

Asian Media Access, Inc.
Minneapolis, Minnesota

Financial Statements
Auditor's Report
For the Years Ended
June 30, 2007 and 2006

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, 2007 and 2006, 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, 2007 and 2006, 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
February 22, 2008

ASIAN MEDIA ACCESS, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	2007			2006		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue:						
Contributions (including In-kind Contributions of \$12,341 in 2007 and \$22,305 in 2006)	\$ 42,663	\$ 398,700	\$ 441,363	\$ 51,327	\$ 120,000	\$ 171,327
Governmental Grants	132,613	-	132,613	156,094	-	156,094
Movie and Program Service Fees	4,135	-	4,135	2,212	-	2,212
Interest Income	10,031	-	10,031	4,650	-	4,650
Net Assets Released from Restrictions:						
Satisfaction of Program Restrictions	82,294	(82,294)	-	112,389	(112,389)	-
Satisfaction of Capital Restrictions	217,023	(217,023)	-	-	-	-
Total Support and Revenue	488,759	99,383	588,142	326,672	7,611	334,283
Expense:						
Program Services:						
Media Production	86,452	-	86,452	125,645	-	125,645
Media Education	77,661	-	77,661	47,598	-	47,598
Movie Exhibition	23,021	-	23,021	35,832	-	35,832
Virtual Media	31,166	-	31,166	26,706	-	26,706
Total Program Services	218,300	-	218,300	235,781	-	235,781
Support Services:						
Management and General Fundraising	47,573	-	47,573	47,005	-	47,005
Total Support Services	27,749	-	27,749	27,092	-	27,092
Total Expense	75,322	-	75,322	74,097	-	74,097
	293,622	-	293,622	309,878	-	309,878
Change in Net Assets	195,137	99,383	294,520	16,794	7,611	24,405
Net Assets - Beginning of Year	215,315	66,318	281,633	198,521	58,707	257,228
Net Assets - End of Year	\$ 410,452	\$ 165,701	\$ 576,153	\$ 215,315	\$ 66,318	\$ 281,633

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, 2007
WITH COMPARATIVE TOTALS FOR 2006

	2007										2006	
	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	
Salaries	\$ 49,545	\$ 44,326	\$ 6,775	\$ 18,068	\$ 118,714	\$ 26,576	\$ 15,842	\$ 42,418	\$ 161,132	\$ 160,746		
Payroll Taxes	3,795	3,426	490	1,347	9,058	1,959	1,224	3,183	12,241	12,544		
Employee Benefits	1,653	1,493	213	587	3,946	853	533	1,386	5,332	4,904		
Total Personnel Costs	54,993	49,245	7,478	20,002	131,718	29,388	17,599	46,987	178,705	178,194		
Contract Services	13,970	12,618	1,803	4,957	33,348	7,211	4,507	11,718	45,066	49,438		
Travel	3,705	3,346	478	1,315	8,844	1,912	1,195	3,107	11,951	18,223		
Movies and Production	-	-	11,485	-	11,485	-	-	-	11,485	5,390		
Occupancy	3,290	2,972	425	1,168	7,855	1,698	1,062	2,760	10,615	13,986		
Supplies	2,306	2,083	298	818	5,505	1,189	744	1,933	7,438	4,508		
Other Expense	2,003	1,809	257	711	4,780	1,034	646	1,680	6,460	5,322		
Interest Expense	1,579	1,426	204	560	3,769	815	509	1,324	5,093	10,111		
Insurance	1,348	1,218	174	478	3,218	696	435	1,131	4,349	4,050		
Telephone	628	567	80	223	1,498	324	203	527	2,025	1,841		
Professional Fees	-	-	-	-	-	1,948	-	1,948	1,948	7,846		
Printing and Reproduction	546	493	70	194	1,303	282	176	458	1,761	2,519		
Postage and Mailing Costs	278	252	36	99	665	144	90	234	899	889		
Dues and Subscriptions	193	175	25	69	462	100	62	162	624	679		
Meetings and Conferences	23	21	3	8	55	12	8	20	75	1,599		
Depreciation	1,590	1,436	205	564	3,795	820	513	1,333	5,128	5,283		
Total Expense	\$ 86,452	\$ 77,661	\$ 23,021	\$ 31,166	\$ 218,300	\$ 47,573	\$ 27,749	\$ 75,322	\$ 293,622	\$ 309,878		

