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**ECONOMIC FREEDOM MOVEMENT
ASSOCIATION, INC.
BATON ROUGE, LOUISIANA**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS
FOR THE YEAR ENDED JUNE 30, 1986**

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Release Date **DEC 13 1986**

ECONOMIC FREEDOM MOVEMENT ASSOCIATION, INC.
Hahn Range, Louisiana

**Financial Statements and
Independent Auditor's Reports
For the Year Ended June 30, 1998**

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ROSLYN J. ALLEN
Certified Public Accountant
Post Office Box 66494
Baton Rouge, Louisiana 70896

September 30, 1996

Independent Auditor's Report

Board of Directors
Economic Freedom Movement Association, Inc.
Baton Rouge, Louisiana

I have audited the accompanying statement of financial position of Economic Freedom Movement Association, Inc. (a nonprofit organization) as of June 30, 1996, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as discussed in the following paragraph, I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

Because of inadequacies in the organization's records, I was unable to form an opinion regarding the amount of membership dues and events revenue in the Statement of Activities (listed at \$20,895).

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the accounting records been adequate for membership dues and events revenue been susceptible to satisfactory audit tests, the financial statements referred to above present fairly, in all material respects, the financial position of Economic Freedom Movement Association, Inc. as of June 30, 1996, and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

Economic Freedom Movement Association, Inc.
Auditor's Report
June 30, 1986

I have also issued separate reports dated September 30, 1986, on Economic Freedom Movement Association, Inc. internal control structure and compliance with laws and regulations as required by Government Auditing Standards, issued by the Comptroller General of the United States.


Rudy J. Miller
Certified Public Accountant

ECONOMIC FREEDOM MOVEMENT ASSOCIATION, INC.
Statement of Financial Position, June 30, 1986

ASSETS

Cash (note 2)	\$1,493
Security deposits	288
Fixed assets (note 3)	<u>921</u>
TOTAL ASSETS	<u>\$2,702</u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable	\$126
Payroll related taxes payable	<u>1,053</u>
Total Liabilities	<u>1,179</u>
Net assets - Unrestricted	<u>1,523</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$2,702</u>

The accompanying notes are an integral part of this statement.

ECONOMIC FREEDOM MOVEMENT ASSOCIATION, INC.
Statement of Activities
For The Year Ended June 30, 1986

SUPPORT AND REVENUE

Grant - Governor's Office of Urban Affairs and Development	130,000
Grant - Urban Renewal/Jobdevelopment Corporation	5,000
Membership dues and events	30,000
Interest income	37
Others	10,000
	<u>205,037</u>
Total support and revenue	

EXPENSES

Salaries and payroll related items	54,082
Workers' Compensation and Unemployment Insurance	1,670
Printing	815
Rent	4,000
Telephone & pager service	3,066
Utilities	1,700
Insurance	600
Security system	220
Pest control	100
Repairs and workshops	3,624
Office supplies	1,020
Audit services	1,620
Advertisement and promotions	500
Travel and subscriptions	240
Repairs and maintenance	600

(Continued)

The accompanying notes are an integral part of this statement.

Statement B**ECONOMIC FREEDOM MOVEMENT ASSOCIATION, INC.
Statement of Activities
For The Year Ended June 30, 1986****EXPENSES (Continued)**

Memberships	\$ 738
Taxes	2,711
Depreciation	481
Project B.O.F.E. program	<u>5,070</u>
Total expenses	<u>89,493</u>
EXCESS OF SUPPORT AND REVENUE OVER EXPENSES	239
NET ASSETS AT BEGINNING OF PERIOD	<u>331</u>
NET ASSETS AT END OF YEAR	<u>\$ 561</u>

(Continued)

The accompanying notes are an integral part of this statement.

ECONOMIC FREEDOM MOVEMENT ASSOCIATION, INC.
Statement of Cash Flows
For The Year Ended June 30, 1996

CASH FLOWS FROM OPERATING ACTIVITIES:

Excess of support and revenue over expenses	\$ 278
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Decrease in security deposits	300
Depreciation	481
Decrease in accounts payable	(20)
Decrease in payroll related taxes payable	(7,155)
Net cash provided by operating activities	<u>(676)</u>
NET DECREASE IN CASH	(676)
CASH BALANCE AT BEGINNING OF YEAR	<u>2,458</u>
CASH BALANCE AT END OF YEAR	<u>\$ 1,782</u>

The accompanying notes are an integral part of this statement.

ECONOMIC FREEDOM MOVEMENT ASSOCIATION, INC.
Baton Rouge, Louisiana

Notes to the Financial Statements
For the Year Ended June 30, 1996

L. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ORGANIZATION

Economic Freedom Movement Association, Inc. was incorporated on May 16, 1988 as a non-profit corporation. The purpose of the association is:

To educate and advise the black public in the need to patronize minority businesses for economic development in the minority community.

