

Asian Media Access, Inc.
Minneapolis, Minnesota

Financial Statements
Auditors' Report
For the Years Ended
June 30, 2004 and 2003

Carpenter Evert
Certified Public Accountants

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CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
EXHIBIT A: Statements of Activities and Changes in Net Assets – For the Years Ended June 30, 2004 and 2003.....	2
EXHIBIT B: Statement of Functional Expense – For the Year Ended June 30, 2004 with Comparative Totals for 2003	3
EXHIBIT C: Statement of Functional Expense – For the Year Ended June 30, 2003	4
EXHIBIT D: Statements of Financial Position – June 30, 2004 and 2003	5
EXHIBIT E: Statements of Cash Flows – For the Years Ended June 30, 2004 and the 2003.....	6
NOTES TO FINANCIAL STATEMENTS	7-11

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Independent Auditors' Report

Board of Directors
Asian Media Access, Inc.
Minneapolis, Minnesota

We have audited the accompanying statements of financial position of Asian Media Access, Inc. as of June 30, 2004 and 2003, and the related statements of activities and changes in net assets, functional expense and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Asian Media Access, Inc. as of June 30, 2004 and 2003, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Carpenter, Evert & Associates, Ltd.
Certified Public Accountants

Minneapolis, Minnesota
December 8, 2004

EXHIBIT B

ASIAN MEDIA ACCESS, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2004
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2003

	2004										2003	
	Program Services					Support Services					Total	Total
	Media Production	Media Education	Movie Exhibition	Program Services	Management & General	Fund-raising	Support Services	Total All Services	Total All Services	Total All Services		
Salaries	\$ 69,162	\$ 46,790	\$ 15,663	\$ 131,615	\$ 25,026	\$ 14,991	\$ 40,017	\$ 171,632	\$ 223,418			
Payroll Taxes	5,569	3,767	1,261	10,597	2,015	1,207	3,222	13,819	17,587			
Employee Benefits	2,860	1,935	648	5,443	1,035	619	1,654	7,097	9,246			
Total Personnel Costs	77,591	52,492	17,572	147,655	28,076	16,817	44,893	192,548	250,251			
Contract Services	57,299	1,750	-	59,049	19,400	-	19,400	78,449	37,316			
Occupancy	8,949	6,054	2,027	17,030	3,238	1,940	5,178	22,208	20,400			
Movies & Production	6,550	-	5,306	11,856	-	-	-	11,856	37,881			
Printing & Reproduction	2,958	2,001	670	5,629	1,070	641	1,711	7,340	7,028			
Supplies	2,699	1,826	611	5,136	977	585	1,562	6,698	5,797			
Professional Fees	1,172	-	-	1,172	4,626	-	4,626	5,798	6,509			
Travel	1,880	1,272	426	3,578	680	407	1,087	4,665	5,410			
Postage & Mailing Costs	971	657	220	1,848	351	210	561	2,409	3,647			
Insurance	900	609	204	1,713	326	195	521	2,234	2,132			
Telephone	750	507	170	1,427	271	162	433	1,860	2,093			
Other Expense	375	253	85	713	136	81	217	930	664			
Meetings & Conferences	343	232	78	653	124	74	198	851	775			
Dues & Subscriptions	297	201	67	565	108	64	172	737	643			
Equipment Rental & Maintenance	81	55	18	154	29	17	46	200	1,248			
Promotion & Advertising	9	6	2	17	3	2	5	22	1,772			
Depreciation	3,205	2,168	726	6,099	1,160	693	1,853	7,952	9,148			
Total Expense	\$ 166,029	\$ 70,083	\$ 28,182	\$ 264,294	\$ 60,575	\$ 21,888	\$ 82,463	\$ 346,757	\$ 392,714			

The accompanying Notes to Financial Statements are an integral part of this statement.

