for which pledge forms could not be located. Additionally, some pledge forms were incomplete. Vital information, including any restrictions on the pledge, were missing on some pledge forms and evidence of any attempts to obtain the missing information could not be located.

We recommend that the Center take the steps necessary to ensure that proper documentation of all pledges is maintained in order to provide for an adequate audit trail. In addition, all pledge forms should be reviewed by the appropriate personnel to ensure that all required information is included.

Test of Grant Expenditures: (99-3)

In our testing, we selected a sample of disbursements to test grant expenditures. The following exceptions were noted:

- (a) We were unable to locate an invoice for a \$500 expenditure under the Division of the Arts grant. Thus, we were unable to determine if the expenditure was supported, approved for payment, within budget guidelines, reasonable and properly recorded in the general ledger.
- (b) We were unable to locate an employee's file in order to determine whether the expenditure was supported, approved for payment, within budget guidelines, reasonable and properly recorded in the general ledger.

We recommend that the Center take the necessary steps to ensure that proper documentation is maintained for all grant expenditures in order to verify that they are supported, approved for payment, within budget guidelines, reasonable and properly recorded in the general ledger.

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 general purpose 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 99-1 and 99-2 to be material weaknesses.

We noted other matters involving the internal control over financial reporting that we have reported to management in a separate letter dated March 3, 2000.

This report is intended for the use of the audit committee and management of Amistad Research Center and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

*Deuplantier, Hasemann, Hogan & Baker, L.L.P.*



DUPLANTIER, HRAPMANN,  
HOGAN & MAHER, L.L.P.

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LEGISLATIVE AUDITOR

CERTIFIED PUBLIC ACCOUNTANTS

99 JUN 27

AM 10:06

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(1985)  
FELIX J. HRAPMANN, JR., C.P.A.  
(1919-1990)  
WILLIAM R. HOGAN, JR., C.P.A.  
(1920-1996)  
JAMES MAHER, JR., C.P.A.  
(1921-1999)

MICHELLE H. CUNNINGHAM, C.P.A.  
KENNETH J. BROOKS, C.P.A., ASSOCIATE

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LA C.P.A.'S

March 3, 2000

Legislative Auditor  
Engagement Processing  
Post Office Box 94397  
Baton Rouge, Louisiana 70804

Dear Sir or Madam:

**SCHEDULES AND DATA COLLECTION FORM**

**SECTION 1: SUMMARY OF AUDITOR'S REPORTS**

**A. FINANCIAL STATEMENT AUDIT OPINION:**

We have audited the financial statements of The Amistad Research Center as of and for the year ended December 31, 1999 and have issued our report thereon dated March 3, 2000. 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. Our audit of the financial statements as of December 31, 1999 resulted in an unqualified opinion.

**B. REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL STATEMENTS:**

**Internal Control:**

Material weaknesses - Yes  
Reportable conditions - Yes

**Compliance:**

Noncompliance material to financial statements - Yes

C. FEDERAL AWARDS:

N/A

SECTION 2: FINANCIAL STATEMENT FINDINGS

A. CURRENT YEAR FINDINGS:

Grants: (99-1) Reportable Condition, Material Weakness

During the audit, we noted that the Center did not record grant receipts and disbursements in an organized manner in order to provide for an adequate audit trail. First, receipts and disbursements were deposited in or expended from incorrect bank accounts. Some grant receipts were deposited into the operating account. Additionally, certain grant expenses were paid from the operating account instead of the grant account; however, the cash accounts were not properly reimbursed. Second, grant expenses were not properly recorded in the general ledger. Some expenses were coded to grant expense accounts for each of the respective grants without coding for natural classification. Other expenses were not coded to any grant account but were coded within their natural classification. In addition, certain grant expenses were not coded to the proper grant.

We recommend that the Center take the necessary steps to ensure that all grant activities are properly recorded in the general ledger as well as to ensure that an adequate audit trail exists to support the activities.

Capital Campaign (99-2) Reportable Condition, Material Weakness

The Center has recorded pledges for which pledge forms could not be located. Additionally, some pledge forms were incomplete. Vital information, including any restrictions on the pledge, was missing on some pledge forms and evidence of any attempts to obtain the missing information could not be located.

We recommend that the Center take the steps necessary to ensure that proper documentation of all pledges is maintained in order to provide for an adequate audit trail. In addition, all pledge forms should be reviewed by the appropriate personnel to ensure that all required information is included.

Test of Grant Expenditures: (99-3) Reportable Condition

In our testing, we selected a sample of disbursements to test grant expenditures. The following exceptions were noted:

- (a) We were unable to locate an invoice for a \$500 expenditure under the Division of the Arts grant. Thus, we were unable to determine if the expenditure was supported, approved for payment, within budget guidelines, reasonable and properly recorded in the general ledger.
- (b) We were unable to locate an employee's file in order to determine whether the expenditure was supported, approved for payment, within budget guidelines, reasonable and properly recorded in the general ledger.

We recommend that the Center take the necessary steps to ensure that proper documentation is maintained for all grant expenditures in order to verify that they are supported, approved for payment, within budget guidelines, reasonable and properly recorded in the general ledger.

Legal Compliance: (99-4) Compliance

The Center received two sources of funding from the State of Louisiana; an appropriation as well as a grant from the Louisiana Division of the Arts. Each required submission of reports by specified dates.

The state appropriation required that the recipient provide written reports to the State Treasury at least every six months. Per our review, the Center submitted the report for the period July 1, 1998 to December 31, 1998 on May 24, 1999; henceforth, this report was not timely submitted. However, we noted that the final report regarding the appropriation for the period ending June 30, 1999 was timely submitted to the State Treasury on July 13, 1999.