To promote the business members of the organization through joint advertising projects and public exposure of these businesses to the community.

To assure consumers of courteous service by its business members.

To increase the minority gross product and to decrease minority unemployment through increased business in its community.

To become a vehicle for unity among the entire minority community.

A. FUND ACCOUNTING

The accounts of Economic Freedom Movement Association, Inc., are organized in one fund. The operations of the fund are accounted for by self-balancing accounts that comprise its assets, liabilities, net assets, support and revenue, and expenses.

B. BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting, in conformity with generally accepted accounting principles (GAAP). Basis of accounting refers to when support and revenue, and expenses are recognized in the accounts and reported in the financial statements. Economic Freedom Movement Association uses the following practices in recording support and revenue, and expenses in the fund:

Membership dues and events revenue are recorded when received, which approximates when measurable and available.

Grant funds are externally restricted funds and may only be utilized in accordance with the purpose established by the account of such funds. These funds are recognized when received from the awarding agency.

Expenses are recognized when incurred or obligated.

C. INCOME TAXES

Economic Freedom Movement Association, Inc. qualifies as a tax-exempt organization other than a private foundation under Section 501(c)(3) of the Internal Revenue Code and comparable Louisiana law. Accordingly, no provision for income taxes has been made in these financial statements.

D. CASH

Cash includes demand deposits.

E. DEPRECIATION

Office equipment is being depreciated over estimated useful lives which range from 5 to 7 years using the straight-line method of depreciation.

2. DESCRIPTION OF PROGRAMS

During the year ended June 30, 1990, Economic Freedom Movement Association, Inc., received the majority of its funding from state grants. Various restrictions are placed on the use of these funds. The awarding agency and the services to be provided included:

Governor's Office of Urban Affairs and Development - To sponsor business seminars and training, provide referral services for minority businesses, maintain a minority business data base, network with other economic development entities, and sponsor seminars for children.

Urban Restoration Enhancement Corporation - To design and implement "Project H.O.P.E." (Helping Oppressed People Emerge). The major goal of the project is to help oppressed people elevate themselves by providing opportunities that will enhance their self-confidence and self-esteem as they endure the challenges of homelessness.

3. CASH

At June 30, 1986, the organization has cash (collected balance) totaling \$1,493, which is all in interest-bearing demand accounts. The deposits are stated at cost, which approximates market and are fully secured by federal deposit insurance.

4. OFFICE EQUIPMENT

Office equipment is stated at cost. A summary of office equipment and accumulated depreciation at June 30, 1986, is as follows:

Office equipment	\$2,550
Less: Accumulated depreciation	<u>(1,057)</u>
Total office equipment	<u>\$ 1,493</u>

5. RELATED PARTY TRANSACTIONS

During the year ended June 30, 1986, the organization paid a board member \$4,125 for the rental of office space.

6. BOARD OF DIRECTORS

The management of Economic Freedom Movement Association, Inc. is vested in a Board of Directors consisting of eleven members who serve without compensation.

7. CONTINGENCIES

Economic Freedom Movement Association, Inc., received a significant amount of state funding in the form of grants. The disbursement of these funds require compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agency. Any disallowed claims resulting from such audits could be a liability to the organization. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statements.

**Independent Auditor's Report on Internal Control Structure
Based on An Audit of Financial Statements in Accordance
With Government Auditing Standards**

KOSLYN J. ALLEN
Certified Public Accountant
Post Office Box 66-604
Baton Rouge, Louisiana 70806

September 30, 1996

**Independent Auditor's Report on Internal Control Structure
Based on An Audit of Financial Statements In Accordance
With Government Auditing Standards**

**Board of Directors
Economic Freedom Movement Association, Inc.
Baton Rouge, Louisiana**

I have audited the financial statements of Economic Freedom Movement Association, Inc. (a nonprofit organization) for the year ended June 30, 1996, and have issued my report thereon dated September 26, 1996. In my report, my opinion was qualified because of inadequate accounting records supporting membership dues and events revenue.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of Economic Freedom Movement Association, Inc. is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgment by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the internal control structure to future periods is subject to the risk that procedures may have become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

ECONOMIC FREEDOM MOVEMENT ASSOCIATION, INC.
Baton Rouge, Louisiana
Internal Control Report
June 30, 1996

In planning and performing my audit of the financial statements of Economic Freedom Movement Association, Inc. for the year ended June 30, 1996, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data in a manner that is consistent with the assertions of management in the financial statements.

The reportable conditions noted are as follows:

Finding - Insufficient segregation of duties.

Statement of condition - There is insufficient segregation of duties to have effective internal control.

Cause - This condition is due to the size of the accounting staff.

Recommendation - No action is recommended.

Management's response - We concur with the finding.