ASIAN MEDIA ACCESS, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2003

	Program Services				Support Services			Total All Services
	Media Production	Media Education	Movie Exhibition	Program Services	Management & General	Fund-raising	Support Services	
Salaries	\$ 98,304	\$ 29,044	\$ 37,981	\$ 165,329	\$ 35,747	\$ 22,342	\$ 58,089	\$ 223,418
Payroll Taxes	7,738	2,286	2,990	13,014	2,814	1,759	4,573	17,587
Employee Benefits	4,068	1,202	1,572	6,842	1,479	925	2,404	9,246
Total Personnel Costs	110,110	32,532	42,543	185,185	40,040	25,026	65,066	250,251
Contract Services	28,930	8,161	225	37,316	-	-	-	37,316
Occupancy	8,976	2,652	3,468	15,096	3,264	2,040	5,304	20,400
Movies & Production	5,300	-	32,581	37,881	-	-	-	37,881
Printing & Reproduction	3,092	914	1,195	5,201	1,124	703	1,827	7,028
Supplies	2,551	754	985	4,290	928	579	1,507	5,797
Professional Fees	-	-	438	438	6,071	-	6,071	6,509
Travel	2,380	703	920	4,003	866	541	1,407	5,410
Postage & Mailing Costs	1,605	474	620	2,699	583	365	948	3,647
Insurance	938	277	363	1,578	341	213	554	2,132
Telephone	921	272	356	1,549	335	209	544	2,093
Other Expense	293	86	113	492	106	66	172	664
Meetings & Conferences	341	101	132	574	124	77	201	775
Dues & Subscriptions	283	84	109	476	103	64	167	643
Equipment Rental & Maintenance	549	162	212	923	200	125	325	1,248
Promotion & Advertising	780	230	301	1,311	284	177	461	1,772
Depreciation	4,025	1,189	1,555	6,769	1,464	915	2,379	9,148
Total Expense	\$ 171,074	\$ 48,591	\$ 86,116	\$ 305,781	\$ 55,833	\$ 31,100	\$ 86,933	\$ 392,714

The accompanying Notes to Financial Statements are an integral part of this statement.

ASIAN MEDIA ACCESS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2004 AND 2003

<u>ASSETS</u>	<u>2004</u>	<u>2003</u>
Current Assets:		
Cash	\$ 109,425	\$ 31,434
Grants Receivable	4,922	37,500
Accounts Receivable	86,453	86,675
Prepaid Expenses	3,117	53,382
Other Assets	101	101
Total Current Assets	204,018	209,092
Cash Held for Capital Expansion	60,000	60,000
Property and Equipment - Net	5,398	13,350
TOTAL ASSETS	\$ 269,416	\$ 282,442
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 7,236	\$ 13,237
Accrued Salaries & Vacation	16,582	14,251
Funds Held for Others	15,998	31,376
Total Current Liabilities	39,816	58,864
Net Assets:		
Unrestricted:		
Board Designated	60,000	60,000
Undesignated	142,695	158,578
Total Unrestricted	202,695	218,578
Temporarily Restricted	26,905	5,000
Total Net Assets	229,600	223,578
TOTAL LIABILITIES AND NET ASSETS	\$ 269,416	\$ 282,442

The accompanying Notes to Financial Statements
are an integral part of these statements.

ASIAN MEDIA ACCESS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

<u>Increase (Decrease) in Cash</u>	<u>2004</u>	<u>2003</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 6,022	\$ (33,287)
Total Adjustments	<u>71,969</u>	<u>12,196</u>
Net Cash Provided (Used) by Operating Activities	<u>77,991</u>	<u>(21,091)</u>
Cash Flows from Investing Activities:		
Purchase of Equipment	-	(1,298)
Cash Flows from Financing Activities:		
None	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash	77,991	(22,389)
Cash - Beginning of Period	<u>31,434</u>	<u>53,823</u>
Cash - End of Period	<u>\$ 109,425</u>	<u>\$ 31,434</u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

ASIAN MEDIA ACCESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

1. Summary of Significant Accounting Policies

Organizational Purpose

To Connect the Disconnected: to challenge the traditional isolation of Asian American communities by helping Asian Americans realize that the media can be an effective and important tool for communication and education in addition to promoting Asian art and culture.

The Organization's programs are as follows:

Media Education – Teaches Asian Americans how to use the media effectively, creates publicity for events, and performs community outreach and intervention counseling. Emphasis is on youth media education.

Media Production – Produces cablecast venue focusing on issues of interest to an Asian American audience. Topics of interest include: parenting, Hepatitis B prevention, gang issues, and bicultural issues.

Movie Exhibition – Uses film as a tool for promoting inter-ethnic communication among local Asian American populations and promoting Asian art and culture.

Fund Accounting

In order to observe the limitation and restrictions placed on resources available to Asian Media Access, Inc., the accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources are classified for accounting and reporting purposes into net asset groupings established according to their nature and restrictions. A description of the groupings is as follows:

Unrestricted Net Assets – Net assets which are neither permanently nor temporarily restricted by donor-imposed stipulations. These net assets include both board designated and undesignated amounts. Property and equipment is reported as unrestricted net assets.

Temporarily Restricted Net Assets – The part of net assets of the Organization resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions pursuant to those stipulations.

ASIAN MEDIA ACCESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

1. Summary of Significant Accounting Policies (continued)

Allowance for Doubtful Accounts

No allowance for doubtful accounts has been provided as grants and accounts receivable are considered collectable.

