

Asian Media Access, Inc.
Minneapolis, Minnesota

Financial Statements
Auditors' Report
For the Years Ended
June 30, 2005 and 2004

Carpenter Evert
Certified Public Accountants

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Carpenter Evert

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, 2005 and 2004, 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, 2005 and 2004, 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
January 25, 2006

EXHIBIT A

ASIAN MEDIA ACCESS, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

	2005		2004	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
Support and Revenue:				
Contributions (Including In-kind Contributions of \$19,700 in 2005 and \$33,895 in 2004)	\$ 67,400	\$ 125,871	\$ 70,250	\$ 58,000
Governmental Grants	144,384	-	217,780	-
Movie and Program Service Fees	1,863	-	5,702	-
Other Income	1,216	-	1,047	-
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	94,069	(94,069)	36,095	(36,095)
Total Support and Revenue	<u>308,932</u>	<u>31,802</u>	<u>330,874</u>	<u>21,905</u>
Expense:				
Program Services:				
Media Production	126,781	-	166,029	-
Media Education	57,971	-	70,083	-
Movie Exhibition	36,205	-	28,182	-
Virtual Media	14,280	-	-	-
Total Program Services	<u>235,237</u>	<u>-</u>	<u>264,294</u>	<u>-</u>
Support Services:				
Management and General Fundraising	43,375	-	60,575	-
	34,494	-	21,888	-
Total Support Services	<u>77,869</u>	<u>-</u>	<u>82,463</u>	<u>-</u>
Total Expense	<u>313,106</u>	<u>-</u>	<u>346,757</u>	<u>-</u>
Change in Net Assets	(4,174)	31,802	(15,883)	21,905
Net Assets - Beginning of Year	202,695	26,905	218,578	5,000
Net Assets - End of Year	<u>\$ 198,521</u>	<u>\$ 58,707</u>	<u>\$ 202,695</u>	<u>\$ 26,905</u>
				<u>\$ 229,600</u>

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

EXHIBIT B

ASIAN MEDIA ACCESS, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2005
WITH COMPARATIVE TOTALS FOR 2004

	2005						2004		
	Program Services			Support Services			Total All Services	Total All Services	Total All Services
	Media Production	Media Education	Movie Exhibition	Virtual Media	Program Services	Management & General	Fund-raising	Support Services	Total All Services
Salaries	\$ 52,168	\$ 38,146	\$ 15,953	\$ 9,645	\$ 115,912	\$ 26,373	\$ 17,548	\$ 43,921	\$ 159,833
Payroll Taxes	4,334	3,169	1,325	801	9,629	2,141	1,458	3,599	13,228
Employee Benefits	1,856	1,357	568	343	4,124	917	624	1,541	5,665
Total Personnel Costs	58,358	42,672	17,846	10,789	129,665	29,431	19,630	49,061	178,726
Contract Services	43,240	1,491	300	-	45,031	400	-	400	45,431
Occupancy	7,382	5,398	2,258	1,365	16,403	3,647	2,483	6,130	22,533
Movies & Production	6,300	-	12,285	-	18,585	-	-	-	18,585
Professional Fees	-	-	-	-	-	4,217	8,512	12,729	12,729
Travel	1,570	1,148	480	290	3,488	776	528	1,304	4,792
Bad Debt Expense	1,203	880	368	222	2,673	594	405	999	3,672
Insurance	1,061	775	324	196	2,356	524	357	881	3,237
Printing & Reproduction	991	725	303	183	2,202	490	333	823	3,025
Other Expense	984	720	301	182	2,187	486	331	817	3,004
Interest Expense	975	713	298	180	2,166	481	328	809	2,975
Telephone	832	608	254	154	1,848	411	280	691	2,539
Supplies	556	407	170	103	1,236	274	187	461	1,697
Meetings & Conferences	524	383	160	97	1,164	259	176	435	1,599
Postage & Mailing Costs	285	208	87	53	633	140	96	236	869
Dues & Subscriptions	190	139	58	35	422	94	64	158	580
Depreciation	2,330	1,704	713	431	5,178	1,151	784	1,935	7,113
Total Expense	\$ 126,781	\$ 57,971	\$ 36,205	\$ 14,280	\$ 235,237	\$ 43,375	\$ 34,494	\$ 77,869	\$ 313,106
									\$ 346,757

