

**WORLD ARTS FOCUS d/b/a
JOE'S MOVEMENT EMPORIUM**

**GRANT AUDIT
August 2017**

OFFICE OF AUDITS AND INVESTIGATIONS
Prince George's County
Upper Marlboro, Maryland



THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations

August 2017

The County Council and County Executive
of Prince George's County, Maryland

Council Resolution 51-1991, adopted June 25, 1991, requires the Office of Audits and Investigations to perform random financial audits of grants and transfer payments appropriated in the Non-Departmental section of the County's Approved Annual Current Expense Budget.

We have examined the books and records of

WORLD ARTS FOCUS d/b/a JOE'S MOVEMENT EMPORIUM,

for the period July 1, 2015, through June 30, 2016. Our examination included such tests of the accounting records and such other auditing procedures, as we considered necessary under the circumstances.

We noted no matters involving the Prince George's County grant to Joe's Movement Emporium that led us to believe that the County grant funds were used for other than their intended purpose.

This report, in our opinion, fulfills the requirements of Council Resolution 51-1991 to perform random financial audits of grants and transfer payments made pursuant to the Non-Departmental section of the Prince George's County, Maryland, Fiscal Year 2016 Approved Operating Budget.

A handwritten signature in blue ink, appearing to read "David H. Van Dyke".

David H. Van Dyke, CPA
County Auditor

A handwritten signature in blue ink, appearing to read "Alicia C. Stanford".

Alicia C. Stanford, CIA, CICA
Auditor-In-Charge

World Arts Focus d/b/a Joe's Movement Emporium

The Prince George's County Government awarded World Arts Focus d/b/a Joe's Movement Emporium ("Joe's Movement Emporium" or the "organization") a grant totaling \$90,000 in fiscal year 2016. This award was issued in October of 2015.

This funding was to be used expressly for the organization's core program functions. Joe's Movement Emporium is a self-supported, 501(c) (3) non-profit incorporated organization that receives funding from donor contributions, grants, special events, program service fees and in-kind contributions.

Joe's Movement Emporium was founded in 1992 by its executive director, Brooke Kidd, to present performances and education programs that connect local audiences to world traditions. The organization serves as a cultural arts hub that acts as a catalyst for creativity and economic opportunity for all, through programs and productions in education, the performing arts, and work readiness. The purpose of the organization is to bring artists and community members to the arts, experience performances, and encourage the preservation of performance traditions.

The organization maintains a written accounting policies and procedures manual that clearly defines their process and assigned responsibilities for each accounting function. It utilizes an external accounting consultant to perform its recordkeeping, and contracts with an independent Certified Public Accountant (CPA) firm to perform its annual audit to render an opinion on the integrity of Joe's Movement Emporium finances. Additionally, the organization has an established Board of Directors and finance committee. The fiscal year for Joe's Movement Emporium runs from July 1st to June 30th.

We examined the books and records maintained by Joe's Movement Emporium, and included tests of the accounting records and other auditing procedures, as we determined necessary. Our examination included a review of expenditures and supporting documentation to ensure that payment amounts were properly approved and corresponded to related invoices. We noted no instances that led us to believe that County grant funds were used for other than their intended purpose; however, there were three (3) instances where adequate supporting documentation was not maintained. These instances were for program related expenditures (loan re-payment to the Executive Director for funds loaned to the organization, utilities, and program costs), ranging from \$1,659 to \$12,000, representing approximately 34%, or \$18,659, of the total dollar amount reviewed during the audit. Based on our assessment, the deficiency mentioned above is due to a lack of adherence to the organization's document retention policies. We therefore recommend that:

- 1. The Executive Director ensure that all transactions (including related party transactions) are sufficiently documented and maintained.**
- 2. The Finance Committee review and approve supporting documentation for transactions directly involving the Executive Director prior to the execution of the transaction, including any personal loans to the organization.**

Also, while conducting the audit, we noted three (3) instances indicating poor cash management. These instances were for program related expenditures (loan re-payment to the Executive Director for funds loaned to the organization, building repair services and utilities), ranging from \$750 to \$12,000, representing approximately 32%, or \$17,750, of the total dollar amount reviewed during the audit. One of the expenses selected for testing, was a loan re-payment from the organization to its Executive Director to repay funds loaned to the organization to help cover operating expenses. The Executive Director loaned the organization

personal funds to help meet cash flow needs. Based on our assessment, the organization's poor cash management is due to executing programs, initiatives, and productions for which it has not thoroughly assessed the financial feasibility. In addition, the organization has not increased fees for certain programs and services for several years despite rising costs associated with those programs or services. Given the status of the organization's current cash flow described above we recommend that:

- 3. The Executive Director and Accountant closely review the organization's operations to determine ways in which expenses can be reduced and/or income increased to address its poor cash flow management issue.**
- 4. The Finance Committee be actively involved in addressing the organization's cash flow issue, and seek to enhance their financial oversight role.**

The attached Statement of Activities and Changes in Net Assets for the period ending June 30, 2016, shows the activities of the organization for the period in which the grant funds were received.

JOE'S MOVEMENT EMPORIUM
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE PERIODS ENDING
JUNE 30, 2015 AND JUNE 30, 2016
(ACCRUAL BASIS)

	2015	2016
REVENUES:		
Contributions and grants	\$584,969	\$584,355
Special events, net of \$4,803 and \$5,388 in expenses, respectively	68,130	32,185
Program services fees	430,827	497,138
In-kind contributions	117,557	271,400
Interest and other income	3,772	4,304
Total Revenue	<u>1,205,255</u>	<u>1,389,382</u>
Release of net assets from restrictions	-	-
Total Revenues and Support	<u>1,205,255</u>	<u>1,389,382</u>
EXPENDITURES:		
Program services:		
Arts education	363,753	469,430
Artist services	90,613	100,764
Art lives here	24,272	-
Productions	115,585	174,264
Theater tech program	335,936	276,489
Total Program Services	<u>930,159</u>	<u>1,020,947</u>
Supporting services:		
Management and general	177,404	305,853
Fundraising	87,299	149,337
Total Supporting Services	<u>264,703</u>	<u>455,190</u>
Total Expenses	<u>1,194,862</u>	<u>1,476,137</u>
Change in Net Assets	<u>10,393</u>	<u>(86,755)</u>
Net assets, beginning of year	1,694,455	1,704,848
Net Assets, End of Year	<u>\$1,704,848</u>	<u>\$1,618,093</u>