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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, 1999**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-19-2000

Allen & Davis, LLP
Certified Public Accountants

ECONOMIC FREEDOM MOVEMENT ASSOCIATION, INC.

Baton Rouge, Louisiana

Financial Statements and
Independent Auditor's Reports
For the Year Ended June 30, 1999

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Independent Auditor's Report
on the Financial Statements

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

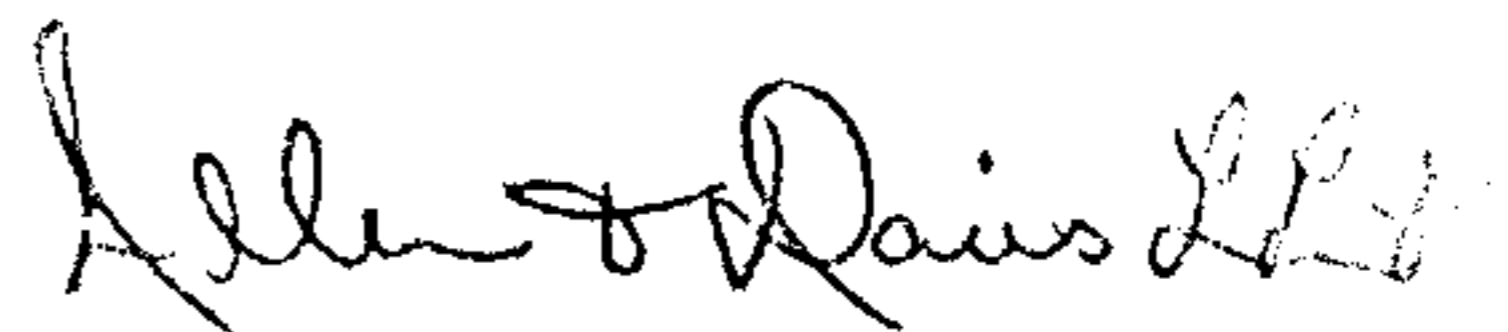
We have audited the accompanying statement of financial position of **Economic Freedom Movement Association, Inc.** (a nonprofit organization) as of June 30, 1999, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of management. 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 the standards applicable to financial audits contained in *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.** as of June 30, 1999, and the changes in its net assets and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 1999, on our consideration of **Economic Freedom Movement Association, Inc.** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

September 17, 1999



Allen & Davis, LLP
Certified Public Accountants

ECONOMIC FREEDOM MOVEMENT ASSOCIATION, INC.
Statement of Financial Position, June 30, 1999

ASSETS

Cash (note 2)	\$ 17,239
Security deposits	250
Fixed assets (note 3)	<u>9,567</u>

TOTAL ASSETS \$ 27,056

NET ASSETS

Net assets - Unrestricted	<u>\$ 27,056</u>
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TOTAL NET ASSETS \$ 27,056

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, 1999****SUPPORT AND REVENUE**

Governor's Office of Urban Affairs and Development	\$ 140,000
Community Development Block Grant Program	18,811
Membership dues and events	9,290
Interest income	599
Total support and revenue	<u>168,700</u>

EXPENSES

Salaries and payroll related taxes	98,913
Postage	848
Rent	5,575
Telephone & pager service	4,638
Utilities	2,182
Insurance	1,012
Printing	2,592
Banquet and workshops	6,126
Office expenses and supplies	4,038
Professional services	2,645
Advertisement and promotions	2,450
Dues and subscriptions	580
Repairs and maintenance	802
Miscellaneous	4,103
Travel	100
Depreciation	1,792
Kidpreneur Program	25,964
Total expenses	<u>164,360</u>

EXCESS OF SUPPORT AND REVENUE OVER EXPENSES 4,340

NET ASSETS AT BEGINNING OF PERIOD 22,716

NET ASSETS AT END OF YEAR \$ 27,056

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, 1999

CASH FLOWS FROM OPERATING ACTIVITIES:

Excess of support and revenue over expenses	\$ 4,340
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	1,792
Restatement of prior year accounts receivable	(100)
Restatement of prior year expenditures	1,190
Net cash provided by operating activities	<u>7,222</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of equipment	<u>(230)</u>
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NET INCREASE IN CASH

6,992

CASH BALANCE AT BEGINNING OF YEAR

10,247

CASH BALANCE AT END OF YEAR

\$ 17,239

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, 1999

1. 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 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 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 sources of such funds. These funds are recognized when received from the awarding agency.

Expenses are recognized when incurred or obligated.

ECONOMIC FREEDOM MOVEMENT ASSOCIATION, INC.

Notes to the financial Statements
For the Year Ended June 30, 1999

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 PROGRAM

During the year ended June 30, 1999, 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 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 minority business data base, sponsor program for children, and network with other economic development entities.

3. CASH

At June 30, 1999, the organization has cash (collected balance) totaling \$23,604, which are in interest and noninterest-bearing demand accounts. 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, 1999, is as follows:

Office equipment	\$ 15,043
Less: Accumulated depreciation	<u>5,476</u>
Total office equipment	<u>\$ 9,567</u>

ECONOMIC FREEDOM MOVEMENT ASSOCIATION, INC.

Notes to the financial Statements
For the Year Ended June 30, 1999

5. RELATED PARTY TRANSACTIONS

During the year ended June 30, 1999, the organization paid a board member \$5,075 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. PRIOR-YEAR RESTATEMENT OF NET ASSETS

The following adjustments were made to restate beginning net assets for July 1, 1998, to recognize the failure to record prior year expenditures and accounts receivable in the financial statements:

Net Assets at July 1, 1998, Previously Reported	\$ 21,626
Prior-year accounts receivable	1,190
Prior-year expenditures	<u>(100)</u>
Net Assets at July 1, 1998, As Restated	<u>\$ 22,716</u>

**Independent Auditor's Report on Compliance and on Internal Control
Over Financial Reporting Based on an Audit of Financial Statements Performed
In Accordance With *Government Auditing Standards***

Independent Auditor's Report on Compliance and on Internal Control
Over Financial Reporting Based on an Audit of Financial Statements Performed
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) as of and for the year ended June 30, 1999, and have issued our report thereon dated September 17, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether **Economic Freedom Movement Association's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **Economic Freedom Movement Association's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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 over financial reporting and its operation that we consider to be material weaknesses.

ECONOMIC FREEDOM MOVEMENT ASSOCIATION, INC.
Report on Compliance and Internal Control
June 30, 1999

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.

September 17, 1999



Allen & Davis, LLP
Certified Public Accountants