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ECONOMIC FREEDOM MOVEMENT
ASSOCIATION, INC.
BATON ROUGE, LOUISIANA

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED JUNE 30, 2004

Under provisions of state law, this report is public documents. A copy of this report has been submitted to the entity and other appropriate public officials. The reports are 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: 10/08/04

Rodys J. Allen
Certified Public Accountant

ECONOMIC FREEDOM MOVEMENT ASSOCIATION, INC.

Baton Rouge, Louisiana

**Financial Statements and
Independent Auditor's Report
For the Year Ended June 30, 2004**

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Independent Auditor's Report on the Financial Statements

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, 2004, and the related statement 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.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America 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 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 accounts 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.

In my 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, 2004, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the organization will continue as a going concern. As discussed in Note 7 to the financial statements, the organization has less more than ninety per cent percent of its funding which raise substantial doubt about its ability to continue as a going concern. Management's plan in regard to this matter is also described in Note 7. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, I have also issued my report dated October 8, 2004, on my consideration of Economic Freedom Movement Association, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.


Roslyn J. Allen
Certified Public Accountant

October 8, 2004

ECONOMIC FREEDOM MOVEMENT ASSOCIATION, INC.
Statement of Financial Position, June 30, 2004

ASSETS	
Cash (note 3)	\$3,458
Fixed assets (note 4)	<u>1,604</u>
TOTAL ASSETS	<u>\$5,062</u>
LIABILITIES AND NET ASSETS	
Current Liabilities:	
Accounts payable	\$1,508
Payroll and related benefits payable	<u>2,792</u>
NET ASSETS	
Net assets - Unrestricted	<u>3,170</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$5,062</u>

The accompanying notes are an integral part of this statement.

ECONOMIC FREEDOM MOVEMENT ASSOCIATION, INC.
Statement of Financial Activities
For The Year Ended June 30, 2004

SUPPORT AND REVENUE

Governor's Office of Urban Affairs and Development	\$ 125,000
Membership dues	8,975
Interest income	<u>242</u>
Total support and revenue	<u>134,217</u>

EXPENSES

Salaries, benefits and payroll related taxes	83,789
Contractual services	16,875
Supplies	4,683
Rent	3,179
Telephone and pager services	3,160
Travel	3,144
Utilities	3,362
Receipts and workshops	1,361
Postage	1,187
Insurance	2,158
Dues and subscriptions	367
Website services	828
Repairs and maintenance	2,853
Other operating services	382
Homeless assistance	<u>3,783</u>
Total expenses	<u>142,949</u>

EXCESS OF EXPENDITURES OVER REVENUES (8,734)

NET ASSETS AT BEGINNING OF PERIOD 12,895

NET ASSETS AT END OF YEAR \$ 3,171

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, 1994

CASH FLOWS FROM OPERATING ACTIVITIES:

Excess of expenses over support and revenues	\$ (8,724)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Decrease in accounts payable	(15,216)
Increase in payroll and related benefits payable	2,792
Decrease in grants receivable	<u>10,000</u>
Net cash provided by operating activities	(12,518)
NET DECREASE IN CASH	(12,518)
CASH BALANCE AT BEGINNING OF YEAR	<u>15,017</u>
CASH BALANCE AT END OF YEAR	<u>\$ 2,499</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, 2004

1. REPORTING ORGANIZATION AND 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 of 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 consistent 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 funds. The operations of the funds 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, 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.

Economic Freedom Movement Association
Notes to the Financial statements
Year Ended June 30, 2004

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 Section 501(c)(6) of the Internal Revenue Code and comparable Louisiana law. Accordingly, no provision for income taxes has been made in these financial statements.

b. CASH

Cash includes demand deposits.

e. DEPRECIATION

Office equipment is being depreciated over estimated useful lives which range from 3 to 7 years using the straight-line method of depreciation. All equipment is fully depreciated.

1. DESCRIPTION OF PROGRAM

During the year ended June 30, 2004, 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 programs for children, and network with other economic development entities.

1. CASH

At June 30, 2004, the organization has cash (collected balances) totaling \$1,499, which are in interest-bearing demand accounts. The deposits are stated at cost, which approximates market and are fully secured by federal deposit insurance.

Economic Freedom Movement Association
Notes to the Financial statements
Year Ended June 30, 2004

4. FIXED ASSETS

Office equipment is stated at cost. A summary of office equipment and accumulated depreciation at June 30, 2004, is as follows:

Office equipment	\$16,553
Less: Accumulated depreciation	(12,929)
Total office equipment	<u>\$ 3,624</u>

5. RELATED PARTY TRANSACTIONS

During the year ended June 30, 2004, the organization paid a board member \$2,000 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 nine 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 requires compliance with terms and conditions specified in the grant agreement and are 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.

The organization received more than ninety per cent of its funding from a state grant obtained from the Governor's Office of Urban Affairs and Development. As of the date of this report, the organization has not received grant approval for the upcoming 2004-2005 fiscal year. Without additional funding other than that received from members, there is substantial doubt that the organization can continue as a going concern. Management's plan to resolve this matter is currently to obtain additional funding through Legislative grants and non-profit organizations as well as to reduce administrative expenses until additional funding can be obtained.

**Report on Compliance and on Internal Control Over Financial Reporting
Based on An Audit of Financial Statements Performed in Accordance
With Government Auditing Standards**

**Report on Compliance and an 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

I have audited the financial statements of the Economic Freedom Movement Association, Inc. (a nonprofit organization), as of and for the year ended June 30, 2004, and have issued my report thereon dated October 8, 2004. I conducted my 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, Inc.' financial statements are free of material misstatement, I 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 my audit, and 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*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Economic Freedom Movement Association's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My 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. I noted no matters involving the internal control over financial reporting and its operation that I consider material weaknesses.

Economic Freedom Movement Association
Report on Compliance and Internal Control Over Financial Reporting
In Accordance With Government Auditing Standards
Year Ended June 30, 2004

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.



Rostyn J. Allen
Certified Public Accountant

October 8, 2004