

**MINNESOTA HISTORICAL SOCIETY
COMPLIANCE AUDIT
FOR THE YEAR ENDED JUNE 30, 1989**

AUGUST 1990

**Financial Audit Division
Office of the Legislative Auditor
State of Minnesota**

MINNESOTA HISTORICAL SOCIETY

COMPLIANCE AUDIT FOR THE YEAR ENDED JUNE 30, 1989

Public Release Date: August 3, 1990

No. 90-49

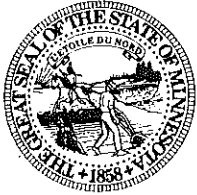
OBJECTIVE:

- TEST COMPLIANCE WITH CERTAIN FINANCE-RELATED LEGAL PROVISIONS.

CONCLUSIONS:

- We found no departures from finance-related legal provisions.

Contact the Financial Audit Division for additional information.
(612) 296-1730



STATE OF MINNESOTA

OFFICE OF THE LEGISLATIVE AUDITOR

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JAMES R. NOBLES, LEGISLATIVE AUDITOR

Senator John E. Brandl, Chairman
Legislative Audit Commission

Members of the Legislative Audit Commission

Nina M. Archabal, Director
Minnesota Historical Society

Audit Scope

We have conducted a financial related audit of the Minnesota Historical Society as of and for the year ended June 30, 1989. Specifically, we reviewed the Society's policies and procedures over receipts including membership dues, site fees and miscellaneous sales. We also reviewed the Society's history center project, the labor history center project and other capital improvements at various site locations.

The Minnesota Historical Society is a private, nonprofit corporation created by the Legislative Assembly of the Territory of Minnesota, Laws 1849, Chapter 44. The Society is governed by an Executive Council, which is composed of members elected for three-year terms. The Society receives the majority of its operating funds from the Minnesota Legislature. Private support is derived from memberships, bequests, gifts and endowments. According to the audited financial statements of the Minnesota Historical Society, total expenses for the fiscal year ended June 30, 1990 were \$15,121,294. Approximately 81 percent of these expenses were state funded.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial activities attributable to the transactions of the Minnesota Historical Society, are free of material misstatements.

We performed tests of the Minnesota Historical Society's transactions to obtain reasonable assurance that the Society had, in all material respects, administered its programs in compliance with applicable laws and regulations. As part of our tests of transactions, we gained an understanding of the Minnesota Historical Society's internal control structure as it relates to the compliance features tested. Our review was more limited than would be necessary to express an opinion on the Minnesota Historical Society's system of internal accounting control taken as a whole. We also considered whether the Minnesota Historical Society's financial activities were conducted in a reasonable and prudent manner for a public entity.

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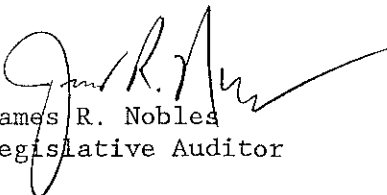
Reliance on the Work of Other Auditors

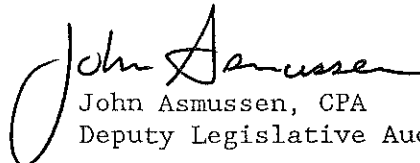
The Minnesota Historical Society contracted with a certified public accounting firm to conduct a financial statement audit of the Society's financial activity for the fiscal year ended June 30, 1989. The firm issued a qualified audit opinion. The Society expensed its purchases of property and equipment rather than capitalizing the purchases and depreciating the cost over their estimated useful lives. Generally accepted accounting principles for a not-for-profit organization, such as the Society, require that the cost of property and equipment be capitalized and depreciated. We reviewed the auditor's workpapers and relied on their work, where appropriate, in determining the extent of our testing.

Conclusions

The results of our tests indicate that, with respect to the items tested, the Minnesota Historical Society complied, in all material respects, with the provisions referred to in the audit scope paragraphs. With respect to items not tested, nothing came to our attention that caused us to believe that the Minnesota Historical Society had not complied, in all material respects, with those provisions.

This report is intended for the information of the Legislative Audit Commission and management of the Minnesota Historical Society. This restriction is not intended to limit the distribution of this report, which was released as a public document on August 3, 1990.


James R. Nobles
Legislative Auditor


John Asmussen, CPA
Deputy Legislative Auditor

END OF FIELDWORK: July 3, 1990

REPORT SIGNED ON: July 30, 1990