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, 2004

	Program Services				Support Services			Total All Services
	Media Production	Media Education	Movie Exhibition	Program Services	Management & General	Fund- raising	Support Services	
Salaries	\$ 69,162	\$ 46,790	\$ 15,663	\$ 131,615	\$ 25,026	\$ 14,991	\$ 40,017	\$ 171,632
Payroll Taxes	5,569	3,767	1,261	10,597	2,015	1,207	3,222	13,819
Employee Benefits	2,860	1,935	648	5,443	1,035	619	1,654	7,097
Total Personnel Costs	77,591	52,492	17,572	147,655	28,076	16,817	44,893	192,548
Contract Services	57,299	1,750	-	59,049	19,400	-	19,400	78,449
Occupancy	8,949	6,054	2,027	17,030	3,238	1,940	5,178	22,208
Movies & Production	6,550	-	5,306	11,856	-	-	-	11,856
Professional Fees	1,172	-	-	1,172	4,626	-	4,626	5,798
Travel	1,880	1,272	426	3,578	680	407	1,087	4,665
Insurance	900	609	204	1,713	326	195	521	2,234
Printing & Reproduction	2,958	2,001	670	5,629	1,070	641	1,711	7,340
Other Expense	465	314	105	884	168	100	268	1,152
Telephone	750	507	170	1,427	271	162	433	1,860
Supplies	2,699	1,826	611	5,136	977	585	1,562	6,698
Meetings & Conferences	343	232	78	653	124	74	198	851
Postage & Mailing Costs	971	657	220	1,848	351	210	561	2,409
Dues & Subscriptions	297	201	67	565	108	64	172	737
Depreciation	3,205	2,168	726	6,099	1,160	693	1,853	7,952
Total Expense	\$ 166,029	\$ 70,083	\$ 28,182	\$ 264,294	\$ 60,575	\$ 21,888	\$ 82,463	\$ 346,757

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

ASIAN MEDIA ACCESS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 186,119	\$ 109,425
Accounts Receivable	42,093	91,375
Prepaid Expenses	4,831	3,117
Other Assets	101	101
Total Current Assets	<u>233,144</u>	<u>204,018</u>
Cash Held for Capital Expansion	60,000	60,000
Property and Equipment - Net	<u>158,285</u>	<u>5,398</u>
 TOTAL ASSETS	 <u>\$ 451,429</u>	 <u>\$ 269,416</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Notes Payable	\$ 168,512	\$ -
Accounts Payable	9,972	7,236
Accrued Salaries and Vacation	13,479	16,582
Funds Held for Others	1,395	15,998
Interest Payable	843	-
Total Current Liabilities	<u>194,201</u>	<u>39,816</u>
Net Assets:		
Unrestricted:		
Board Designated	60,000	60,000
Undesignated	138,521	142,695
Total Unrestricted	<u>198,521</u>	<u>202,695</u>
Temporarily Restricted	<u>58,707</u>	<u>26,905</u>
Total Net Assets	<u>257,228</u>	<u>229,600</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 451,429</u>	 <u>\$ 269,416</u>

