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**United States Department of State  
and the Broadcasting Board of Governors  
Office of Inspector General**

**Office of Audits**

**Independent Accountant's Report on the  
Application of Agreed-Upon Procedures on the Financial Capability  
of International Arts and Artists, Inc.**

**Report Number AUD/CG-08-20, March 2008**

Leonard G. Birnbaum and Company, LLP, Certified Public Accountants, performed the agreed-upon procedures under Department of State, Office of Inspector General, Contract No. S-AQM-PD-04-D-0033, and by acceptance, the report becomes a product of the Inspector General.



Mark W. Duda  
Assistant Inspector General  
Office of Audits

3/12/08

Date

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### Summary

Based on a request from the Bureau of Educational and Cultural Affairs (ECA), the Department of State (Department), Office of Inspector General (OIG) contracted with Leonard G. Birnbaum and Company, LLP, Certified Public Accountants, to perform certain agreed-upon procedures to determine whether International Arts and Artists, Inc., possessed sufficient financial resources to perform under a proposed \$458,225 ECA grant.

We concluded that (1) Arts and Artists is financially sound, and (2) it could undertake a \$458,225 project without straining its financial resources, irrespective of whether it was permitted to draw advances from the Payment Management System.

### Background

Arts and Artists, founded in Washington, DC in 1995, is a not-for-profit organization exempt from taxation under the provisions of Section 501(c)(3) of the Internal Revenue Code. Arts and Artists' two principal activities are producing touring art exhibitions and providing individuals with training and internship placements at arts and cultural organizations throughout the United States. Arts and Artists is authorized by the Department to issue intern and trainee visas and currently has about 100 active foreign trainees posted throughout the United States.

### Purpose, Scope, and Methodology

Our primary purpose was to determine whether Arts and Artists has sufficient financial capability to perform under a \$458,225 ECA grant. In agreement with OIG, we performed the following procedures.

- Reviewed Arts and Artists' Return of Organization Exempt From Income Tax, Form 990, for the years ended December 31, 2005 and 2006.
- Reviewed Arts and Artists' unaudited Statement of Activities for the years ended December 31, 2005 and 2006.
- Reviewed Arts and Artists' unaudited Balance Sheet as of December 31, 2006.
- Calculated Arts and Artists' current ratio and quick ratio as of December 31, 2006.
- Estimated the amount of financing resources necessary to perform a project totaling \$458,225.

We performed this agreed-upon procedures engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of this report. Consequently, we make no representations regarding the sufficiency of the procedures, either for the purpose for which this report has been requested, or for any other purpose.

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We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the adequacy and compliance of the reviewed financial data. 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 information and use of the management of Arts and Artists, OIG, and ECA, and it is not intended to be and should not be used by anyone other than these specified parties.

### Results

We concluded that (1) Arts and Artists is financially sound, and (2) it could undertake a \$458,225 project without straining its financial resources, irrespective of whether it was permitted to draw advances from the Department of Health and Human Services' Payment Management System, which is used by the Department to advance funds to grantees.