

Asian Media Access, Inc.

Minneapolis, Minnesota

Financial Statements
Auditor's Report
For the Years Ended
June 30, 2006 and 2005

Carpenter *Evert*
Certified Public Accountants



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Carpenter Evert

Independent Auditor's 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, 2006 and 2005, 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, 2006 and 2005, 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 and Associates, Ltd.
Certified Public Accountants

Minneapolis, Minnesota
January 26, 2007

ASIAN MEDIA ACCESS, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

	2006		2005	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
Support and Revenue:				
Contributions (Including In-kind Contributions of \$22,305 in 2006 and \$19,700 in 2005)	\$ 51,327	\$ 120,000	\$ 171,327	\$ 125,871
Governmental Grants	156,094	-	156,094	-
Movie and Program Service Fees	2,212	-	2,212	-
Other Income	4,650	-	4,650	-
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	112,389	(112,389)	-	(94,069)
Total Support and Revenue	326,672	7,611	334,283	31,802
Expense:				
Program Services:				
Media Production	125,645	-	125,645	-
Media Education	47,598	-	47,598	-
Movie Exhibition	35,832	-	35,832	-
Virtual Media	26,706	-	26,706	-
Total Program Services	235,781	-	235,781	-
Support Services:				
Management and General Fundraising	47,005	-	47,005	-
Total Support Services	27,092	-	27,092	-
Total Expense	74,097	-	74,097	-
	309,878	-	309,878	-
Change in Net Assets	16,794	7,611	24,405	31,802
Net Assets - Beginning of Year	198,521	58,707	257,228	26,905
Net Assets - End of Year	\$ 215,315	\$ 66,318	\$ 281,633	\$ 58,707
			\$ 198,521	\$ 257,228
			\$ 198,521	\$ 257,228

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

ASIAN MEDIA ACCESS, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE TOTALS FOR 2005

	2006						2005			
	Program Services			Support Services			Total		Total	
	Media Production	Media Education	Movie Exhibition	Virtual Media	Program Services	Management & General	Fund-raising	Support Services	Total All Services	Total All Services
Salaries	\$ 56,373	\$ 30,561	\$ 17,227	\$ 16,586	\$ 120,747	\$ 22,381	\$ 17,618	\$ 39,999	\$ 160,746	\$ 159,833
Payroll Taxes	4,399	2,385	1,344	1,294	9,422	1,747	1,375	3,122	12,544	13,228
Employee Benefits	1,720	932	526	506	3,684	683	537	1,220	4,904	5,665
Total Personnel Costs	62,492	33,878	19,097	18,386	133,853	24,811	19,530	44,341	178,194	178,726
Contract Services	38,950	600	3,950	1,200	44,700	4,738	-	4,738	49,438	45,431
Travel	6,391	3,465	1,953	1,880	13,689	2,537	1,997	4,534	18,223	4,792
Occupancy	4,905	2,659	1,499	1,443	10,506	1,947	1,533	3,480	13,986	22,533
Interest Expense	3,546	1,922	1,084	1,043	7,595	1,408	1,108	2,516	10,111	2,975
Professional Fees	-	-	-	-	-	7,846	-	7,846	7,846	12,729
Movies & Production	-	-	5,390	-	5,390	-	-	-	5,390	18,585
Other Expense	1,867	1,012	570	549	3,998	741	583	1,324	5,322	3,004
Supplies	1,581	857	483	465	3,386	628	494	1,122	4,508	1,697
Insurance	1,420	770	434	418	3,042	564	444	1,008	4,050	3,237
Printing & Reproduction	883	479	270	260	1,892	351	276	627	2,519	3,025
Telephone	646	350	197	190	1,383	256	202	458	1,841	2,539
Meetings & Conferences	561	304	171	165	1,201	223	175	398	1,599	1,599
Postage & Mailing Costs	312	169	95	92	668	124	97	221	889	869
Dues & Subscriptions	238	129	73	70	510	95	74	169	679	580
Bad Debt Expense	-	-	-	-	-	-	-	-	-	3,672
Depreciation	1,853	1,004	566	545	3,968	736	579	1,315	5,283	7,113
Total Expense	\$ 125,645	\$ 47,598	\$ 35,832	\$ 26,706	\$ 235,781	\$ 47,005	\$ 27,092	\$ 74,097	\$ 309,878	\$ 313,106

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

EXHIBIT C

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

	Program Services					Support Services			Total All Services
	Media Production	Media Education	Movie Exhibition	Virtual Media	Program Services	Management & General	Fund- raising	Support 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
Travel	1,570	1,148	480	290	3,488	776	528	1,304	4,792
Occupancy	7,382	5,398	2,258	1,365	16,403	3,647	2,483	6,130	22,533
Interest Expense	975	713	298	180	2,166	481	328	809	2,975
Professional Fees	-	-	-	-	-	4,217	8,512	12,729	12,729
Movies & Production	6,300	-	12,285	-	18,585	-	-	-	18,585
Other Expense	984	720	301	182	2,187	486	331	817	3,004
Supplies	556	407	170	103	1,236	274	187	461	1,697
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
Telephone	832	608	254	154	1,848	411	280	691	2,539
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
Bad Debt Expense	1,203	880	368	222	2,673	594	405	999	3,672
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

