



**ECONOMIC FREEDOM MOVEMENT ASSOCIATION, INC.**  
Baton Rouge, Louisiana

Financial Statements and  
Independent Auditor's Reports  
For the Year Ended June 30, 1997

**CONTENTS**

	<b>Statement</b>	<b>Page No.</b>
<b>Independent Auditor's Report on the Financial Statements</b>		<b>1</b>
<b>Financial Statements:</b>		
<b>Statement of Financial Position</b>	<b>A</b>	<b>2</b>
<b>Statement of Activities</b>	<b>B</b>	<b>3</b>
<b>Statement of Cash Flows</b>	<b>C</b>	<b>4</b>
<b>Notes to the Financial Statements</b>		<b>5</b>
<b>Independent Auditor's Report on Internal Control Structure Based Solely on an Audit of the Financial Statements in Accordance With Government Auditing Standards</b>		<b>6</b>
<b>Independent Auditor's Report on Compliance (Based on an Audit) of Financial Statements in Accordance With Government Auditing Standards</b>		<b>11</b>

September 15, 1997

**Independent Auditor's Report  
on the Financial Statements**

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

We have audited the accompanying statement of financial position of Economic Freedom Movement Association, Inc. (a nonprofit organization) as of June 30, 1997, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our 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 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 audit provides 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 Economic Freedom Movement Association, Inc. at June 30, 1997, and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

We have also issued reports dated September 15, 1997, 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.

*Allen & Davis*

Allen & Davis, LLP  
Certified Public Accountants

**ECONOMIC FREEDOM MOVEMENT ASSOCIATION, INC.**  
Statement of Financial Position, June 30, 1997

<b>ASSETS</b>	
Cash (note 3)	18,091
Security deposits	150
Fixed assets (note 4)	<u>415</u>
<b>TOTAL ASSETS</b>	<u><b>18,656</b></u>
<b>NET ASSETS</b>	
Net assets - Unrestricted	<u>18,656</u>
<b>TOTAL NET ASSETS</b>	<u><b>18,656</b></u>

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, 1987**

**SUPPORT AND REVENUE**

Grant - Governor's Office of Urban Affairs and Development	\$ 81,480
Membership dues and events	10,980
Interest income	18
Others	1,017
Total support and revenue	<u>93,495</u>

**EXPENSES**

Salaries and payroll related items	26,376
Printing	661
Rent	3,090
Telephone & pager service	3,236
Utilities	1,970
Insurance	1,809
Travel and workshops	381
Office expenses and supplies	6,837
Professional services	2,708
Advert agency and promotions	3,000
Dues and subscriptions	3,180
Repairs and maintenance	200
Miscel income	976
Depreciation	481
Louisiana Community Development Capital Fund	15,500
Edgemoor Program	2,031
Total expenses	<u>84,381</u>

**EXCESS OF SUPPORT AND REVENUE OVER EXPENSES** 9,114

**NET ASSETS AT BEGINNING OF YEAR** 501

**NET ASSETS AT END OF YEAR** \$ 9,786

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, 1997**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Excess of support and revenue over expenses	\$ 9,219
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	468
Increase in accounts payable	(1,566)
Increase in payroll related taxes payable	<u>(1,552)</u>
Net cash provided by operating activities	<u>7,569</u>
<b>NET INCREASE IN CASH</b>	<b>7,569</b>
<b>CASH BALANCE AT BEGINNING OF YEAR</b>	<u>1,083</u>
<b>CASH BALANCE AT END OF YEAR</b>	<u>\$ 9,219</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, 1987

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ORGANIZATION**

Economic Freedom Movement Association, Inc. was incorporated on May 15, 1968, as a non-profit corporation. The purpose of the association is:

- To educate and sensitize the black public to 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 continuous of courteous service by its business members.
- To increase the minority goods produced 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 tuition revenue are recorded when received, which approximates when receivable and available.
- Grant funds are externally restricted funds and may only be utilized in accordance with the purpose established by the sources 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 under the Internal Revenue Code and complies with 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.

**1. DESCRIPTION OF PROGRAM**

During the year ended June 30, 1997, Economic Freedom Movement Association, Inc., received the majority of its funding from a state grant. Various restrictions are placed on the use of these funds. The resulting 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 businessmen, maintain minority business data base, sponsor program for children, and network with other economic development entities.

**2. CASH**

At June 30, 1997, the organization has cash (collected business) totaling \$8,000, which is all in a non-interest-bearing demand account. The deposits are stated at cost, which approximates market and are fully secured by federal deposit insurance.

**4. FIXED ASSETS**

Office equipment is stated at cost. A summary of office equipment and accumulated depreciation at June 30, 1997, is as follows:

Office equipment	\$ 2,550
Less: Accumulated depreciation	<u>2,100</u>
Total office equipment	<u>\$ 450</u>

**5. RELATED PARTY TRANSACTIONS**

During the year ended June 30, 1997, the organization paid to board member \$4,500 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 a grant. The disbursement of these funds require compliance with terms and conditions specified in the grant agreement 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.

## **8. SUBGRANT AGREEMENT**

During the year ended June 30, 1999, Economic Freedom Movement Association, Inc. enter into a contract with the Louisiana Community Development Capital Fund, Inc., a non-profit organization whose purpose is to provide economic assistance and social services to minority and other economically disadvantaged businesses in Louisiana. The organization awarded funds totaling \$33,500 to Louisiana Community Development Capital Fund.

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

September 15, 1997

**Independent Auditor's Report on Internal Control Structure  
Based on the Basis of the General Purpose Financial Statements**

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

We have audited the general purpose financial statements of Economic Freedom Movement Association, Inc. in separate organizations for the year ended June 30, 1997, and have issued our report thereon dated September 15, 1997.

We conducted our 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 we 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, reliance 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, possession of any evaluation of the structure in future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of Economic Freedom Movement Association, Inc. for the year ended June 30, 1997, we obtained an understanding of the internal control structure. With regard to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a 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. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information and use 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.



Allen & Davis, LLP  
Certified Public Accountants

September 18, 1997

**Independent Auditor's Report on Compliance  
Based on An Audit of Financial Statements in Accordance  
With Law-Governance Auditing Standards**

September 15, 1997

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

We have audited the financial statements of Economic Freedom Movement Association, Inc. (a nonprofit organization) for the year ended June 30, 1997, and have issued our report thereon dated September 15, 1997.

We conducted our 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 we 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, we performed tests of the organization's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

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

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

*Allen & Davis*

Allen & Davis, LLP  
Certified Public Accountants