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, 2005 AND 2004

<u>Increase (Decrease) in Cash</u>	<u>2005</u>	<u>2004</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 27,628	\$ 6,022
Total Adjustments	<u>40,554</u>	<u>71,969</u>
Net Cash Provided by Operating Activities	68,182	77,991
Cash Flows from Investing Activities:		
Purchase of Property and Equipment	(160,000)	-
Cash Flows from Financing Activities:		
Proceeds from Issuance of Notes Payable	268,512	-
Principal Payments on Notes Payable	<u>(100,000)</u>	<u>-</u>
Net Cash Provided by Financing Activities	168,512	-
Net Increase in Cash	76,694	77,991
Cash - Beginning of Period	<u>109,425</u>	<u>31,434</u>
Cash - End of Period	<u>\$ 186,119</u>	<u>\$ 109,425</u>
 <u>Supplemental Disclosure of Cash Flow Information</u>		
	<u>2005</u>	<u>2004</u>
Cash Paid For:		
Interest	<u>\$ 2,132</u>	<u>\$ -</u>

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

ASIAN MEDIA ACCESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004

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 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.

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.

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

Virtual Media – Encourages and assists the Asian Pacific American communities' successful emergence as a strong virtual community.

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, 2005 AND 2004

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, 2005 AND 2004

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, 2005 and 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>2005</u>	<u>2004</u>
Minnesota Department of Human Services	\$ 53,638	\$ 56,860
Women's Foundation	50,000	-
Minnesota Department of Health	-	47,000

ASIAN MEDIA ACCESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004

4. Property and Equipment

The Organization owned the following as of:

	<u>June 30,</u>		<u>Estimated Useful Lives</u>
	<u>2005</u>	<u>2004</u>	
Building	\$ 123,000	\$ -	30 years
Land	37,000	-	
Furniture and Equipment	<u>54,882</u>	<u>54,882</u>	3-5 years
	214,882	54,882	
Less Accumulated Depreciation	<u>56,597</u>	<u>49,484</u>	
	<u>\$ 158,285</u>	<u>\$ 5,398</u>	

Depreciation expense of \$7,113 and \$7,952 was recorded for the years ended June 30, 2005 and 2004, respectively.

5. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of amounts for the following purposes as of:

	<u>June 30,</u>	
	<u>2005</u>	<u>2004</u>
General Operations – 2006	\$ 20,000	\$ -
Community Clinic Development	10,938	-
What About Us	10,935	23,905
Hmong Financial Literacy	6,265	-
East Meets West	6,000	-
Multi Media Arts Center Workshop	4,000	-
Capital Campaign	569	-
Understanding Your Rights	-	3,000
	<u>\$ 58,707</u>	<u>\$ 26,905</u>

6. In-kind Contributions

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

	<u>June 30,</u>	
	<u>2005</u>	<u>2004</u>
Occupancy	\$ 10,800	\$ 21,600
Movies and Production	7,100	6,500
Printing & Reproduction	1,200	2,400
Supplies	600	3,395
	<u>\$ 19,700</u>	<u>\$ 33,895</u>

ASIAN MEDIA ACCESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004

7. Notes Payable

The breakdown of notes payable was as follows as of:

	June 30,	
	2005	2004
3% demand note payable to Greater Metropolitan Housing Corporation of the Twin Cities. No payments are required, as long as Asian Media Access, Inc. remains functioning at its current nonprofit status. Secured by property at 2418 Plymouth Avenue North.	<u>\$ 168,512</u>	<u>\$ -</u>

8. Unrestricted Net Assets Appropriation

The Board of Directors made the following appropriation of unrestricted net assets for both years ended June 30, 2005 and 2004:

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

9. Cash Flow Operating Adjustments

Adjustments to reconcile Change in Net Assets to Net Cash Provided by Operating Activities were as follows as of:

	June 30,	
	2005	2004
Depreciation	\$ 7,113	\$ 7,952
Increases (Decreases) in Current Liabilities:		
Accounts Payable	2,736	(6,001)
Accrued Salaries and Vacation	(3,103)	2,331
Funds Held for Others	(14,603)	(15,378)
Interest Payable	843	-
Decreases (Increases) in Current Assets:		
Accounts Receivable	49,282	32,800
Prepaid Expenses	(1,714)	50,265
Total Adjustments	<u>\$ 40,554</u>	<u>\$ 71,969</u>