Property and Equipment

All major expenditures for property and equipment are capitalized at cost. Depreciation is provided through the use of the straight-line method.

Contributions

Contributions are recorded when received and recognized as support in the period received. If donor-imposed restrictions accompany the contribution, the amount is recorded as temporarily or permanently restricted until the donor-imposed restrictions expire or are fulfilled. Temporarily restricted net assets are reclassified to unrestricted in the period donor-imposed restrictions expire or are fulfilled, and are reported in the Statements of Activities under the Support and Revenue Category – Net Assets Released from Restrictions.

Promises-To-Give

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

Government Grants and Contracts

Government grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Funds received but not yet earned are shown as refundable advances. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, Asian Media Access, Inc. will record such disallowance at the time the final assessment is made.

Functional Allocation of Expense

Salaries and related expenses are allocated based on job descriptions and the best estimates of management. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting service are allocated based on the best estimates of management.

ASIAN MEDIA ACCESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

1. Summary of Significant Accounting Policies (continued)

Income Tax

The Organization has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute 290.05. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible.

Risks and Uncertainties

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions can affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

Reclassifications

Certain amounts in prior year comparative totals have been reclassified to conform with the presentation in the current year financial statements.

2. Financial Instruments

Significant Concentrations of Credit Risk

Asian Media Access, Inc. provides services within the Twin Cities area. The amounts due for services provided are from individuals, or their third-party payors, substantially all of which are local residents. In addition, grants receivable are from local governments or institutions.

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

At June 30, 2004, the Organization held funds at a local institution in excess of federally insured limits.

3. Major Sources of Support and Revenue

Major sources of support and revenue were as follows as of:

	<u>June 30,</u>	
	<u>2004</u>	<u>2003</u>
Minnesota Department of Human Services	\$ 56,860	\$ 55,000
Minnesota Department of Health	47,000	116,545
	<u>\$ 103,860</u>	<u>\$ 171,545</u>

ASIAN MEDIA ACCESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

4. Property and Equipment

The Organization owns the following as of:

	<u>June 30,</u>		<u>Estimated Useful Lives</u>
	<u>2004</u>	<u>2003</u>	
Furniture and Equipment	\$ 54,882	\$ 54,882	3-5 years
Less Accumulated Depreciation	49,484	41,532	
	<u>\$ 5,398</u>	<u>\$ 13,350</u>	

Depreciation expense of \$7,952 and \$9,148 was recorded for the years ended June 30, 2004 and 2003, respectively.

5. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of amounts for the following as of:

	<u>June 30,</u>	
	<u>2004</u>	<u>2003</u>
What About Us	\$ 23,905	\$ -
Understanding Your Rights	3,000	-
School Arts Fund	-	5,000
	<u>\$ 26,905</u>	<u>\$ 5,000</u>

6. In-kind Contributions

Asian Media Access, Inc. records in-kind contributions at fair market value at date of donation. In-kind contributions include the following as of:

	<u>June 30,</u>	
	<u>2004</u>	<u>2003</u>
Occupancy	\$ 21,600	\$ 20,400
Movies and Production	6,500	10,700
Supplies	3,395	1,200
Printing & Reproduction	2,400	2,400
	<u>\$ 33,895</u>	<u>\$ 34,700</u>

ASIAN MEDIA ACCESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

7. Unrestricted Net Assets Appropriation

The Board of Directors has made the following appropriation of unrestricted net assets for the years ended June 30, 2004 and 2003:

For Capital Expansion:	
Production Studio	\$ 44,583
Movie Theater	<u>15,417</u>
	<u>\$ 60,000</u>

8. Subsequent Event

In November 2004, Asian Media Access, Inc. signed a purchase agreement for a building with \$10,000 down on a total of \$161,027. Financing for this building has not been finalized.

9. Cash Flow Operating Adjustments

Adjustments to reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities are as follows:

	<u>June 30,</u>	
	<u>2004</u>	<u>2003</u>
Depreciation	\$ 7,952	\$ 9,148
Grants Receivable	-	25,000
Cash Held for Capital Expansion	-	50,877
Increases (Decreases) in Current Liabilities:		
Accounts Payable	(6,001)	(1,644)
Accrued Salaries and Vacation	2,331	3,182
Funds Held for Others	(15,378)	10,680
Decreases (Increases) in Current Assets:		
Grants Receivable	37,500	800
Accounts Receivable	(4,700)	(35,312)
Prepaid Expenses	<u>50,265</u>	<u>(50,535)</u>
Total Adjustments	<u>\$ 71,969</u>	<u>\$ 12,196</u>