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

ASIAN MEDIA ACCESS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 193,917	\$ 186,119
Accounts Receivable	98,435	42,093
Prepaid Expenses	5,614	4,831
Other Assets	101	101
Total Current Assets	<u>298,067</u>	<u>233,144</u>
Cash Held for Capital Expansion	60,000	60,000
Property and Equipment - Net	<u>154,286</u>	<u>158,285</u>
 TOTAL ASSETS	 <u>\$ 512,353</u>	 <u>\$ 451,429</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Notes Payable	\$ 168,512	\$ 168,512
Accounts Payable	36,250	9,972
Accrued Salaries & Vacation	14,665	13,479
Funds Held for Others	5,395	1,395
Interest Payable	5,898	843
Total Current Liabilities	<u>230,720</u>	<u>194,201</u>
Net Assets:		
Unrestricted:		
Board Designated	60,000	60,000
Undesignated	<u>155,315</u>	<u>138,521</u>
Total Unrestricted	215,315	198,521
Temporarily Restricted	<u>66,318</u>	<u>58,707</u>
Total Net Assets	<u>281,633</u>	<u>257,228</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 512,353</u>	 <u>\$ 451,429</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, 2006 AND 2005

<u>Increase (Decrease) in Cash</u>	<u>2006</u>	<u>2005</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 24,405	\$ 27,628
Total Adjustments	<u>(15,323)</u>	<u>40,554</u>
Net Cash Provided by Operating Activities	9,082	68,182
Cash Flows from Investing Activities:		
Purchase of Property and Equipment	(1,284)	(160,000)
Cash Flows from Financing Activities:		
Proceeds from Issuance of Notes Payable	-	268,512
Principal Payments on Notes Payable	<u>-</u>	<u>(100,000)</u>
Net Cash Provided by Financing Activities	<u>-</u>	<u>168,512</u>
Net Increase in Cash	7,798	76,694
Cash - Beginning of Period	<u>186,119</u>	<u>109,425</u>
Cash - End of Period	<u>\$ 193,917</u>	<u>\$ 186,119</u>

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

ASIAN MEDIA ACCESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005

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, 2006 AND 2005

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, 2006 AND 2005

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, 2006 and 2005, 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>2006</u>	<u>2005</u>
Minnesota Department of Human Services	\$ 56,320	\$ 53,638
Women's Foundation	50,000	50,000

At June 30, 2006, 50% of the accounts receivable balance was concentrated with one donor.

ASIAN MEDIA ACCESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005

4. Property and Equipment

The Organization owned the following as of:

	<u>June 30,</u>		Estimated Useful Lives
	<u>2006</u>	<u>2005</u>	
Building	\$ 123,000	\$ 123,000	30 years
Land	37,000	37,000	
Furniture and Equipment	<u>56,167</u>	<u>54,882</u>	3-5 years
	216,167	214,882	
Less Accumulated Depreciation	<u>61,881</u>	<u>56,597</u>	
	<u>\$ 154,286</u>	<u>\$ 158,285</u>	

Depreciation expense of \$5,283 and \$7,113 was recorded for the years ended June 30, 2006 and 2005, respectively.

5. Temporarily Restricted Net Assets

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

	<u>June 30,</u>	
	<u>2006</u>	<u>2005</u>
Standup and Participate Initiative	\$ 25,872	\$ -
Multi Media Arts Center Workshop	24,350	4,000
What About Us	8,000	10,935
HIV Prevention	5,000	-
Multi-Arts Complex	2,000	-
Technology Upgrade	1,096	-
General Operations – 2006	-	20,000
Community Clinic Development	-	10,938
Hmong Financial Literacy	-	6,265
East Meets West	-	6,000
Capital Campaign	-	569
	<u>\$ 66,318</u>	<u>\$ 58,707</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>2006</u>	<u>2005</u>
Occupancy	\$ 6,000	\$ 10,800
Movies and Production	-	7,100
Printing & Reproduction	3,850	1,200
Supplies	-	600
Meals	3,500	-
Data Entry	3,900	-
Interest	5,055	-
	<u>\$ 22,305</u>	<u>\$ 19,700</u>

ASIAN MEDIA ACCESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005

7. Notes Payable

The breakdown of notes payable was as follows as of:

	June 30,	
	2006	2005
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 current nonprofit status. Secured by property at 2418 Plymouth Avenue North.	<u>\$ 168,512</u>	<u>\$ 168,512</u>

8. Unrestricted Net Assets Appropriation

The Board of Directors made the following appropriation of unrestricted net assets for both years ended June 30, 2006 and 2005:

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

9. Related Party

During the year, a board member was hired as an employee for part of the year and was paid \$19,000 for all services provided, which is recorded as salary expense for the year ended June 30, 2006. The board member abstained from all financial votes.

10. 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,	
	2006	2005
Depreciation	\$ 5,283	\$ 7,113
Increases (Decreases) in Current Liabilities:		
Accounts Payable	26,278	2,736
Accrued Salaries and Vacation	1,186	(3,103)
Funds Held for Others	4,000	(14,603)
Interest Payable	5,055	843
Decreases (Increases) in Current Assets:		
Accounts Receivable	(56,342)	49,282
Prepaid Expenses	(783)	(1,714)
Total Adjustments	<u>\$ (15,323)</u>	<u>\$ 40,554</u>