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, 2006

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

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

ASIAN MEDIA ACCESS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 391,318	\$ 193,917
Grants Receivable	29,860	98,435
Prepaid Expenses	8,348	5,614
Other Assets	101	101
Total Current Assets	<u>429,627</u>	<u>298,067</u>
Cash Held for Capital Expansion	-	60,000
Property and Equipment - Net	<u>188,718</u>	<u>154,286</u>
 TOTAL ASSETS	 <u>\$ 618,345</u>	 <u>\$ 512,353</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Notes Payable	\$ -	\$ 168,512
Accounts Payable	15,079	36,250
Accrued Salaries and Vacation	18,302	14,665
Funds Held for Others	8,811	5,395
Interest Payable	-	5,898
Total Current Liabilities	<u>42,192</u>	<u>230,720</u>
Net Assets:		
Unrestricted:		
Board Designated	-	60,000
Undesignated	410,452	155,315
Total Unrestricted	<u>410,452</u>	<u>215,315</u>
Temporarily Restricted	<u>165,701</u>	<u>66,318</u>
Total Net Assets	<u>576,153</u>	<u>281,633</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 618,345</u>	 <u>\$ 512,353</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, 2007 AND 2006

<u>Increase (Decrease) in Cash</u>	<u>2007</u>	<u>2006</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 294,520	\$ 24,405
Total Adjustments	<u>110,953</u>	<u>(15,323)</u>
Net Cash Provided by Operating Activities	405,473	9,082
Cash Flows from Investing Activities:		
Purchase of Property and Equipment	<u>(39,560)</u>	<u>(1,284)</u>
Cash Flows from Financing Activities:		
Principal Payments on Notes Payable	<u>(168,512)</u>	<u>-</u>
Net Increase in Cash	197,401	7,798
Cash - Beginning of Period	<u>193,917</u>	<u>186,119</u>
Cash - End of Period	<u>\$ 391,318</u>	<u>\$ 193,917</u>
 <u>Supplemental Disclosure of Cash Flow Information</u>		
	<u>2007</u>	<u>2006</u>
Cash Paid For:		
Interest	<u>\$ 5,093</u>	<u>\$ 10,111</u>

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

ASIAN MEDIA ACCESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

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, 2007 AND 2006

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, 2007 AND 2006

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.

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, 2007 and 2006, 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>2007</u>	<u>2006</u>
McKnight Foundation	\$ 240,000	\$ -
U.S. Department of Human Services	127,553	-
Women's Foundation	10,000	50,000
Minnesota Department of Human Services	-	56,320

ASIAN MEDIA ACCESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

4. Property and Equipment

The Organization owned the following as of:

	<u>June 30,</u>		<u>Estimated Useful Lives</u>
	<u>2007</u>	<u>2006</u>	
Building	\$ 123,000	\$ 123,000	30 years
Land	37,000	37,000	
Furniture and Equipment	56,167	56,167	3-5 years
Construction in Progress	35,560	-	
Vehicle	4,000	-	
	<u>255,727</u>	<u>216,167</u>	
Less Accumulated Depreciation	<u>67,009</u>	<u>61,881</u>	
	<u>\$ 188,718</u>	<u>\$ 154,286</u>	

Depreciation expense of \$5,128 and \$5,283 was recorded for the years ended June 30, 2007 and 2006, respectively.

5. Temporarily Restricted Net Assets

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

	<u>June 30,</u>	
	<u>2007</u>	<u>2006</u>
General Operations – 2008	\$ 41,000	\$ -
Youth Media Force	24,023	-
What About Us	22,000	8,000
Multi-Arts Complex	21,574	2,000
HIV Prevention	21,193	5,000
Standup and Participate Initiative	17,658	25,872
Develop Cap Camp for Media Center	12,843	-
Drug Free Community 2008	3,200	-
Ramen Ya – Noodle House Initiative	2,210	-
Multi Media Arts Center Workshop	-	24,350
Technology Upgrade	-	1,096
	<u>\$ 165,701</u>	<u>\$ 66,318</u>

ASIAN MEDIA ACCESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

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:

	June 30,	
	2007	2006
Movies and Production	\$ 7,200	\$ -
Meals	3,791	3,500
Supplies	1,350	-
Occupancy	-	6,000
Interest	-	5,055
Data Entry	-	3,900
Printing & Reproduction	-	3,850
	\$ 12,341	\$ 22,305

7. Notes Payable

The breakdown of notes payable was as follows as of:

	June 30,	
	2007	2006
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.	\$ -	\$ 168,512

8. 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,	
	2007	2006
Depreciation	\$ 5,128	\$ 5,283
Cash Held for Capital Expansion	60,000	-
Increases (Decreases) in Current Liabilities:		
Accounts Payable	(21,171)	26,278
Accrued Salaries and Vacation	3,637	1,186
Funds Held for Others	3,416	4,000
Interest Payable	(5,898)	5,055
Decreases (Increases) in Current Assets:		
Accounts Receivable	68,575	(56,342)
Prepaid Expenses	(2,734)	(783)
Total Adjustments	\$ 110,953	\$ (15,323)