The Division of the Arts grant required a final report to be submitted upon completion of service but no later than July 1, 1999. The Center did not submit the report until July 29, 1999.

We recommend that the Center take the necessary steps to ensure that all reporting requirements of the State of Louisiana are followed.

Collateralization: (99-5) Management Letter

At December 31, 1999, the bank balance of all the Center's accounts with one financial institution totaled \$527,331. Therefore, the amount not insured by the FDIC was \$427,331.

We recommend that management assess the risk level of the financial institution to determine if it is necessary to obtain collateral on the uninsured balance. Alternatively, funds could be deposited with other financial institutions to the extent of FDIC insurance coverage.

Fixed Assets: (99-6) Management Letter

Fixed asset additions meeting capitalization criteria were not recorded as fixed assets. Instead, these items were expensed. In addition, computer equipment donated during the capital campaign was not recorded in the general ledger since the Center records purchases under the cash basis of accounting.

We recommend that the Center follow its formal asset capitalization policy to properly categorize fixed assets. In addition, the fair market value of donated assets should be recorded at the time of the donation.

Essence Arts Royalties: (99-7) Management Letter

We noted that the Center is not receiving timely receipt statements nor payments from Essence Art. The year-end receivable is accumulating. Also, only cash receipt activity is recorded.

We recommend that the Center review the Essence Art royalties account on a regular basis to ensure that all activity is properly recorded and amounts due are received on a timely basis.

B. PRIOR YEAR FINDINGS (OTHER MATTERS):

98-01 - Memberships:

There were discrepancies in number of members and membership dues reported in internal statements submitted to the Board of Directors.

This was resolved in the current year.

98-02 - Financial Statements:

The audited financial statements were not provided to the Legislative Auditor by the required due date.

This was resolved in the current year.

*Duplantier, Hopmann, Hogan & Maher, L.L.P.*



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LEGISLATIVE AUDITOR  
00 JUN 27 AM 10:06

May 26, 2000

Legislative Auditor  
Post Office Box 94397  
Baton Rouge, Louisiana 70804

Dear Sir or Madam:

CORRECTIVE ACTION PLAN

A. FINANCIAL STATEMENT AUDIT OPINION

Our auditors, Duplantier, Hrapmann, Hogan & Maher, LLP, have audited the financial statements of Amistad Research Center as of and for the year ended December 31, 1999 and have issued their report thereon dated March 3, 2000. They conducted their 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. Their audit of the financial statements as of December 31, 1999 resulted in an unqualified opinion.

B. REPORT ON INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

Grants: (99-1)

Grant receipts and disbursements were not recorded in an organized manner in order to provide for an adequate audit trail.

Management's Response:

We have examined the system we use in recording grant receipts and disbursements. We are now in the process of assigning chart of accounts numbers for the expenses listed in the various grants. Expenditures will be posted to the various natural accounts under each grant. All of the granting agencies use direct deposit to send funds to the Center. We have implemented adequate guidelines to support all grant activities.

Capital Campaign: (99-2)

Pledges were recorded for which pledge forms could not be located. Additionally, some pledge forms did not contain all required information.

Management's Response:

Initially, all of the records were kept in a separate office. The pledge forms are now sent directly to the Center and they are immediately examined by our Director of Development to make sure all vital information is included on them. The pledges are then entered into a software program bought specifically for charting that data.

Test of Grant Expenditures: (99-3)

Proper documentation was not maintained for grant expenditures.

Management's Response:

Certain checks and balances have been put in place to ensure proper documentation is maintained for all grant expenditures in order to verify that they are supported, approved for payments within budget guidelines, and properly recorded in the general ledger. This is done in part through the creation of forms and a new chart of accounts.

Legal Compliance: (99-4)

Reporting requirements of the State of Louisiana were not followed in regards to funding received.

Management's Response:

In an effort to make sure all reporting requirements for various grants are done on a timely basis, we have had several meetings with grant directors and implemented certain guidelines.

C. OTHER MATTERS:

Immaterial instance of noncompliance and other matters involving internal control over financial reporting.

Collateralization: (99-5)

The balance of the Center's accounts with one financial institution exceeded the amount of

FDIC insurance coverage.

Management's Response:

This has been referred to the Board's finance Committee. This committee will submit suggestions to the Board on how to handle the amount in the bank not insured by the FDIC.

Fixed Assets: (99-6)

Fixed asset additions meeting capitalization criteria were not recorded as fixed assets. In addition, the fair market value of donated assets was not recorded at the time of donation.

Management's Response:

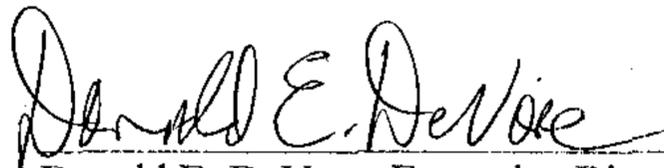
We will follow the Center's formal asset capitalization policy to properly categorize fixed assets. We will record the fair market value of donated assets at the time of the donation. The information on donated assets will be sent to the bookkeepers as soon as the Center receives it so that they will be reflected on the General ledger

Essence Art Royalties: (99-7)

The account was not being reviewed on a regular basis to ensure that all activity was properly recorded and accounts due were received on a timely basis.

Management's Response:

We will contact Essence on a monthly basis to request information on the sales and payments. We will post all past due payments as receivables, and will more aggressively pursue past due royalties from Essence.

  
Donald E. DeVore, Executive Director