Finding - Revenue accounting records

Statement of condition - The accounting records did not support membership dues and events revenue of \$20,895. My tests revealed that receipts for membership dues were not always classified by source and the monthly revenue membership logs and transaction reports could not be reconciled to amounts deposited or reported. In addition, fundraising receipts for special events were not supported by receipts or other documentation.

Cause - Management failed to establish internal controls to ensure that the collection of membership dues and events revenue was properly classified by source and deposits reconciled to the accounting records.

Effect - I was unable to determine whether support and revenue from membership dues and special events were complete and accurate.

ECONOMIC FREEDOM MOVEMENT ASSOCIATION, INC.

Nation Plaza, Louisiana

Internal Control Report

June 30, 1996

Recommendation - Management establish internal controls that require all collections of revenue be classified by source and deposits be reconciled to the accounting records to which the collections are recorded.

Management's response - Management has taken the following steps in order to assure that all incoming revenue is accounted for:

1. A special form has been developed to document all incoming revenue (membership, special events, etc.). This form classifies all revenues according to its intended purpose and is attached to the deposit slip along with copies of all supporting documents.
2. Continue to log all incoming membership dues on database. Review printouts of dues received on a monthly basis to assure that all revenues received for membership is accounted for.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the 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.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I noted the following matters involving the internal control structure and its operation that I consider to be a material weakness as defined above.

These conditions were considered in determining the nature, timing, and extent of procedures to be performed in my audit of the financial statements of Economic Freedom Movement Association, Inc. for the year ended June 30, 1996.

The lack of segregation of duties and inadequate accounting records for membership dues and event revenue are material weaknesses.

I also noted other matters involving the internal control structure and its operation that I have communicated to management of Economic Freedom Movement Association, Inc. in a separate letter dated September 30, 1996.

ECONOMIC FREEDOM MOVEMENT ASSOCIATION, INC.

Baton Rouge, Louisiana

Internal Control Report

June 30, 1996

This report is intended for the information of the board of directors, management, the Governor's Office of Urban Affairs and Development, and the Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.



Roslyn J. Allen

Certified Public Accountant

**Independent Auditor's Report on Compliance
Based on An Audit of Financial Statements In Accordance
With Government Auditing Standards**

ROSLYN J. ALLIEN
Certified Public Accountant
Post Office Box 80434
Baton Rouge, Louisiana 70806

September 30, 1996

Independent Auditor's Report on Compliance
Based on An Audit of Financial Statements In Accordance
With Government Auditing Standards

Board of Directors
Economic Freedom Movement Association, Inc.
Baton Rouge, Louisiana

I have audited the financial statements of Economic Freedom Movement Association, Inc. (a nonprofit organization) for the year ended June 30, 1996, and have issued my report thereon dated September 30, 1996. In my report, my opinion was qualified because of inadequate accounting records supporting membership dues and events revenue.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Economic Freedom Movement Association, Inc. is the responsibility of management of the organization. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of the organization's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Economic Freedom Movement Association, Inc.
Baton Rouge, Louisiana
Compliance Report (Consolidated)
June 30, 1996

This report is intended for the information of the board of directors, management, the Governor's Office of Urban Affairs and Development, and the Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.


Robyn J. Allen
Certified Public Accountant

ROSLYN J. ALLEN
Certified Public Accountant
Post Office Box 60494
Baton Rouge, Louisiana 70896

September 30, 1996

Independent Auditor's Comments to Management

Board of Directors
Economic Freedom Movement Association, Inc.
Baton Rouge, Louisiana

In planning and performing my audit of the financial statements of Economic Freedom Movement Association, Inc. (a nonprofit organization) for the year ended June 30, 1996, I considered the organization's internal control structure to plan my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure.

However, during my audit, I noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. I previously reported on the internal control structure in my report dated September 30, 1996. This letter does not affect my report dated September 30, 1996, on the financial statements of Economic Freedom Movement Association, Inc. My comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. I will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or assist you in implementing the recommendations. My comments are summarized as follows:

Bank Cash Account

Mostly bank statements were not reconciled timely and on several occasions resulted in charges being assessed to the organization's account for insufficient funds.

Cash Disbursements

While testing cash disbursements, I noted four instances where payments were made from vendor statements rather than invoices. To reduce the risk of duplicate payment for purchases, payments should only be made from original invoices. Also, for two purchases, the organization was unable to locate supporting invoices or other documentation.

I recommend that management of Economic Freedom Movement Association, Inc. revise its current operating procedures and/or establish procedures which will address all of the internal control procedures noted previously.

I wish to thank Economic Freedom Movement Association's management for their support and assistance during my audit.

This report is intended solely for the information and use of management of Economic Freedom Movement Association, Inc., and others within the organization.


Evelyn J. Miller
Certified Public Accountant